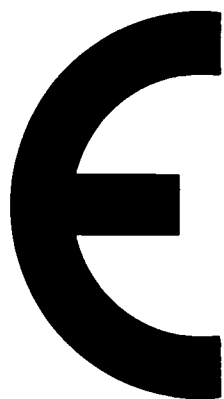


Bulletin

OF THE EUROPEAN COMMUNITIES

Commission



No 12 1985

Volume 18

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

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

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



Bulletin

OF THE EUROPEAN COMMUNITIES

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

No 12
1985
Volume 18

Sent to press in February 1986

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PART ONE

SPECIAL FEATURES

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References in text and footnotes

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

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. Institutional reform

Meeting of 16 and 17 December of the Intergovernmental Conference and completion of the work of the European Council

Parliament's debate and resolution on the conclusions of the Luxembourg European Council

Debate

1.1.1. The debate in Parliament on the conclusions of the European Council on 2 and 3 December¹ took up the entire sitting of Wednesday 11 December and completely absorbed the debate on the statement on the Luxembourg Presidency.

First to speak was Mr Jacques Santer, President of the European Council, followed by Mr Jacques Delors, President of the Commission.

'In adopting a set of texts which, at first sight and in isolation, appear to fall short of their initial aspirations, the members of the European Council have decided to move forward with measured steps, an approach which can be compared to that of the Community's founders in the 1950s. That first wager was won—why not this new one? It is a joint responsibility and Parliament will have an eminent role to play.' These were the views Mr Jacques Santer expressed to Parliament, with an added warning: 'Any idea that might be entertained of calling into question the outcome of these talks would inevitably reopen the whole discussion. You will therefore understand why the Heads of State or Government—and here I am not prejudging Italy's position—have sanctioned with their political authority the compromises reached'. Mr Santer admitted that 'as with the outcome of all major negotiations, the terms of the agreement were perhaps nobody's ideal. The diversity of opinions and interests and the varying degrees of amenability had necessitated a number of compromise solutions whose principal virtue was, perhaps,

that they had been criticized equally vehemently by those who thought they didn't go far enough and by those who thought they went too far.' In Mr Santer's words, the time available for the whole exercise had been short, 'perhaps too short'. But in setting such a tight deadline, the Heads of State or Government had clearly been anxious to carry out quickly what could be achieved by common accord rather than allow negotiations to drag on when it was generally recognized that time would probably not bring about any improvement.

Mr Santer referred in the following terms to the results of the Luxembourg European Council.

Powers of the European Parliament: The fundamental transformation of the legislative power structure had not come about. Neither the individual governments nor the Commission could be held responsible for this. It was simply that people were not ready for the Community to develop towards European Union as quickly as Parliament would like. However, a substantial change had occurred; the 'cooperation' formula agreed in Luxembourg meant that a hitherto unbreachable barrier had been breached. Once the future Treaty entered into force Parliament would cease to be the consultative institution described in the Treaty of Rome. Parliament was to receive specific powers by treaty. This would establish a system which could be perfected and built upon.

Single market: This chapter was of 'considerable significance', the power of governments to block decisions being considerably diminished whilst Parliament's power to influence the Council's final decision increased. In short, a radical change had been made in the Community's decision-making process. But Mr Santer was forced to acknowledge that there was no longer anything legally binding about the final deadline and the number and scope of the — potential and possible but not necessarily

¹ Bull. EC 11-1985, point 1.1.1 *et seq.*

unavoidable — exceptions meant that the end result was a pale reflection of the bright ambitions expressed at the outset.

Monetary capacity: According to Mr Santer, the European Council had probably marked a change in course, but he admitted that the ideas produced in Luxembourg were neither outstandingly bold nor couched in particularly concrete terms.

Cohesion: The provisions agreed upon, which struck a delicate balance between the various positions, were not in the bold language which many had wanted, but the future Treaty was nevertheless a pointer in the right direction.

Research and technological development: The formulas finally adopted also represented a delicate balance, but they should create the certainty and coherence that were required.

Environment: This chapter also constituted a 'notable innovation'.

Social provisions: The sympathy shown by the European Council for the idea of Community-level contractual relations was a sign of 'a gradual change in attitudes and behaviour'.

Political cooperation Treaty: The Foreign Ministers would have to decide whether this Treaty should be incorporated into the texts amending the Treaty of Rome. Although cooperation on security matters was still restricted to political and economic aspects, the novelty was that for the first time Member States would be asserting their determination in treaty form to preserve the technology and industry resources necessary for their security. Mr Santer would nevertheless have liked to see the European Council go further in the matter of security policy.

Mr Jacques Delors spoke next. He began by saying that the Luxembourg European Council had provided a fairly clear answer to the question of what the Twelve were aiming to achieve in relation to what was feasible. Mr Delors spoke of the creation of a frontier-free area, saying that the Member States had entered into a legal undertaking, even if this this did not automatically mean

that from 1 January 1993 a private individual would be able to bring the Council or a Member State before the Court of Justice. Mr Delors also referred to objections which 'could not be ignored' (freedom of movement for individuals, taxation, plant health regulations and stricter standards). He identified positive achievements in various areas.

Cohesion: The framework provided by the provisions on economic and social cohesion would now make it possible to press ahead with the convergence of economies and to strengthen the role of the structural Funds — as had already been done up to a point with the integrated Mediterranean programmes — so that there would at last be Community-level structural policies worthy of the name and supporting policies which would enable the most backward regions to come to terms with the large market.

Monetary matters: Monetary cooperation was now mentioned in the Treaty, as was economic and monetary union and the ECU. But no more. That gave some legal authority. But no more. It gave means of action until the time came when the European Monetary Fund had to be created.

Technology: The architecture planned was embodied in the Treaty. It would now be possible to lay down procedural rules, to involve industry, to provide meeting points for the cross-fertilization of research at Community level.

As regards the institutional means which would be available to the Community of Twelve, here too Mr Delors spoke of improvements, particularly as regards the extension of majority voting (the outcome should not be scorned, it was a change compared with the past, now it was to be hoped that there would be an end to the obstructive attitudes resulting from the obsession with unanimity), the Commission's executive role and the powers of Parliament, even though he preferred the Commission's proposal.¹

¹ Under this proposal, if the Council did not reject by simple majority the text as amended by Parliament and endorsed by the Commission, or if it failed to take a decision, the text in its amended form would automatically be considered to be adopted.

Mr Delors then spoke of the limitations which hamper European integration at the moment: 'they wanted to be 12, they are frightened at the thought of being 12, but they want to continue as 12'. He made special mention of the danger of the challenge to the Community method of decision-making by adversaries who tended to prefer the intergovernmental method.

Finally, he listed three safeguards: the Single Act; the timetable for the internal market (if in two years nothing had changed it would probably be necessary to convene another intergovernmental conference); the dynamism of the Parliament—Commission pairing.

He concluded by saying 'it is because of this that I believe, as I have just indicated, that the Intergovernmental Conference is a progressive compromise. It is up to us to turn it into a dynamic compromise. We must stay on course (...). But I have not lost hope that one day, if we keep our shoulders to the wheel, Europe can again be about ideals rather than what is merely feasible'.

The main points made by the spokesmen of the political groups in the debate which followed these two statements can be summarized as follows: the reaction of the major political groups was guarded; their reservations lay mainly in the fact that unanimity was still required for virtually all important decisions; they regretted that Parliament's views on its own powers had not been taken into consideration; and they felt that the proposed measures to govern cooperation between the Council and Parliament were ambiguous, unclear and vague. They were willing to pursue the dialogue and expected, or rather hoped, that there might be an improvement in the situation when the Council met.

The Chairman of the Socialist Group, Mr Arndt, felt that those who had held high hopes of the Luxembourg European Council could not fail to be disappointed and he spoke with heavy irony of those who, at the end of November, had regarded the Presidency's proposals as unacceptable, but, only a week later, stated that the results

obtained were satisfactory. However, Mr Arndt could see that some progress had been made in Luxembourg, at least in certain areas: the internal market, research and monetary matters. The socialists, he added, would judge the decisions taken on these matters by the impact they would have in the fight against unemployment.

Some progress had been made in Luxembourg, declared Mr Klepsch, speaking for the EPP Group, but far less than had been hoped for, especially as regards Parliament itself. The meeting of 16 and 17 December might perhaps make good some of the shortcomings.

On behalf of the European Democratic Group, Sir Henry Plumb said that the most positive aspect of the European Council's work concerned the internal market: only by creating this market would it be possible to eliminate the 'outdated concept of national economic sovereignty'. Without a reform of the Luxembourg compromise, however, it was difficult to see how this market could effectively be created.

Mr Spinelli, Chairman of the Committee on Institutional Affairs, began by saying that the House had asked to be involved in the discussions and the final vote on the reform of the Treaties: his Committee was proposing that Parliament pass a resolution expressing a 'considered and measured' judgment.

Parliament recognized that the European Council had tackled all the major problems of the Community but had failed to find a satisfactory solution to any of them. Mr Spinelli gave three examples to support this statement: the continued application of the Luxembourg compromise, especially as regards the principal aspects of the completion of the internal market; the scant progress (in his opinion it actually amounted to a 'backward step') in the European monetary field; the fact that the European Council had completely ignored the Community's financial problems. What country, asked Mr Spinelli, had seen its budget rejected three times in six years?

Speaking for the Italian Communists, Mr Cervetti also expressed support for con-

tinued negotiation on the basis of the proposals agreed in the resolution on which Parliament was preparing to vote.

'After Luxembourg, could the Emperor really be said to have no clothes?' the Liberal Group spokesman, Mr Nord, wondered. Not entirely, but almost. The results of the Luxembourg meeting were very meagre, but Mr Nord hoped that continued negotiation would allow some progress to be made.

Resolution

1.1.2. The debate ended with the adoption by a very large majority (245 in favour and 47 against with 9 abstentions) of a resolution,¹ based on a draft by the Committee on Institutional Affairs which was the result of a compromise between the major groups. Some Danish Members and British Socialists, the EDA Group and most of the Rainbow Group voted against this compromise. Six Members of the European Democratic Group, two French Communists and an Italian member of the EPP Group abstained.

The burden of this resolution, which is the result of a combination of amendments by the Committee on Institutional Affairs and the European Democratic Group and the deletion of a passage at the prompting of the EPP, centres on the following three points:

- (i) overall the results of the European Council are unsatisfactory;
- (ii) the present proposed amendments to the EEC Treaty, particularly as regards the powers of Parliament, are unacceptable to Parliament;
- (iii) Parliament nevertheless reserves its final position until the end of the Council meeting on 16 December.

The text of the resolution adopted by Parliament is as follows:

'The European Parliament (...)

1. Reaffirms its conviction that a radical institutional reform of the Community and of political cooperation can no longer be put off without danger for the political and economic future and

the dignity of democratic Europe, a fact expressly acknowledged by the European Council meeting in Milan in June 1985;

2. Notes that the work of the Intergovernmental Conference and the conclusions reached by the European Council have defined most of the central problems of Community policy which should be dealt with (creation of an area free of internal frontiers, the Community's monetary capacity, economic and social cohesion, research and technological development, environment and social policy);

3. Notes that the Council has embarked on the road to reform, but that in their present form the conclusions remain incomplete and do not enable the objective stated in the Conference mandate to be attained, particularly since, owing to the ambiguity of certain of the texts, there is, on the one hand, still uncertainty as to the establishment of the European area by 1992, in other fields the Community's powers are defined in restrictive terms, the question of reforming the system of Community finances, particularly that of associating the European Parliament in the matter of Community revenue, is completely ignored, and, on the other hand, the proposed modifications to the decision-making process do not offer the necessary guarantees as to effectiveness and the democratic character thereof;

4. Believes that, at a time of decline and imbalance among the regions, a genuine union of peoples cannot be achieved unless a social dimension is given to the European area defined by the European Council and unless the cohesion of this European area is strengthened by showing solidarity with the less-developed countries and regions;

5. Notes that the draft Treaty on cooperation with regard to foreign policy is restricted to confirming what already exists and leaves open the problem of the unity of the Treaties;

6. Notes the conclusions of the European Council meeting in Luxembourg; reserves its final position until the results of the meeting of Foreign Ministers on 16 December 1985 are made known; but considers that the results of the European Council as a whole are unsatisfactory and is unable to accept in their present form the proposed modifications to the EEC Treaty, particularly as regards the powers of the European Parliament;

7. Approves the action of the Italian government, which kept the debate open to enable the governments to take account of Parliament's position and thus allow an agreement to be reached between the Community institutions;

¹ OJ C 352, 31.12.1985.

8. Reaffirms its attachment to the spirit and method of its draft Treaty but, in a desire to collaborate with the Intergovernmental Conference and the European Council, hereby indicates the substance of the amendments which Parliament will ask the Council on 16 and 17 December 1985 to make to the European Council's texts, taking due account of the problems raised during the Conference, and of the possible need to introduce an element of gradualness into the implementation of powers for the Community and its institutions;

9. Calls on the Council of Foreign Ministers meeting on 16 and 17 December 1985 to take the necessary steps to:

(a) clarify and finalize the procedure for cooperation between the Council and the European Parliament so as to arrive at a genuine joint decision-making procedure,

(b) complete the general content of the decisions adopted at the Summit, in particular as regards monetary cooperation and the unity of the Treaties;

and stresses that, more particularly as regards the effectiveness and democratic nature of Community decisions, the main thrust of the improvements to be made is as follows:

(i) the new "cooperation" procedure provided for in Article 149 (new) should apply to all acts pursuant to articles in the Treaties under which the Council is required to take a majority decision,

(ii) at the end of the second reading provided for in Article 149 (new), the Council should act on the texts issued by Parliament. The Council should not be able to modify amendments adopted by Parliament except by a qualified majority; inasmuch as such amendments are supported by the Commission, the Council should be able to modify them only by a unanimous vote and, in the absence of any decision by the Council within a period of three months, the text proposed by Parliament should be deemed to have been adopted,

(iii) a procedure should be introduced within the Council to ensure that a common position is arrived at during the first reading within a reasonable period of time,

(iv) it is not possible to accept the new Article 145 insofar as it enables the Council to take away certain executive powers from the Commission and exercise them itself. This is a dangerous innovation and is inconsistent with the need to strengthen the role of the Commission as provided for in Article 149 (new);

10. Decides that, if the Council on 16 and 17 December 1985 fails to reach agreement on the proposals contained in the preceding paragraph, the European Parliament will propose at the earli-

est opportunity the amendments to the texts of the European Council meeting in Luxembourg which are necessary to enable the texts to be adopted, and instructs its Committee on Institutional Affairs to submit these amendments to it; (...)'

Intergovernmental Conference of 16 and 17 December¹

1.1.3. The seventh meeting of the Conference of the Representatives of the Governments of the Member States was held in Brussels on 16 and 17 December under the chairmanship of Mr Jacques F. Poos, Luxembourg's Foreign Minister.

The Conference finalized all the texts emerging from the Luxembourg European Council¹ which, combined in a 'Single European Act', were to be submitted to the Member States for signature at the end of January 1986.² At the end of the meeting the United Kingdom still had an important reservation: the refusal to accept the introduction of qualified majority voting for the adoption of minimum standards for the working environment (there was also a reservation for opposite reasons by Italy on the same subject). Both Denmark and Italy had general reservations of a political nature connected with the debates to be held in their national parliaments (and, in the case of Italy, with the final opinion of the European Parliament).

The Presidency concluded by pointing out that:

(i) the texts emerging from the Conference would be forwarded without delay to the Member States, the acceding States, the European Parliament and the Commission;

(ii) it was for the Presidency to take the relevant measures and to initiate the appropriate procedures for the legal and linguistic editing of the text and for their finalization in the form of a Treaty.

¹ For the complete background, see Bull. EC 11-1985, point 1.1.1 (texts of the European Council).

² Subsequent developments in January have led to this being postponed.

In the provisions relating to the internal market, the Conference made the following amendments: Article 57(2) EEC was amended to require unanimity 'for Directives the implementation of which involves in one Member State at least amendment of the arrangements regarding the professions' ('Berufordnung' concept) 'with respect to training and conditions of access for natural persons. In other cases, the Council shall act unanimously during the first stage and by a qualified majority thereafter'. Ireland made a unilateral statement on Article 57(2) in view of the particular sensitivity of the insurance sector in this Member State. Article 70(1) EEC was also amended to require unanimity for 'measures which constitute a step back as regards the liberalization of capital movements'. Moreover, in the list of articles of the Treaty to which qualified majority voting applies, Article 84 (on which there had been a French reservation) was maintained, but the following sentence was added: 'The procedural provisions of Article 75(1) and (3) shall apply.'

In the statements for inclusion in the record of the Conference, the second paragraph of the statement on Article 1 was amended to read 'Setting the date of 31 December 1992 does not create an automatic legal effect', instead of 'By setting the date of 31 December 1992, the Member States have not created a legal obligation'.

A statement was included in the record of the Conference on the Commission's executive powers to the effect that 'the Conference asks the Community authorities to adopt, before this Treaty enters into force, the principles and rules on the basis of which the Commission's powers of execution will be defined in each case'. In this connection the Conference requested the Council to ensure that the Advisory Committee procedure was the general rule for the exercise of the powers of execution conferred on the Commission within the field of Article 100a.

These formulas were the result of a compromise in which the Commission would have no part.

In the provisions on monetary capacity, the proposals for amendments to the preamble and Article 103(1) put forward by Belgium met stiff opposition from Germany and the United Kingdom, which raised objections both to the substance and the method. The text emerging from the European Council was thus retained. However, the Conference accepted a technical amendment to the end of paragraph 2, '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' was replaced by 'the Monetary Committee and the Committee of Governors of the Central Banks shall also be consulted regarding institutional changes in the monetary area'. This was to take account of the fact that the procedure under Article 236 EEC already provides for draft amendments or the consultation of the Commission. The Presidency and the Commission adopted a joint statement to be included in the record of the Conference in which they 'state that the provisions inserted in the Treaty with reference to the Community's monetary capacity are without prejudice to the possibility of further development within the framework of the existing powers'.

On the question of cohesion, the Conference agreed to delete from Article 4 the clause 'which are adequately financed so far as budgetary resources permit'—which had given rise to reservations on the part of some Member States—subject to a statement by the Conference setting out the text proposed by the Commission, which in fact refers back to the conclusions of the Brussels European Council in March 1984, confirmed at Fontainebleau in June 1984.¹

In the section on research and technological development, the Conference agreed without discussion to the insertion of a new article adapting the Council Decision of 7 May 1985 on the Communities' system of own resources² to provide for voting by qualified majority instead of unanimity on

¹ Bull. EC 6-1984, point 1.1.7.

² OJ L 128, 14.5.1985; Bull. EC 5-1985, point 2.3.5.

the financing of supplementary research programmes (e.g. under the Eureka project).

The Conference agreed to the creation of an Article 168a EEC, whereby 'at the request of the Court of Justice and after consulting the Commission and the European Parliament, the Council may, acting unanimously, attach to the Court of Justice a court with jurisdiction to hear and determine at first instance, subject to a right of appeal to the Court of Justice on points of law only and in accordance with the conditions laid down by the Statute, certain classes of action or proceeding brought by natural or legal persons...'

As regards the cooperation procedure with the European Parliament, and in particular clarification of the procedure to be followed in the event of the rejection by Parliament of the Council's common position, the Conference decided against amending the text of point 2(c). The situation in the case of amendments proposed by Parliament (point 2(d)) was reconsidered at the suggestion of Italy, which proposed that the Commission send to the Council, at the same time as its re-examined proposal, the amendments by the European Parliament which it has not accepted; these amendments could be adopted unanimously by the Council. The Conference finally agreed to this proposal and rejected the formula proposed by Mr Delors, and backed by Belgium (whereby amendments would stand adopted if the Council did not reject them by simple majority).

On the procedure to be followed in cases where the Council fails to act within a period of three months (point 2(f)), the Conference decided that this three-month period might be extended by a maximum of one month by mutual consent between the Council and the European Parliament (this also applies to the period allowed for the second reading in Parliament).

The Presidency formally announced its intention of completing as soon as possible, in accordance with the statement by the Milan European Council,¹ the work of improving the Council's decision-making

procedures, in particular the amendment of the Council's Rules of Procedure as regards voting.

The Presidency concluded the discussion by declaring the Conference closed and stating that work, primarily concerned with culture, was continuing ahead of the next European Council.

Statements and comments

1.1.4. The President of the Council, Mr Jacques F. Poos, held a press conference with the State Secretary, Mr Goebbels, and the Chairman of the preparatory group, Mr Dondelinger. He said that the Presidency had had to find a compromise which the governments could accept and the 12 Parliaments could ratify. This compromise had been criticized both by those who felt it went too far and by those who felt it did not go far enough and was worth the effort: but there was no other way forward. It would have been easier and more encouraging to put forward more imaginative texts which would have received nothing but compliments, but this was not the Conference's way: it wished to succeed in the face of adversity.

On 8 January, Mr Delors, speaking to the press, expressed the Commission's position in the following terms: 'the outcome of the Conference fell short of the Commission's hopes. My colleagues and I are agreed on this. The question now is whether or not we have an institutional instrument which will allow us to check, over the next two years, that we really do wish to live together and that we are prepared to pursue specific objectives together'. But the two events should not be allowed to overshadow the Commission's strategy as expressed both at the Intergovernmental Conference and in the day-to-day life of the Community. The Commission's strategy is simple. Within the Community we shall be seeking to create the conditions, to lay the foundations, for relaunching European integration, while

¹ Bull. EC 6-1985, point 1.2.2.

continuing to modernize our economies and taking care to highlight the medium-term prospects, which are of course discernible to everyone closely involved in Community affairs—businessmen, trade union leaders, journalists—but are less perceptible to the man in the street.

As part of this strategy, which the Commission is striving to implement whatever the price, it was necessary to reconcile medium-term credibility, i.e. a certain image of the Community in 1995, and short-term credibility, i.e. the more down-to-earth tasks of tackling unemployment, poverty and the other problems besetting our society. The Commission would have followed the same strategy whether the Intergovernmental Conference had been convened or not. Proof of this can be found in the Commission's statement to Parliament at the beginning of its term of office, a token of its desire to see a directly-elected Parliament acquire a position which, while not identical to that of national parliaments, would nevertheless enable it to play the role devolved to it by direct elections.

These then are the three areas in which we have made progress, or tried to make progress, in 1985: laying the foundations for relaunching the Community, continuing to modernize the Community economy, and adding a European dimension to the economic and social policies of each member State.

This, then, is phase three of the process, which will, I hope, culminate one day in a new Europe. I am sure you join me in wishing the venture every success in the New Year. If we succeed, this new Europe will be a tangible reality in our daily lives. It will be a Europe that has reached the age of reason, a Community of Twelve whose members will learn to define objectives in common and live together in harmony. It is a tremendous challenge, in terms of aims, new frontiers and institutions. We are not,

as I have already said, completely satisfied with the outcome of the Intergovernmental Conference. But I would like you to know that my colleagues and I are determined to exploit every opportunity to the full and to take stock of progress in two years' time in a report which could provide the basis for far-reaching political reflection and discussion on what the Twelve want and how we go about achieving it.'

The Italian Foreign Minister felt that the Conference had worked hard and that significant progress had been made in a number of areas. All the same, he did not feel able to say that the Conference had been a complete success: in his view, the glass might be said to be half empty (whereas Sir Geoffrey Howe would have said that it was half full). The idea of a gradual extension of the European Parliament's powers would have to 'ripen' in the 'appropriate political channels'; in this connection, Mr Andreotti expressed regret that the Member States did not yet appear to be sufficiently clear on the relationship between internal and external political structures; in short, the European Parliament appeared as a self-contained world which had not really made contact with the political world of the Member States.

Mr Tindemans said that despite everything he was satisfied with the outcome, although far from ecstatic; every step forward in Europe's slow advance should be welcomed. Mr Dumas said that France had every reason to be satisfied with the results and Mr Genscher said that the important thing now was to apply the innovations decided on in the proper manner. According to Mr Ellemann-Jensen, the decision on the 'common provisions' concerning the 'Single European Act' placed the Danish Government in a still more difficult position.

Sir Geoffrey Howe said that the Community had passed from 'Europessimism' to 'Euroactivism'; now, he said, Europe was anxious to devote more energy to the substance and less to texts and procedures.

2. 'A future for European agriculture'

Commission guidelines following the consultations in connection with the 'Green Paper'.¹

1.2.1. On 23 July the Commission sent the Council and Parliament a Green Paper entitled 'Perspectives for the common agricultural policy' intended to provide a basis for consultations with the Community institutions and other interested parties.'

On 18 December the Commission laid before the Council and Parliament its guidelines, framed on the basis of the views expressed during the consultations and of a further policy study carried out after the publication of the Green Paper.²

In some cases, more analysis and study is required before formal proposals can be drawn up, while in others the situation calls for urgent action. Therefore, in order to ensure that the various measures taken at different times are consistent with one another and that the persons involved understand how they interrelate and what they signify, the overall framework and the objectives to be attained must be established clearly at the outset.

The new communication is supplemented, in respect of a number of specific aspects of particular importance, by the proposal for a Regulation fixing a Community indemnity for the definitive discontinuation of milk production,³ by the memorandum on the adjustment of the market organization for cereals,⁴—made in October and November respectively—and by the memorandum on the adjustment of the market organization for beef/veal (→ points 2.1.155 to 2.1.159).

In addition the Commission has started a thorough review of policy on food supplies for developing countries, with a view to making proposals in the near future. It has also laid before the Council and Parliament a Discussion Paper on Community action in the forestry sector (→ points 2.1.171 and 2.1.172).

The consultations

1.2.2. The consultations were very intensive in the months preceding presentation of the guidelines. While the views expressed sometimes diverged, in particular on practical aspects of action to be taken, they did reveal a broad consensus on certain fundamental questions. There was very broad agreement with regard to the analysis of the situation; all the parties concerned supported the Commission in this connection; they are therefore aware of the seriousness of the problems and of the urgent need for resolute, sustained and effective action.

All parties also agreed that farming in Europe has a special character, its key features being the central importance of family farms and the very wide variety of structures and production conditions.

There is also growing awareness of the fact that agriculture, beyond its economic function, has an increasingly important role to play in regional development, in contributing to the maintenance of the socio-economic fabric, and in safeguarding the environment and the countryside.

A last point is that the consultations showed that the farmers, but not only the farmers, reject any unduly static approach to this sector of the economy. The farmers, in particular, see a danger of their being forced out of the mainstream of economic life, and they are determined to take an active part in current developments in technical, economic and social fields; they are ready to make their own contribution to this process, and, while drawing attention to certain special features peculiar to farming, they look forward to closer integration into the rest of the economy.

The nature of the problem

1.2.3. The growing imbalance between supply and demand is the crucial problem

¹ Bull. EC 7/8-1985, point 1.2.1 *et seq.*

² COM(85) 750 final.

³ Bull. EC 10-1985, point 2.1.102.

⁴ Bull. EC 11-1985, point 2.1.127 *et seq.*

now hampering the proper conduct of the common agricultural policy. Surpluses are mainly due to the open-ended quantity guarantees, which have gradually cut off the farmer from real market conditions. They are also due to common prices set at high levels to underpin the incomes of small or structurally weak farms, whose contribution in terms of production is small, but whose number in the Community is very large.

Objectives to be attained

1.2.4. It would be illusory to seek to instil in farmers a more responsible attitude to production and the market by means of radical or piecemeal measures, or to expect spectacular results immediately or in the very short term. The Commission takes the view that plans must be made for action over several years, and that continuity and consistency in implementation will be just as important, if not more important, than the actual degree of intensity of the schemes implemented in any given year.

In this connection, an essential point is that the objectives must be given the fullest publicity from the outset. Also, the broadest possible consensus must be sought with regard to these objectives, although the means used to achieve them can be adapted as time goes on, should they prove insufficiently operational.

Following the review work and the comments made by the various organizations during the consultations carried out, the Commission, acting under, and in compliance with, Article 39 of the EEC Treaty, has pinpointed the following priorities:

- (i) gradual reduction of output of surplus products, thereby easing the burden they impose on the taxpayer;
- (ii) wider diversification and improvement in the quality of products, reflecting needs on internal and export markets and consumer preferences;
- (iii) more effective and systematic action with regard to the income problems of small family farms;

(iv) support for farming in areas where it is vital for land-use planning, maintenance of social equilibria and protection of the environment and of the landscape;

(v) heightened awareness among farmers of environmental issues;

(vi) a contribution to the development in the Community of industries which process agricultural produce, thus involving agriculture in the far-reaching technological changes which are now taking place.

Methods

1.2.5. The problems now arising are so serious that urgent and sustained action is indispensable; accordingly, all the various instruments of the CAP must make a contribution to achieving solutions in line with the objectives set.

The policy on prices and markets and the policy on structures form an interrelated whole having the same objectives, i.e. those of Article 39 of the Treaty; it is therefore important that they should be pursued along coordinated and convergent lines. In no circumstances should two instruments of a single policy have the effect of offsetting each other. This is also true in respect of action taken by the national authorities within their own areas of agricultural policy.

Efforts made under the policy on prices to control the expansion of production and instil in farmers an enhanced awareness of the real market must not be hampered by schemes whose direct or indirect effect is to boost production, e.g. on-farm investment that may tend to increase output of surplus products through more intensive use of the land. The Commission will be monitoring this aspect with particular attention, especially when reviewing State aids.

Policy on prices and markets

1.2.6. In so far as the disequilibrium between supply and demand lies at the root of the problems the CAP now has to con-

tend with, policy on prices and markets is the key to the restoration of sound conditions.

A large number of instruments is available; all can be of value, but their deployment must be coordinated and they must be mutually consistent if farmers are to recover a proper 'feel' for the market and take their decisions in the light of market changes.

In this context, prices are of fundamental importance: the underlying trend in price levels and price relativities determines long-term change in output and structural adjustments. Prices also constitute the yardstick in terms of which the other available management instruments may be used. But in a saturated market, prices tend to fall: if current market conditions continue, policy on prices will have to be restrictive in coming years.

Thus, pending a medium- and long-term adjustment of production, farmers' co-responsibility is an essential adjunct to the policy on prices. In so far as it is intended to provide each farmer with an effective indicator of market dynamics, it must vary in relation with increasing or declining production or the costs incurred to dispose of production. The farmers' contribution must also be distributed fairly, and must therefore be modulated to allow for certain particularly acute social problems which the small farmers have to contend with but also for the relative advantages accruing to all classes of farmer, depending on the size of their holdings and other structural parameters, from the CAP support system and the system of guaranteed prices.

As a policy instrument, market intervention was once only a 'safety net' and it must be gradually restored to this role, the aim being to contain short-term price fluctuations within certain limits. It cannot provide an outlet in its own right for a market weighed down by structural surpluses. The rigidities which prevent the effective use of this management instrument must therefore be gradually reduced.

A reduction in the structural rigidities hampering intervention and a more realistic pol-

icy on prices will have the natural effect of stimulating diversification of production and new uses of products. Research and advisory and information services should assist this process.

A policy putting quality before quantity, more careful and systematic accommodation of the consumers' wishes and action to contain the damage being done to the environment by excessively intensive farming constitute very useful additional ways of achieving better equilibrium on the market. They will help to curb unwanted expansion of output and will be conducive to disposal.

Policy on structures

1.2.7. Declining growth rates, the lack of alternative jobs, and the build-up of surpluses on the markets are all factors which now combine to make the old strategy of development based on sustained mobility of manpower and capital goods and on production growth an unrealistic one.

On 12 March 1985 the Council updated the block of legislation in force on agricultural structures (Regulation (EEC) No 797/85), with a view to improving the effectiveness of the relevant instruments.¹

As for action peculiar to the socio-structural policy under the overall strategy for the elimination of market imbalances, there are four main areas:

Assisting the process of change

This means helping farmers to adjust to the circumstances now obtaining on the market:

- (i) by rationalizing the means of production, with more emphasis on better organization than on output growth for its own sake;
- (ii) by diversifying production or improving quality;

¹ OJ L 93, 30.3.1985; Bull. EC 3-1985, points 2.1.111 to 2.1.114.

(iii) by active efforts to find outlets and by allowing more systematically for medium- and long-term market trends.

In this connection, the services which provide the farmer with the technical and economic support needed for proper management of the farm are an important element for the development of farming, particularly on family farms. There are a number of shortcomings in this field, particularly in the regions suffering natural or structural handicaps, and the work being done must therefore be actively pursued.

The Commission plans to step up sharply its contribution to promoting and coordinating agricultural research and experimentation. It is also prepared to study, with national departments and the farmers' federations, ways and means of encouraging the development of information and management services and of facilities providing market-monitoring data to farmers.

Facilitating disposal

1.2.8. Fuller support is needed for the machinery facilitating the disposal of production by better organization of marketing and the development of processing.

The recent adjustments to Council Regulation (EEC) No 355/77 on a common measure for the improvement of the processing and marketing of agricultural products and fishery products,¹ which has already proved an effective weapon, have enhanced its potential. The Commission plans to give very vigorous support to efforts made in this field, and is prepared, should funds prove insufficient, to take the necessary action to supplement them.

Helping to reduce production potential and encouraging the establishment of young farmers

1.2.9. The growing disequilibrium between supply and demand highlights the need to convert some land to non-agricultural use, forestry or extensive forms of farming.

The Commission is contemplating a scheme under which farmers aged from 55 to 65 would qualify for an annual 'pre-pension' allowance plus a single 'one off' premium per hectare where they agree to stop farming and the land is either not cultivated, i.e. left fallow for a number of years, or is assigned to non-agricultural uses (forestry, sport, recreation, etc.).

An annual 'pre-pension' allowance could also be granted where farmers between 55 and 65 years of age stop farming and hand over their farm to a young farmer. In such cases, the successors must undertake to convert the farm (e.g. to alternative production, or a production system allowing for environmental constraints).

Aid to maintain agricultural activity

1.2.10. The aim is to strengthen the measures adopted because farming has an irreplaceable role in certain areas of the Community, and to remunerate fairly the services provided by farming to the general population in terms of regional development and the protection of social equilibrium and that of the environment.

In this connection, the Commission is planning to propose amplification and strengthening of the scheme for mountain and hill farming and farming in certain less-favoured areas (Title III of the Regulation of 12 March 1985²).

The Commission is also planning, when Article 18 of the Regulation of 12 March 1985 is implemented,² to propose schemes to fit in with those operated under other Community structural funds and loan facilities with a view to improving the economic viability of certain rural areas of the Community, in particular by encouraging the creation of alternative sources of employment.

¹ OJ L 51, 23.2.1977.

² OJ L 93, 30.3.1985; Bull. EC 3-1985, points 2.1.111 to 2.1.114.

Protection of the environment and conservation of the countryside

1.2.11. The consultations confirmed that there is a growing interest in all aspects of the environment and its protection. In view of certain arrangements already made in some member countries, joint action is needed in the interests of the environment and to ensure fair conditions of competition.

Action from the Commission may be expected on the promotion of research and experiments in production techniques more closely tailored to achievement of the objectives sought in satisfactory economic conditions. The Commission has also undertaken to propose a common framework for the promotion of the conservation of the rural environment and the protection of specific sites, in particular by providing income support for farmers using methods compatible with the requirements of the environment.

External relations

1.2.12. The gradual disappearance of deficits and build-up of surpluses means that those concerned with the formulation and management of the common agricultural policy must allow increasingly for the situation on world markets.

There is a case for some adjustments to import arrangements in order to rationalize certain mechanisms of the policy. But this does not mean that other adjustments can be made only when, and not until, import protection has been strengthened.

Pending international negotiations that may be held, certain disequilibria with regard to external protection could be allowed for by providing Community preference by other means. For example, under the arrangements to adjust the system for cereals, grain substitutes could be included in the calculation of internal consumption.

Tougher external protection against some products should, however, be coupled with lower protection for others.

Once the Community has shown its determination to bring its own internal problems under control, it will be in a position to convince our partners of the need for better organization of the world market.

The adjustments to the CAP must allow for the Community's relations with the developing countries.

An active policy with regard to exports demands rationalization of the machinery now operating. Also, diversification of the instruments in use will enhance the competitive position of Community operators on the world market.

Budgetary considerations

1.2.13. The guidelines adopted allow for budgetary constraints, in particular those deriving from the budgetary discipline required in connection with EAGGF Guarantee spending. The question does arise, however, as to whether the objectives set can be achieved within the time-limits fixed whilst remaining within the 'normal' framework of the present financial rules and of the appropriations which these rules place at the disposal of the EAGGF. Some of the schemes contemplated will tend to slow down the growth of agricultural expenditure in the medium and long terms, but could well increase costs to the EAGGF in the very short term. An obvious case in point would be a special operation to dispose of present stocks. Thus, in connection with the EAGGF Guidance Section, the 1984-89 five-year allocation does not include appropriations for the scheme to encourage farmers to leave the land.

Consequently, in this latter case, the allocation would have to be increased to enable the specific schemes mentioned above to be implemented.

The Council's initial reactions

1.2.14. When the Council met on 19 and 20 December, it had only just received the communication from the Commission, and therefore carried out only a general reading.

Discussion showed that the Community does now need a general strategy with regard to market developments and agricultural structures of a kind that can restore, within the Community budget, equilibrium on the markets for the various agricultural products of which there are now surpluses.

At the end of its discussion, the Council noted the Commission's intention to present concrete proposals with regard to the adjustments to be made to the cereals and beef/veal market organizations before the end of January 1986, the 1986/87 price proposals being announced for February.

3. The Community of Twelve

The new Members of the Commission

1.3.1. On 1 January the Representatives of the Governments of the Member States, meeting in the Council, agreed¹ on the following new Members of the Commission for the period from 1 January 1986 to 5 January 1989:

Mr Antonio Cardoso e Cunha (Portugal)
Mr Manuel Marín (Spain)
Mr Abel Matutes (Spain)

On 22 January the Representatives of the Governments of the Member States, meeting in the Council, also appointed Mr Manuel Marín Vice-President of the Commission for the period from 1 January 1986 to 5 January 1987.²

Allocation of responsibilities

1.3.2. On 3 January the Commission allocated special responsibilities to its Members as follows:

Jacques Delors President	Secretariat-General Legal Service
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	Monetary affairs Spokesman's Service Joint Interpreting and Conference Service Security Office
Lorenzo Natali Vice-President	Cooperation and devel- opment
Karl-Heinz Narjes Vice-President	Industrial affairs Information tech- nology, innovation Research and science Joint Research Centre
Frans Andriessen Vice-President	Agriculture Forestry
Lord Cockfield Vice-President	Internal market Customs Union Service Taxation Financial institutions
Henning Christo- phersen Vice-President	Budget Financial control Personnel and adminis- tration
Manuel Marín Vice-President	Social affairs and employment Education and training

¹ O J L 8, 11.1.1986.

² O J L 27, 1.2.1986.

Claude Cheysson	Mediterranean policy North-South relations
Alois Pfeiffer	Economic affairs Regional policy Statistical Office
Grigoris Varfis	Coordination of structural Funds Consumer protection
Willy De Clercq	External relations and trade policy
Nicolas Mosar	Energy Euratom Supply Agency Publications Office
Stanley Clinton Davis	Environment Nuclear safety Transport
Carlo Ripa di Meana	Institutional questions People's Europe Information and communication policy Cultural affairs Tourism
Peter Sutherland	Relations with Parliament Competition
Antonio Cardoso e Cunha	Fisheries
Abel Matutes	Credit, investments and financial instruments Policy on small and medium-sized enterprises

Manuel Marín



Born 21 October 1949
 Married, one child
 Degree in law at Madrid University
 Diploma in Community law at Nancy University
 Certificate in advanced European Studies at the College of Europe, Bruges

1977-85: PSOE (Spanish Socialist Workers' Party) Deputy for Ciudad Real in the first, second and third legislatures
 Member of the Defence and Foreign Affairs Committees of the Chamber of Deputies
 PSOE spokesman on the Foreign Affairs Committee of the Chamber of Deputies
 Member of the Consultative Assembly of the Council of Europe
 Vice-President of the Confederation of Socialist Parties in the European Community
 Member of the European Parliament — Spanish Cortes Joint Committee

7.12.1982-23.10.1985: State Secretary for relations with the European Community

Biographical notes ¹

1.3.3. Biographical details on the three new Members of the Commission are set out below:

¹ See Bull. EC 12-1984, point 1.1.1 *et seq.*, for the Members of the Commission appointed in December 1984.

António Cardoso e Cunha



Born 28 January 1933

Married, four children

Degree in chemical engineering at the Higher Technical Institute

Member of the Social Democratic Party

1965-76 Chairman and managing director of a group of private companies in Angola

1976-78 Company director

September-
November
1978 State Secretary for Foreign Trade

November
1978-
August 1979 State Secretary for Manufacturing Industry

January
1980-
September
1981 Minister for Agriculture and Fisheries

1983-85 Member of Parliament

Abel Matutes



Born 31 October 1941

Married, four children

1957-61 Degree in law and economics at Barcelona University

1962-63 Assistant professor of public finance at Barcelona University

1970-71 Mayor of Ibiza
Head of the Abel Matutes Bank and the Matutes hotels

1964-77 Vice-President of the Ibiza and Formentera organization of employers in the tourist industry and promoter of several firms

15.6.1977-
1.3.1979 Senator for Ibiza and Formentera for the Alianza Popular (the main conservative opposition party)

Until appointment as a Member of the Commission:


— National vice-president of the Alianza Popular from 18 December 1979

— Alianza Popular Member of Parliament from 28 October 1982

— Chairman of the Economics Committee of the Alianza Popular

— Chairman of the National Electoral Committee

— Spokesman on economics and finance for the Grupo popular in the Chamber of Deputies



PART TWO

ACTIVITIES
IN DECEMBER 1985

1. Building the Community

Economic and monetary policy

Council

2.1.1. At its meeting on 9 December the Council (economic and financial affairs) approved the annual report 1985-86 on the economic situation in the Community (→ point 2.1.2) and adopted, on the basis of the political agreement reached in November,¹ the Decision on a Community loan to Greece.² It also examined a proposal for a Commission recommendation concerning the position the Community should adopt in the negotiations on the review of certain provisions of the Arrangement on Guidelines for Officially Supported Export Credits (→ point 2.3.8).

Economic situation

Annual economic report 1985-86

2.1.2. On 9 December the Council carried out its third quarterly review of the economic situation in the Community. It then adopted, on a proposal from the Commission³ and in the light of the opinions of Parliament⁴ and the Economic and Social Committee,⁵ the annual report on the economic situation in the Community and laid down the broad economic policy guidelines for 1986 to be followed by the Member States.

2.1.3. Earlier, at the tripartite conference of workers', employers' and Commission representatives held at Val Duchesse on 12 November, the participants had also endorsed the main principles of the 'cooperative growth strategy for more employment' proposed by the Commission.⁶ On that occasion they decided to set up a working party to monitor developments in the economy and employment in the Community.

Monetary Committee

2.1.4. The Monetary Committee held its 319th meeting in Brussels on 17 December,

with Mr Tietmeyer in the chair. It discussed the monetary policy guidelines for 1986.

Economic Policy Committee

2.1.5. The Economic Policy Committee held its 163rd meeting on 10 December. With Mr Postma in the chair, it discussed, in its 'budgets' composition, problems connected with the drawing up of the next three-year financial forecasts for the Community budgets and developments in the public debt and interest burden up to 1990.

Internal market and industrial affairs

Completion of the internal market

Council

2.1.6. The Council (internal market/consumer affairs) met on 12 December. The Luxembourg Presidency drew attention to the 1985 programme it had drawn up concerning the completion of the internal market and to the reports which it had submitted to the Council (internal market) on 7 October.⁷ In implementing this programme, it endeavoured in particular to keep to the timetable provided for in the White Paper on the completion of the internal market,⁸ the importance of which had been recognized by the Council at its last meeting. The Presidency then summarized the work undertaken in the different sectors.

¹ Bull. EC 11-1985, point 1.3.2.

² OJ C 341, 19.12.1985.

³ Bull. EC 10-1985, point 1.3.1 *et seq.*

⁴ OJ C 325, 16.12.1985; Bull. EC 11-1985, point 2.1.3.

⁵ Bull. EC 11-1985, point 2.5.20.

⁶ Bull. EC 11-1985, point 2.5.15.

⁷ Bull. EC 10-1985, point 2.1.11.

⁸ Bull. EC 6-1985, point 1.3.1 *et seq.*

The Council also took note of the 1986 action programme for the completion of the internal market that the Luxembourg Presidency had drawn up in conjunction with the future Netherlands and United Kingdom Presidencies.

Finally, the Council and the two acceding States took note of a progress report on the work of the Luxembourg Conference on the Community patent (→ point 2.1.22).

2.1.7. On 20 December the Council adopted two Directives relating to undertakings for collective investment in transferable securities,¹ on which it had agreed in November.²

2.1.8. Following the exchange of views at its 18 November meeting on the tax measures necessary to achieve the objective of a single market,³ the Council (economic and financial affairs) agreed to set up an *ad hoc* working party of heads of tax administrations or other personal representatives of the Finance Ministers in order to prepare the ground for the Council's proceedings. It will lay down the working party's terms of reference at its January meeting.

2.1.9. On 23 December the Commission sent the Council a communication setting out the broad lines of the proposals it will be presenting, in line with the policy guideline adopted by the Council (transport) on 14 November on road transport in the Community (→ point 2.1.213).

Free movement of persons and freedom to provide services

Freedom to provide audiovisual services

2.1.10. On 3 October 1984 the *Land* of Hamburg in the Federal Republic of Germany adopted provisional legislation banning the retransmission by cable of broadcasts of foreign origin. The Commission, taking the view in respect of broadcasts emanating from other Member States that this ban was incompatible with the EEC Treaty, in particular Articles 7, 59 and 62,

drew the attention of the German authorities to this fact in accordance with Article 169 of the EEC Treaty. Since the *Land* of Hamburg has lifted this discriminatory ban, the Commission has now closed the infringement procedure.

Mutual recognition of diplomas and access to occupations

Accession-related measures

2.1.11. On 20 December⁴ the Council adopted two Directives amending, as a result of the accession of Spain and Portugal, the Directive of 16 September 1985⁵ concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in pharmacy, including measures to facilitate the effective exercise of the right of establishment relating to certain activities in the field of pharmacy, and the Directive of 10 June 1985⁶ concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in architecture, including measures to facilitate the effective exercise of the right of establishment and the freedom to provide services.

These Directives add the corresponding Spanish and Portuguese qualifications to the lists in the June and September Directives.

*

2.1.12. At its meeting on 3 and 4 December attended by Spanish and Portuguese observers, the Committee of Senior Public Health Officials held a wide-ranging discussion of the measures which have been taken or are to be taken to ensure application of the Directives on doctors, nurses responsible for general care, dental practitioners and midwives in the enlarged Com-

¹ OJ L 375, 31.12.1985; OJ L 372, 31.12.1985.

² Bull. EC 11-1985, point 2.1.63.

³ Bull. EC 11-1985, point 2.1.11.

⁴ OJ L 372, 31.12.1985 (chemists).

⁵ OJ L 253, 24.9.1985; Bull. EC 7/8-1985, point 2.1.13.

⁶ OJ L 223, 21.8.1985; Bull. EC 6-1985, point 2.1.16.

munity and the problems which this presents. As is its custom at all its meetings, the Committee likewise discussed questions relating to application of these Directives. It continued its work on the compilation of statistics on the number of dental practitioners and produced tables on the migration in 1984 of doctors, nurses responsible for general care, dental practitioners and midwives (see Tables 1 to 4).

Free movement of goods

Removal of technical and administrative barriers to trade

Industrial products

Proposals adopted by the Council

2.1.13. On 20 December the Council adopted a Directive¹ for the seventh time amending, as regards asbestos, the Directive of 27 July 1976² concerning the approximation of the laws, regulations and administrative provisions of the Member States relating to restrictions on the marketing and use of certain dangerous substances and preparations.³

This Directive contains a list of six everyday products prohibited from containing asbestos fibres. It covers toys, paints and varnishes and asbestos flocking processes. The adoption of this Directive signifies tangible progress towards improving the protection of consumers and will introduce rules into certain Member States where such extensive protection did not exist in this area.

This Directive follows on from that adopted in September 1983 which concerned the following two measures: the labelling of all products containing asbestos and the prohibition, with certain exemptions, of crocidolite and products containing it.⁴

The Council agreed that the work in this area will continue in order to reach a solution embracing other asbestos-based products as quickly as possible.

2.1.14. On 12 December the Council adopted a decision authorizing the Commission to conduct negotiations to enable the Community to become a contracting party to the European Agreement on the restriction of the use of certain detergents in washing and cleaning products.⁵

*

2.1.15. The Council examined certain proposals for Directives on which some Member States still had reservations, namely two Directives on wheeled agricultural and forestry tractors (roll-over protection for drivers, power take-offs and their protection),⁶ two Directives on construction plant (roll-over and falling-object protective structures)⁷ and a further directive on construction plant (hydraulic and rope-operated excavators, dozers and loaders).⁸

Having noted that it was unable at this stage to settle the outstanding problems relating to these Directives, it asked its subordinate committees to continue their work.

Commission Directive

2.1.16. On 23 December the Commission adopted a Directive adapting to technical progress the Council Directive of 26 July 1971 on the braking of motor vehicles.⁹ The aim of this Directive is to improve road safety, firstly by tightening up certain existing provisions, in particular those relating to commercial vehicles and, secondly, by laying down new test procedures permitting the type-approval of more efficient braking systems such as automatic anti-locking devices.

¹ OJ L 375, 31.12.1985.

² OJ L 262, 27.9.1976.

³ OJ C 78, 28.3.1980; Bull. EC 3-1980, point 2.1.8; OJ C 273, 16.10.1982; Bull. EC 9-1982, point 2.1.3.

⁴ OJ L 263, 24.9.1983; Bull. EC 9-1983, point 2.1.11.

⁵ Bull. EC 3-1985, point 2.1.10.

⁶ OJ C 123, 9.5.1983; Bull. EC 4-1983, point 2.1.11; OJ C 164, 23.6.1983; Bull. EC 5-1983, point 2.1.24.

⁷ OJ C 104, 28.4.1980; Bull. EC 1-1980, point 2.1.7.

⁸ OJ L 356, 31.12.1980; Bull. EC 10-1980, point 2.1.50.

⁹ OJ L 202, 6.9.1971.

Table 1 — *Number of doctors who are Community nationals and obtained authorization in 1984, under the doctors Directives, to practise in one of the Member States listed at the head of the columns below, after obtaining their basic qualification in another¹*

	FR of Germany	France	Italy	Netherlands	Belgium	Luxembourg ²	United Kingdom	Ireland	Denmark	Greece
Total	989 ⁵	62	23	54	36	5	302 ^{3,4}	34 ⁴	7	346
Nationals of:										
FR of Germany		7	6	6	1	0	47	1	4	2
France		14	4	1	6	3	8	0	0	0
Italy		5	5	2	1	0	51	0	1	12
Netherlands		4	1	9	20	0	23	0	1	0
Belgium		22	2	32	5	2	24	0	0	1
Luxembourg		0	0	0	0	0	2	0	0	0
United Kingdom		1	0	0	0	0	14	33	0	2
Ireland		2	0	0	0	0	0	0	0	0
Denmark		1	0	1	0	0	5	0	0	0
Greece		6	5	3	3	0	128	0	1	329
Qualified in:										
FR of Germany		10	8	9	3	0	53	1	4	36
France		0	4	1	7	3	12	0	0	4
Italy		10	0	2	2	0	58	0	1	303
Netherlands		3	2	0	21	0	23	0	1	0
Belgium		29	3	38	0	2	25	0	0	1
Luxembourg		0	0	0	0	0	0	0	0	0
United Kingdom		1	0	0	0	0	0	33	0	2
Ireland		2	0	0	0	0	0	0	0	0
Denmark		1	1	1	0	0	5	0	0	0
Greece		6	5	3	3	0	126	0	1	0

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

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

³ This figure does not include doctors who qualified in Ireland, for under a bilateral agreement between the United Kingdom and Ireland all doctors who qualify in Ireland may register in the United Kingdom and practise medicine there. It is not possible to determine the number of these doctors or their nationality.

⁴ It is not possible to determine whether all those authorized actually set up in practice.

⁵ Not including Rhineland-Palatinate.

Table 2 — Number of nurses responsible for general care who are Community nationals and obtained authorization in 1984, under the Directives on nurses responsible for general care, to practise in one of the Member States listed at the head of the columns below, after obtaining their basic qualification in another¹

	FR of Germany	France	Italy	Netherlands	Belgium	Luxembourg	United Kingdom	Ireland	Denmark	Greece
Total	35 ¹	329	38	81	49	71	606	± 150	12	4
Nationals of:										
FR of Germany	1	41	7	14	3	15	24		3	0
France	8	39	9	2	7	12	9		1	0
Italy	2	11	10	1	2	1	3		0	0
Netherlands	8	28	2	10	9	2	36		1	1
Belgium	2	146	3	36	25	36	4		0	0
Luxembourg	1	5	0	0	0	4	0		0	0
United Kingdom	9	34	5	7	1	0	0		4	2
Ireland	0	22	0	2	2	0	515		0	0
Denmark	4	3	2	3	0	1	15		3	1
Greece	0	0	0	0	0	0	0		0	0
Qualified in:										
FR of Germany		47	10	23	10	18	24		3	0
France		0	9	3	9	12	9		1	0
Italy		13	0	2	2	1	3		0	0
Netherlands		29	2	0	22	1	36		1	1
Belgium		158	7	39	0	38	4		1	0
Luxembourg		6	0	0	1	0	0		0	0
United Kingdom		43	8	9	4	0	0		6	2
Ireland		24	0	2	1	0	515		0	0
Denmark		3	2	3	0	1	15		0	1
Greece		1	0	0	0	0	0		0	0

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

¹ Not including North Rhine-Westphalia.

Table 3 — *Number of dental practitioners who are Community nationals and obtained authorization in 1984, under the dentists Directives, to practise in one of the Member States listed at the head of the columns below, after obtaining their basic qualification in another¹*

	FR of Germany	France	Italy ²	Netherlands	Belgium	Luxembourg	United Kingdom	Ireland	Denmark	Greece
Total	52 ³	3	0	8	10	4	67	6	0	5
Nationals of:										
FR of Germany		0		1	0	0	2	1		0
France		0		0	4	1	4	0		0
Italy		0		0	0	0	0	0		0
Netherlands		0		0	1	0	2	0		0
Belgium		1		5	0	2	0	0		0
Luxembourg		0		0	0	0	0	0		0
United Kingdom		1		2	3	0	0	5		0
Ireland		0		0	0	0	48	0		0
Denmark		1		0	1	0	6	0		0
Greece		0		0	1	1	5	0		5
Qualified in:										
FR of Germany		0		1	0	0	2	1		4
France		0		0	4	1	4	0		0
Italy		0		0	0	0	0	0		0
Netherlands		0		0	1	0	2	0		0
Belgium		1		5	0	2	0	0		0
Luxembourg		0		0	0	0	0	0		0
United Kingdom		1		2	3	0	0	5		1
Ireland		0		0	0	0	48	0		0
Denmark		1		0	1	0	6	0		0
Greece		0		0	1	1	5	0		0

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

² Italy had until 28 July 1984 to give effect to the dentists Directives. At the end of 1984 Italy had not yet transposed Directive 78/686/EEC into its national law.

³ Not including North Rhine-Westphalia, Rhineland-Palatinate and Schleswig-Holstein.

Table 4 — *Number of midwives who are Community nationals and obtained authorization in 1984, under the midwives Directives, to practise in one of the Member States listed at the head of the columns below, after obtaining their basic qualification in another¹*

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

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

² Directives 80/154/EEC and 80/1273/EEC had not been transposed into national law at the end of 1984.

³ Not including Baden-Württemberg, Bavaria, North Rhine-Westphalia, Rhineland-Palatinate and Saarland.

Foodstuffs

2.1.17. On 20 December the Council adopted a Directive¹ amending the Directive of 5 November 1963 concerning the preservatives authorized for use in foodstuffs intended for human consumption.²

The purpose of the proposal for a Commission Directive³ was, firstly, to extend for an indefinite period the authorization to use thiabendazole (E 233) for the surface treatment of citrus fruits and bananas and, secondly, to add potassium bisulphite (E 228) (wine production) and natamycin (E 235) (surface treatment of sausages and certain cheeses) to the list of authorized preservatives.

The Council has already adopted several directives temporarily extending, as a precautionary measure, the authorization to use thiabendazole; the most recent of these was adopted on 28 February 1985.⁴

On 20 December it finally succeeded in adopting one part of the proposal on potassium bisulphite and thiabendazole and agreed to continue the examination of the other part concerning natamycin.

2.1.18. On 20 December the Council also adopted a Directive¹ concerning the introduction of Community methods of sampling and analysis for the monitoring of foodstuffs intended for human consumption.⁵ This Directive introduces a procedure setting up close cooperation between the Member States and the Commission within the Scientific Committee for Foodstuffs.

2.1.19. On 20 December the Council amended¹ its Directive of 27 June 1977⁶ on the approximation of the laws of the Member States relating to coffee extracts and chicory extracts.⁷

2.1.20. On 19 December the Council also laid down¹ the list of simulants to be used for testing migration of constituents of plastic materials and articles intended to come into contact with foodstuffs.⁸

2.1.21. The Economic and Social Committee delivered its opinion during its December session (→ point 2.5.23) on the proposal for a Directive amending for the eighth time the Directive of 23 October 1962 concerning the colouring matters authorized for use in foodstuffs intended for human consumption.⁹

Business law

Economic and commercial law

Patents

2.1.22. The Luxembourg Presidency, as requested by the Council meeting on the internal market held on 7 October,¹⁰ called an Intergovernmental Conference of representatives of the 12 Member States of the enlarged Community and of the Commission to discuss the Luxembourg Convention on the Community Patent, signed on 15 December 1975.¹¹ The Conference was held from 4 to 18 December in Luxembourg. It prepared the text of the Protocol on the settlement of litigation concerning the infringement and validity of Community patents. However, no agreement was reached on implementing the Convention and a solution to this problem will be sought by the representatives of the Governments of the Member States meeting within the Council.

2.1.23. On 20 December the representatives of the Governments of the Member States and the acceding States, meeting within the Council, adopted a statement

¹ OJ L 372, 31.12.1985.

² OJ L 12, 27.1.1964.

³ OJ C 330, 17.12.1981; Bull. EC 11-1981, point 2.1.12.

⁴ OJ L 65, 6.3.1985.

⁵ OJ C 53, 24.2.1984; Bull. EC 2-1984, point 2.1.15.

⁶ OJ L 172, 12.7.1977.

⁷ OJ C 90, 31.3.1984; Bull. EC 3-1984, point 2.1.16.

⁸ OJ C 102, 14.4.1984; Bull. EC 4-1984, point 2.1.13.

⁹ Bull. EC 9-1985, point 2.1.10.

¹⁰ Bull. EC 10-1985, point 2.1.18.

¹¹ Ninth General Report, point 113.

on ratification by Greece of the Munich Convention on the European Patent.¹

Trade marks

2.1.24. On 17 December the Commission adopted an amended proposal for a First Council Directive to approximate the laws of the Member States relating to trade marks,² which takes account of the opinions delivered by Parliament³ and the Economic and Social Committee⁴ on the Commission's initial proposal.⁵

In the light of those opinions, the Commission decided in particular to drop the principle of international exhaustion of trade mark rights, subject to certain qualifications. The proposal, together with the amended proposal for a Council regulation on the Community trade mark,⁶ should be adopted by the Council before the end of 1987.

Original topographies of semiconductor products

2.1.25. In line with the Council Resolution of 19 June 1985,⁷ the Commission on 8 January sent the Council a proposal for a Directive on the legal protection of original topographies of semiconductor products.⁸ The main effect of the proposal would be to establish a Community framework for the protection of the creators of topographies against unauthorized copying.

The Council has been asked to discuss the proposal as rapidly as possible so as to give Member States an indication of the Community system which will have to be taken into account by their domestic parliaments.

Steel⁹

The Community steel industry

Market management

Crisis measures

The industry after 1985

2.1.26. Following the Commission's formal Decisions on 27 November on the

organization of the steel market and State aids after 1985,¹⁰ the implementing texts were finalized and the principal measures adopted so that the individual ECSC Decisions could be communicated to the undertakings before 1 January 1986 and the general ECSC Decisions made public within the required time-limits.

Minimum prices

2.1.27. On 23 December the Commission decided to suspend¹¹ its Decision of 23 December 1983 on minimum prices.¹² Though inseparable from the other crisis measures,¹³ this Decision was intended to remain in force only until market developments permitted a return to the application of the normal price rules under Article 60 of the ECSC Treaty. This system no longer appears to be necessary given the present conditions on the market; however, the Commission must remain vigilant and has retained powers to reintroduce it if need be.

Guarantee system

2.1.28. The Commission amended for the second time on 23 December¹¹ its Decision of 23 December 1983 establishing a guarantee system for certain steel products,¹⁴ which is intended to strengthen the system of monitoring and production quotas and

¹ OJ C 348, 31.12.1984.

² COM(85) 793 final.

³ OJ C 307, 14.11.1983.

⁴ OJ C 310, 30.11.1981.

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

⁶ OJ C 230, 31.8.1984; Bull. EC 7/8-1984, point 2.1.21.

⁷ Bull. EC 6-1985, point 2.1.24; Bull. EC 5-1985, point 2.1.13. COM(85) 775 final.

⁸ COM(85) 775 final.

⁹ For redeployment aids for ECSC workers, see point 2.1.95.

¹⁰ OJ L 340, 18.12.1985; Bull. EC 11-1985, points 2.1.23 to 2.1.25.

¹¹ OJ L 351, 28.12.1985.

¹² OJ L 373, 31.12.1983; Bull. EC 12-1983, point 2.1.13.

¹³ Bull. EC 12-1983, points 2.1.12 to 2.1.15.

¹⁴ OJ L 373, 31.12.1983; Bull. EC 12-1983, point 2.1.14; OJ L 303, 22.11.1984.

the minimum prices system. Having modified the monitoring system and suspended the application of minimum prices, the Commission had to make the necessary technical changes to the guarantee arrangements.

Accompanying document and production certificate

2.1.29. On 23 December the Commission decided to amend¹ its Decision of 17 December 1982 concerning the requirement for community undertakings to declare the quantities of certain steel products delivered.² As the results relating to these deliveries continued to be fragmented and unreliable, it was decided to drop relevant questionnaires. However, the accession of Spain and Portugal and the removal of Category Id and Category V products from the quota system³ made it necessary to adapt questionnaires 372 and 376 of the 1982 decision.

2.1.30. The Commission also amended its Decision of 23 December 1983 introducing a production certificate and an accompanying document for deliveries of certain steel products.

This amendment was made necessary by the accession of Spain and Portugal, the

removal of quotas for products in Categories Id and V⁵ and certain technical changes. There was also a need to specify more clearly the content of the information that the Member States must supply to the Commission, and to enable the Commission to ensure that certain provisions of the Decision are properly applied. Moreover, the introduction of a stamping system will enable the Spanish and Portuguese authorities to monitor the development of consignments of steel products.

Infringements

2.1.31. The new provisions concerning the guarantee system (→ point 2.1.28) are an indication that the Commission, as in the past, is determined to maintain discipline with regard to both prices and quantities and will not hesitate to take action where the rules have been infringed.

The following table shows the position on infringements for 1985.

¹ OJ L 351, 28.12.1985.

² OJ L 370, 29.12.1982; OJ L 180, 5.7.1983.

³ OJ L 340, 18.12.1985; Bull. EC 11-1985, point 2.1.24.

⁴ OJ L 373, 31.12.1983; Bull. EC 12-1983, point 2.1.15; OJ L 89, 29.3.1985;

⁵ OJ L 340, 18.12.1985; Bull. EC 11-1985, point 2.1.24.

Legal basis in ECSC Treaty	Art. 58	Art. 60	Art. 61	Total
Cases examined	218	106	56	380
Infringement cases opened	64	69	29	162
Hearings	17	20	11	48
Freezing of guarantee	—	—	9	9
Fines — number	28	6	—	34
— amounts in million ECU	15.5	3	—	18.5

Fines collected in 1985 amount to some 30 million ECU. It should be pointed out that the amount of the fines already imposed differs from that of fines collected because payment of the fine is suspended in the event of an appeal to the Court of Justice, payment terms have been worked out for undertakings in difficulty and some, albeit few, of them may be unable to pay (dismantling, bankruptcy, etc.).

Market situation

2.1.32. Provisional internal statistics available in mid-December show that crude steel production in December will probably amount to 8 895 000 tonnes compared with 9 991 000 tonnes in November and 9 023 000 tonnes in December 1984. Production in December is traditionally low because of the Christmas/New Year holiday period; it was down on the November figure in all Member States except Ireland. Compared with December 1984 production was up in Belgium, Luxembourg, the United Kingdom, Ireland and Greece, whereas the figures for Germany, France and the Netherlands are likely to be down, with output in Italy virtually constant.

General objectives for steel

2.1.33. On 17 December the Commission decided to authorize publication of the position adopted by the Spanish and Portuguese authorities,¹ on the general objectives for steel for 1990² and to forward the document to the Community authorities and interested parties for information.

Forward programme

2.1.34. At its meeting on 13 December the ECSC Consultative Committee approved the forward programme for steel for the first quarter of 1986³ (→ point 2.5.31).

Research

Social research

2.1.35. On 20 December, acting under Article 55(2) of the ECSC Treaty, the Com-

mission granted financial aid amounting to 951 600 ECU to five research projects under the fourth research programme on technical control of nuisances and pollution at the place of work and in the environment of iron and steel works.⁴

On 18 December, also on the basis of Article 55(2) of the ECSC Treaty, the Commission granted financial aid amounting to 20 million ECU for the fifth research programme, on the same subject and with the same title as the fourth programme.⁵

Trade with non-member countries

Exports

Steel negotiations with the United States

2.1.36. On 10 December the British Government withdrew its reservation on the formal approval of the results of the negotiations with the United States on steel, which the Commission presented to the Council in November.⁶ The Council therefore formally adopted the legal texts for the conclusion and implementation of the renewed Arrangements and gave its assent to the corresponding draft ECSC Decisions, enabling the Commission to proceed with their adoption.⁷

The United States Administration, for its part, rescinded with effect from 9 December the customs control measures introduced on 27 November in respect of the products covered by the 1982 Arrangement and by the Complementary Arrangement of August 1985.

¹ COM(85) 774 final.

² OJ C 239, 20.9.1985; Bull. EC 7/8-1985, point 2.1.27.

³ Bull. EC 11-1985, point 2.1.28 *et seq.*

⁴ OJ C 147, 3.6.1979.

⁵ OJ C 338, 31.12.1985; Bull. EC 6-1985, point 2.1.175.

⁶ Bull. EC 11-1985, point 2.1.34.

⁷ All the EEC and ECSC texts concerning conclusion by the Council and implementation by the Commission of the new Arrangements may be found in OJ L 355, 31.12.1985.

At the annual meeting between the United States and the Commission on 14 December (→ point 2.3.14), Mr Willy De Clercq, Member of the Commission with special responsibility for external relations and commercial policy, and Mr Clayton Yeutter, President Reagan's foreign trade representative, exchanged the instruments of conclusion of the new Arrangements.

On 30 December, however, the United States announced unilateral measures to limit Community exports of semi-finished products, which were covered only by consultative arrangements. The authorized level of imports will be considerably lower than the actual level since 1984.

The Commission issued a statement on the same day in which the Community expressed its formal disapproval of such measures, which contravene Article 10 of the new Arrangement;¹ the growth of Community exports is not due to 'deflection of trade' and does not in any way compromise the objectives of the Arrangement. As a result the Community is currently studying the retaliatory measures it proposes to adopt in the near future.

Imports

External aspects of the crisis measures

Arrangements with non-member countries

2.1.37. On 12 December the Council adopted the negotiating directives for the Commission regarding the new arrangements for steel imports into the Community in 1986 with the following countries:² Austria, Finland, Norway, Sweden, South Africa, Brazil, Bulgaria, Hungary, Poland, Romania, Czechoslovakia and Japan ('special understanding'). Australia and South Korea, whose exports to the Community this year were very low, were not approached but, if they wish, they may ask to participate in these negotiations.

In the case of Brazil, the two existing arrangements (one for pig iron and one for the other iron and steel products) will be consolidated.

The Commission therefore began negotiations on renewing the arrangements for 1986.

These arrangements are based on the principle of respecting traditional trade flows, and each year the quotas are set according to the likely development of internal demand. As the forecasts for 1986 are relatively good, the quantities to be agreed with the countries concerned will be 3% higher than the 1985 figure. The accession of Spain and Portugal to the Community will entail an adjustment of these quantities. Quantities not taken up in 1985 cannot be carried forward.

Autonomous measures

Surveillance

2.1.38. On 20 December the Commission adopted a Decision on retrospective Community surveillance of imports and exports of certain iron and steel products covered by the ECSC Treaty, originating in certain non-member countries.³ It also adopted on 23 December a Recommendation on Community surveillance of imports of certain iron and steel products covered by the ECSC Treaty, originating in certain non-member countries.⁴

The Decision and Recommendation extend those adopted on 4 January 1985, which expired at the end of December.⁵

The object of these measures is to permit retrospective statistical surveillance of imports and exports of iron and steel products covered by the ECSC Treaty. The

¹ All the EEC and ECSC texts concerning conclusion by the Council and implementation by the Commission of the new Arrangements may be found in OJ L 355, 31.12.1985.

² Bull. EC 11-1985, point 2.1.28.

³ OJ L 344, 21.12.1985.

⁴ OJ L 348, 24.12.1985.

⁵ OJ L 7, 9.1.1985; Bull. EC 1-1985, point 2.2.9.

Member States are obliged to forward the statistics collected on these transactions to the Commission without delay.

Since the reasons for the introduction of these measures are still valid, i.e. the need to have full information on imports and exports, it is essential to continue them in 1986 and adapt them to the current situation.

Minimum prices

2.1.39. On 31 December the Commission published a new communication changing the basic import prices¹ to take account, firstly, of changes in exchange rates since 15 May 1985² and secondly, of the accession of Spain and Portugal to the Community.

Generalized system of preferences

2.1.40. On 17 December the representatives of the Governments of the Member States of the ECSC, meeting within the Council, adopted the Decision implementing the generalized system of preferences for certain steel products from developing countries (→ point 2.3.37).

A people's Europe

Action against cancer

2.1.41. On 13 December the Commission sent the Council a communication on action against cancer³ as a follow-up to the conclusions of the Milan⁴ and Luxembourg⁵ European Councils, which had stressed the need for such action.

In November⁶ the Commission had sent the Council a proposal for a Resolution on a programme of action of the European Communities on cancer prevention, and at the beginning of 1986 it will submit proposals for the renewal of the programme of research in the field of medicine and public health (1982-86).⁷

In its communication, the Commission recommends:

(i) that a Europe Against Cancer campaign be launched to secure maximum coordination of all work on prevention, treatment and research (consultation and coordination between the Member States will be required to produce the best possible results and avoid duplication of effort);

(ii) that an *ad hoc* expert committee composed of high-level scientists and cancer specialists be set up to make recommendations on the implementation of the Commission's campaign;

(iii) that the Council be asked to examine the existing Commission proposals on prevention and the forthcoming proposals on research as a matter of priority so that they can be adopted as soon as possible.

Industrial innovation and the information market

Transnational measures to promote innovation

2.1.42. In response to the call for proposals for the promotion of European conferences on technology and innovation that it published in the Official Journal on 22 May,⁸ the Commission received 51 applications, of which it selected 23.

Negotiations are in progress with each successful applicant with a view to finalizing the details of the Commission's assistance. The majority of the conferences chosen are scheduled to take place in the second half of 1986 and the first half of 1987. The topics covered are extremely varied and will range

¹ OJ C 338, 31.12.1985.

² OJ C 120, 15.5.1985; Bull. EC 5-1985, point 2.2.15.

³ COM(85) 799 final.

⁴ Bull. EC 6-1985, point 1.2.3.

⁵ Bull. EC 11-1985, point 1.1.1.

⁶ Bull. EC 11-1985, point 2.1.85.

⁷ OJ C 336, 28.12.1985; OJ L 248, 24.8.1982; Bull. EC 7/8-1982, point 2.1.186.

⁸ OJ C 125, 22.5.1985.

from the use of computers in commerce, through information in the biotechnology field, extrusion technology in the food industry, aerosols and image detection, to rheology. The amounts offered for each conference vary between 4 500 and 30 000 ECU, the total budget earmarked for this plan being some 400 000 ECU.

A follow-up to the plan for the promotion of European conferences should be announced early in 1987.

Utilization of research results

2.1.43. The Commission has decided to contribute to the cost of building and testing a pilot plant based on a new method of removing sulphur dioxide from flue gases.

Oxides of sulphur and nitrogen are the principal atmospheric pollutants. Sulphur dioxide is discharged into the atmosphere during the combustion of fuels containing sulphur, chiefly the coal and oil used in power stations. It is one of the main causes of acid deposition (or 'acid rain'), which attacks buildings (especially if they are of limestone, sandstone or marble), causes harmful acidity in lakes and is suspected of contributing to forest damage.

The new 'Ispra Mark XIII A' process was invented at the Ispra Establishment of the Joint Research Centre in 1979. Patents on it are held by the Community. The process has successfully undergone bench-scale tests and has the advantage over most other desulphurization processes of yielding useful by-products, namely sulphuric acid and hydrogen.

It is now necessary to confirm the viability of the process by building a pilot plant and carrying out prolonged tests in an industrial environment.

Following a call for proposals published in 1984,¹ the contract—which provides for Community support of up to 5 million ECU—will be concluded with Ferlini Technology, Genoa. The pilot plant will be erected at the Saras oil refinery at Sarroch

in Sardinia, where there is a demand for sulphuric acid. Subcontractors in a number of Member States will play an important role in the execution of this project.

If the tests, planned to start in 1987, are successful and the present trend towards tighter control of sulphur dioxide emissions continues, there could be a very substantial market for the Ispra Mark XIII A process.

Customs union

Simplification of customs formalities

Single administrative document

2.1.44. On 19 December the Commission sent the Council a proposal for a Regulation² amending the Regulation of 8 July 1985 introducing Community export and import declaration forms.³

Following the introduction of the single document, implementing provisions needed to be adopted, notably to determine the codes to be used. While this possibility was provided for as regards trade between Member States, the 8 July Regulation made no similar provision to cover trade between the Community and non-member countries. It has become apparent that it is impossible to lay down Community codes for trade between Member States without at the same time taking into account requirements for trade with non-member countries. The Commission is therefore proposing that the 8 July Regulation be amended to allow the appropriate implementing provisions to be adopted.

Computerization of administrative procedures in intra-Community trade

2.1.45. In the light of the opinion given by Parliament,⁴ the Commission sent the

¹ OJ C 317, 28.11.1984; Bull. EC 11-1984, point 2.1.151.

² OJ C 348, 31.12.1985; COM(85) 688 final.

³ OJ L 179, 11.7.1985; Bull. EC 7/8-1985, point 2.1.35.

⁴ OJ C 325, 16.12.1985; Bull. EC 11-1985, point 2.1.47.

Council on 2 December an amendment¹ to the proposal for a Decision relating to the coordinated development of computerized administrative procedures (CD projects).² On 12 December the Council adopted a common position on this proposal.

Abolition of certain postal charges

2.1.46. In December Parliament adopted an opinion³ on the proposal for a Regulation abolishing certain postal charges for customs presentation.⁴

General legislation

Customs declaration

2.1.47. On 12 December the Council adopted a Regulation⁵ defining the conditions under which a person may be permitted to make a customs declaration.⁶

The Regulation states that the customs declaration may be made by any person able to produce or cause to be produced to the competent customs authority the goods in question and stipulate when a declaration may be made on a person's behalf. It also adds to the existing provisions concerning release of goods for free circulation.

Release for free circulation

2.1.48. Having received Parliament's opinion,⁷ on 20 December the Commission sent the Council an amendment⁸ to its proposal for a Regulation laying down measures to discourage the release for free circulation of counterfeit goods.⁹ The amendments are designed principally to clarify the text and make the proposed measures more effective.

Reliefs from customs duty

2.1.48a. On 20 December¹⁰ the Council modified its Regulation of 28 March 1983¹¹

by raising the duty-free ceiling for goods sent in small consignments to private individuals from 35 to 45 ECU.¹²

Customs territory of the Community

2.1.49. On 19 December the Commission adopted for transmission to the Council a proposal for a Regulation laying down the provisions applicable to goods brought into the customs territory of the Community.¹³

The purpose of the proposal is to express in the form of a regulation the provisions of the Directive of 30 July 1968 on harmonization of the provisions laid down by law, regulation or administrative action relating to customs treatment of goods entering the customs territory of the Community and the temporary storage of such goods,¹⁴ and at the same time to spell out a number of points in greater detail and make the adjustments needed in the light of experience and developments in the customs union situation. It completes the programme of harmonization of customs legislation upon which the Commission embarked in 1979.¹⁵

Customs procedures with economic impact

Temporary importation

2.1.50. On 23 December the Commission adopted a Regulation on temporary importation.¹⁶ One of the purposes of the Regu-

¹ OJ C 329, 19.12.1985; COM(85) 694 final.

² OJ C 167, 6.7.1985; Bull. EC 6-1985, point 2.1.39.

³ OJ C 352, 31.12.1985.

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

⁵ OJ L 350, 27.12.1985.

⁶ OJ C 29, 1.2.1979; Bull. EC 1-1979, point 2.1.31.

⁷ OJ C 343, 31.12.1985; Bull. EC 10-1985, point 2.1.40.

⁸ COM(85) 809 final.

⁹ OJ C 20, 22.1.1985; Bull. EC 12.1984, point 2.1.39a.

¹⁰ OJ L 370, 31.12.1985.

¹¹ OJ L 105, 23.4.1983; Bull. EC 3-1983, point 2.1.28.

¹² OJ C 324, 5.12.1984; Bull. EC 11-1982, point 2.1.35.

¹³ COM(85) 766.

¹⁴ OJ L 194, 6.8.1968.

¹⁵ OJ C 84, 31.3.1979.

¹⁶ OJ L 368, 31.12.1985.

lation is to harmonize at Community level the main cases of the use of the ATA carnets provided for under the Customs Convention of 6 December 1961 on the ATA Carnet for the Temporary Admission of Goods. A further aim is to ease, subject to certain conditions, the customs formalities governing the temporary importation of radio and television production and broadcasting equipment, including radio and television vans. The Regulation also waives the obligation to deposit a security in respect of such vans and equipment.

Common Customs Tariff

Annual updating

2.1.51. On 5 December the Council adopted two proposals from the Commission on the Common Customs Tariff applicable from 1 January 1986.¹

The first, Regulation No 3330/85, establishes the CCT conventional duties at the weighted average of the CCT and the Spanish and Portuguese tariffs.² However, the duties which will apply from 1 January 1986 are those in the annex to the second Regulation, Regulation No 3331/85,³ which suspends application of the new conventional duties for two years while negotiations with the GATT partners are pursued.

Restructuring of tariffs on certain electronic products

2.1.52. On 20 December the Council amended its Regulation of 28 June 1968 on the common customs tariff⁴ to increase the duty on video recorders (→ point 2.3.13).

Nomenclature

2.1.53. On 4 December,⁵ 10 December⁶ and 12 December⁷ respectively the Commission adopted Regulations classifying fresh, chilled or frozen fish of the species

Salmo gairdnerii or *Salmo irideus* within subheading 03.01 A.I a), tobacco within subheading 24.01 A and mixtures of peat and other substances such as farmyard manure, lime, sand, rotted leaf mould, marl and small quantities of other fertilizers within subheading 27.03 A.

The Committee on Common Customs Tariff Nomenclature also adopted a number of tariff measures, in the form of a tariff classification explanatory note or an agreement involving the following subheadings: 03.03 B I b), 04.02 A II, 04.04 C, 06.01 B I, 18.06 C II a) 2, 20.02 H⁸ and 56.07 B.⁹

Economic tariff measures

Suspensions

2.1.54. In December the Council adopted two Regulations suspending in whole or in part the Common Customs Tariff duties on the following products:

certain agricultural products originating in Turkey (1986);¹⁰

certain products falling within the Chapters 1 to 24 of the Common Customs Tariff originating in Malta (1986).¹⁰

Tariff quotas

2.1.55. In December the Council adopted a number of Regulations, opening, allocating and providing for the administration of Community tariff quotas in respect of the following products:

29 800 tonnes product weight of fresh, chilled or frozen high-quality beef (Hilton beef)

¹ Bull. EC 10-1985, point 2.1.42; Bull. EC 11-1985, point 2.1.51.

² OJ L 330, 9.12.1985.

³ OJ L 331, 9.12.1985.

⁴ OJ L 172, 22.7.1968.

⁵ OJ L 324, 5.12.1985.

⁶ OJ L 334, 12.12.1985.

⁷ OJ L 338, 17.12.1985.

⁸ OJ C 318, 10.12.1985.

⁹ OJ C 348, 31.12.1985.

¹⁰ OJ L 354, 30.12.1985.

falling within subheadings 02 A II a) and 02.01.A II b) of the Common Customs Tariff at a duty of 20%;¹

2 250 tonnes of frozen buffalo meat falling within subheading 02.01.A II b) 4 bb) 33 of the Common Customs Tariff at a duty of 20%;¹

certain wines having a registered designation of origin, falling within subheading ex 22.05 C of the Common Customs Tariff, originating in Algeria (1986);²

certain wines having a registered designation of origin, falling within subheading ex 22.05 C of the Common Customs Tariff, originating in Yugoslavia (1986);²

fresh or dried hazelnuts, shelled or not, falling within subheading ex 08.05 G of the Common Customs Tariff originating in Turkey (1986);²

prepared or preserved sardines, tunny or mackerel falling within subheading ex 16.04 of the Common Customs Tariff from Portugal (1986);³

certain handwoven fabrics, pile and chenille, falling within subheading ex 50.09, ex 55.07, ex 55.09 of ex 58.04 of the Common Customs Tariff (1986);⁴

certain hand-made products (1986);⁴

certain fishery products, salted, falling within subheading ex 03.02 A I b) or ex 03.02 A II a) of the Common Customs Tariff (1986);³

certain fishery products (1986);³

cod, dried, salted or in brine, falling within subheading 03.02 A I b) of the Common Customs Tariff;⁵

certain grades of ferro-chromium falling within subheading ex 73.02 E I of the Common Customs Tariff;⁶

sweet cherries, marinated in alcohol, falling within subheading ex 20.06 B I e) 2 bb) of the Common Customs Tariff;⁶

silver hake (*Merluccius bilinearis*) falling within subheading ex 03.01 B I t) of the Common Customs Tariff (1986);⁵

frozen cod fillets falling within subheading ex 03.01 B II b) 1 of the Common Customs Tariff (1986);⁵

certain kinds of tobacco falling within heading No 24.02 of the Common Customs Tariff manufactured in the Islands (1986);⁷

boysenberries, preserved by freezing, not containing added sugar, intended for any form of processing except the manufacture of jam entirely from boysenberries, falling within subheading ex 08.10 D of the Common Customs Tariff;⁶

certain plywoods of coniferous species falling within subheading ex 44.15 of the Common Customs Tariff (1986);²

ferro-silicon falling within subheading 73.02 C of the Common Customs Tariff (1986);²

ferro-silico-manganese falling within subheading 73.02 D of the Common Customs Tariff (1986);²

ferro-chromium containing not more than 0.10% by weight of carbon and more than 30% but not more than 90% by weight of chromium (super-refined ferro-chromium), falling within subheading ex 73.02 E I of the Common Customs Tariff (1986);²

newsprint falling within subheading 48.01 A of the Common Customs Tariff (1986) and extending this quota to include certain other types of paper;²

certain kinds of herring, fresh or chilled, falling within subheading 03.01 B I a) 2 aa) of the Common Customs Tariff;⁸

certain nursery gardeners' or florists' products falling within subheading ex 06.01 A, 06.02 A II or ex 06.02 D of the Common Customs Tariff originating in the Canary Islands (1986);⁹

tomatoes, cucumbers and aubergines falling within subheading ex 07.01 of the Common

¹ OJ L 343, 20.12.1985.

² OJ L 354, 30.12.1985.

³ OJ L 339, 18.12.1985.

⁴ OJ L 337, 16.12.1985.

⁵ OJ L 338, 17.12.1985.

⁶ OJ L 332, 10.12.1985.

⁷ OJ L 362, 31.12.1985.

⁸ OJ L 344, 21.12.1985.

⁹ OJ L 367, 31.12.1985.

Customs Tariff, originating in the Canary Islands (1986);¹

deep-frozen fillets and minced blocks of Alaska pollack falling within subheading ex 03.01 B I n) 2 or ex 03.01 B II b) 14 of the Common Customs Tariff;²

imports into Spain of certain fishery products falling within heading No 03.01, 03.03 or 16.04 or subheading 23.01 B of the Common Customs Tariff originating in the Canary Islands (1986);

certain fishery products falling within heading No 03.01, 03.03 or 16.04 of the Common Customs Tariff originating in the Canary Islands (1986);

new potatoes and avocados falling within subheading of 07.01 A II and 08.01 D respectively of the Common Customs Tariff originating in the Canary Islands (1986);¹

beans (of the species *Phaseolus*), onions and sweet peppers falling within subheading ex 07.01 of the Common Customs Tariff originating in the Canary Islands (1986);¹

fresh flowers falling within subheading 06.03 A of the Common Customs Tariff originating in the Canary Islands;¹

2'-tert-pentylanthraquinone falling within subheading ex 29.13 F of the Common Customs Tariff;³

deep-frozen fillets and minced blocks of hake (*Merluccius* spp.) falling within subheading ex 03.01 B I t) 2 or ex 03.01 B II b) 9 of the Common Customs Tariff;²

certain catalysts falling within subheading ex 38.19 G.⁴

Generalized tariff preferences

2.1.56. The Community will continue to apply in 1986 a system of generalized tariff preferences for the developing countries.

Accordingly, on 17 December the Council adopted three Regulations and a Decision laying down the implementing arrangements for the scheme in respect of certain industrial, textile, agricultural and steel products (→ point 2.3.37).

Community surveillance of imports

2.1.57. The Council also adopted in December a Regulation opening and providing for the administration of a Community preferential ceiling for certain petroleum products refined in Turkey and establishing Community supervision of imports of those products (1986).⁵

Customs valuation

2.1.58. On 12 and 16 December the Commission adopted three Regulations adjusting certain customs valuation provisions which Greece, in accordance with the Act of Accession, was not obliged to implement until 1 January 1986.

The Regulation of 12 December⁶ amends the Regulation of 12 June 1981 establishing a system of simplified procedures for the determination of the customs value of certain perishable goods⁷ and provides for unit values to be calculated on the basis of the rate for the ECU.

The two Regulations of 16 December⁸ take into account the merging, for customs valuation purposes, of the territory of Greece with that of the other member States. The first of these two Regulations amends the Regulation of 5 December 1980 on the place of introduction.⁹ The effect of the amendment is that transport through Yugoslavia (like transport through Austria, the German Democratic Republic and Switzerland) is regarded for customs valuation purposes as if it had taken place within the customs territory of the Community.

The second Regulation revised the percentages of air transport costs to be included in the customs value. Under the Regulation, account is taken of the fact that for aircraft

¹ OJ L 367, 31.12.1985.

² OJ L 344, 21.12.1985.

³ OJ L 332, 10.12.1985.

⁴ OJ L 351, 28.12.1985.

⁵ OJ L 354, 30.12.1985.

⁶ OJ L 335, 13.12.1985.

⁷ OJ L 154, 31.6.1981; Bull. EC 6-1981, point 2.1.28.

⁸ OJ L 347, 23.12.1985.

⁹ OJ L 335, 12.12.1980; Bull. EC 12-1980, point 2.1.29.

overflying Greece on their way to other Member States from non-Community countries, the point at which they cross the Community frontier is now nearer to the airport of departure; it also contains percentages for flights to airports in Greece.

Competition

Restrictive practices, mergers and dominant positions: specific cases

Permissible forms of cooperation

2.1.59. In line with its policy of encouraging constructive cooperation between companies, the Commission exempted a cooperation agreement between BP International Ltd, London, and MW Kellogg Company, Houston, Texas, on the joint development of an ammonia-producing process entailing substantial savings in energy.¹

BP discovered a catalyst useful for the production of ammonia, which could not, however, be used commercially until incorporated into an appropriate process. As BP does not have the necessary experience in the design, construction or commercial exploitation of designs for such a process, it found a suitable partner in Kellogg, a large plant designer and contractor. The arrangements involve various restrictions on the commercial freedom of the parties, notably BP's freedom to supply the catalyst to others and Kellogg's freedom to engage in other research and development projects of this type and are therefore caught by Article 85. Moreover, the restrictions go beyond the conditions laid down in the Commission's 1985 block exemption Regulation on research and development agreements so automatic exemption could not be granted. However, the new process permits considerable cost and energy savings, and given the presence of many independent competitors on the market, these benefits will accrue directly to consumers in the

form of lower ammonia prices, which justifies the granting of an individual exemption.

2.1.60. The Commission has approved the setting-up and operation of an agreement between 17 companies in the insurance sector, in particular in the field of marine mutual insurance. This International Group Agreement (IGA), concluded in 1981 between protection and indemnity clubs (P & I Clubs), provides the legal basis for cooperation between several shipowners in marine insurance.

P & I insurance is the traditional name for the insurance of third party liabilities which arise in connection with the operation of ships. The clubs which have subscribed to the IGA insure 90% of world shipping tonnage. Moreover, virtually all the ocean-going merchant tonnage registered in the Member States is insured by clubs that are party to the IGA. The Commission considered that the IGA notified in 1981 contained clauses restrictive of competition, notably those concerning arrangements for the premiums quoted for ships already insured with a club which limited a shipowner's interest in transferring from one club to another.

Following the amendments made at the Commission's request, the system now offers greater possibilities for competition between clubs as far as premiums are concerned, although members are still subject to certain restrictions as to the exact level of premiums and the deadline by which a transfer to a new club is possible. However, given the advantages of the system, which has operated successfully and to the benefit of consumers for over a century, the Commission was able to grant an exemption under Article 85(3). This approval is subject to strict monitoring by the Commission and limited to 10 years.

Futures markets

2.1.61. The Commission has taken its first formal Decisions on futures markets in commodities. In four separate Decisions,

¹ Decision of 2.12.1985: OJ L 369, 31.12.1985.

the Commission concluded that the rules and regulations of four terminal market associations in the commodities field do not give cause for action under the competition rules and thus granted a negative clearance in each case.¹

The four markets are:

- (i) the London Sugar Futures Market Limited,
- (ii) the London Cocoa Terminal Market Association Limited,
- (iii) the Coffee Terminal Market Association of London Limited,
- (iv) the London Rubber Terminal Market Association Limited.

The object of the associations is to organize and administer terminal markets in London for sugar, cocoa, coffee and rubber respectively. Under the original rules and regulations, as notified to the Commission, a fixed minimum commission was applicable to trading on the floor of the market. Furthermore, the rules and regulations did not contain clear and objective criteria for membership of the associations. At the Commission's request, references to the fixed minimum commissions have been deleted. Amendments have also been made as regards membership, so it is now clear from the rules and regulations that membership is open and that the criteria governing the status of members are objective.

Distribution

2.1.62. The Commission has taken a Decision finding that the US agricultural machinery manufacturer Sperry New Holland, a division of the Sperry Corporation, trading in the Community through several branches and subsidiaries, together with two of its independent distributors, has infringed Article 85(1) by imposing, accepting and practising bans on the export by dealers or distributors of SNH products to other Member States.

As the Commission pointed out a year ago in its Decision against Deere and Company, the prices of agricultural machinery have

been consistently higher in the United Kingdom and in Greece than in other Member States, thus encouraging farmers and dealers there to import. Faced with these parallel imports, SNH sought to prevent them. Like Deere, SNH had imposed contractual export bans and taken other steps to prevent exports. However, after a number of inspections had been carried out, SNH admitted the infringement and offered to help the Commission to establish the facts of the case. Further inspections were therefore no longer required. The Commission took these facts into consideration and fixed the fine at 750 000 ECU.

The Commission felt it appropriate not to impose fines on the distributors involved; it appears that they were more victims than culprits. However, it emphasized that any dealer accepting an export ban commits an infringement in the same way as the manufacturer who imposes it. Such a dealer is liable to be fined, and, in future, will be fined. The Commission feels it only right, therefore, to warn any reseller asked to accept illegal restrictions that he should refuse. Moreover, any dealer already obliged to accept a contract containing an export ban or under pressure from a manufacturer not to export should immediately notify the arrangements to the Commission or submit a complaint about them.

2.1.63. The Commission has condemned the distribution agreements concluded in 1975 by Siemens AG, Germany and Fanuc Ltd, Japan.

Siemens and Fanuc both manufacture numerical controls and computerized devices for the programming and operation of machine tools. By granting each other exclusive rights whereby Siemens became the only distributor of Fanuc's numerical controls in the common market, Siemens and Fanuc cut off the Community market from external competition. Purchasers of numerical controls in the common market had to pay higher prices than those charged for instance in the Far East for a device of

¹ Decisions of 13.12.1985: OJ L 369, 31.12.1985.

great importance to the enhanced competitiveness of the Community's machine-tool industry and the performance of its products. Siemens and Fanuc also concluded strictly binding research, development and production agreements for numerical controls which went well beyond the broad limits set by Community competition policy for technology transfers.

As a result of the Commission's action, Siemens and Fanuc will compete for orders and the Community's machine-tool industry will be stimulated by a wider choice of competitively priced numerical controls.

2.1.64. The Commission adopted a favourable Decision on a number of agreements under which subsidiaries of The Distillers Company, United Kingdom, granted other companies in the spirit industry the exclusive right to distribute certain brands of whisky or gin within various Member States.¹ It thus clarified the meaning of a condition which is important in applying the Regulation No 1983/83 of 22 June 1983 on the application of Article 85(3) of the Treaty to categories of exclusive distribution agreements.²

The Regulation does not apply if manufacturers of identical or similar goods conclude sole distribution agreements, on the basis of the consideration that such agreements between competing enterprises do not necessarily bring about the positive effects that the block exemption ascribes to sole distribution agreements in general. In such cases misgivings might arise about whether the parties use their exclusive arrangement to open up markets or to partition them. However, there is a risk of harmful effects on competition only if the products concerned are apt to satisfy the same consumer demand, i.e. if the consumer regards them as readily interchangeable. Accordingly, the Commission expressed the view that the term 'manufacturers of identical or similar goods' applies only if the parties to the agreements or undertakings connected with them are direct competitors in the relevant products. This means that such a relationship exists in the spirit industry only within

certain categories of spiritous beverages which are set out in the Decision. As to the agreements mentioned above, it is established that whisky forms a product category and therefore has a product market of its own, whereas gin falls under the products category of juniper-flavoured spiritous beverages and accordingly within its relevant market.

On the basis of this market definition the Commission was able to declare that the majority of the sole distribution agreements in question—namely 17 of a total of 21 agreements—comply with the block exemption Regulation, since none of the distributors concerned manufactures a competing product within the meaning of Regulation (EEC) No 1983/83.

In the remaining four cases, the manufacturers are competitors. However, in view of the fierce competition on the relevant markets and the relatively weak position of the companies concerned there it was found that the four agreements qualified for individual exemptions.

2.1.65. The Commission granted a negative clearance certifying that there are no grounds to intervene under Article 85(1) of the Treaty in respect of the selective distribution contracts concluded by Villeroy & Boch with some 3 500 specialist retailers established in the various Member States.

The selective distribution contracts notified by Villeroy & Boch contain objective criteria for the selection of specialist retailers relating to the specialization of the retail premises and to the technical and professional qualifications of the retailer and his staff. They are consistent with the decisions of the Court of Justice in that they permit quality tableware to be sold under appropriate conditions. The relevant products are durable consumer goods of a composite nature whose purchase and replacement can be spread over several years; the

¹ Decision of 13.12.1985: OJ L 369, 31.12.1985.

² OJ L 173, 30.6.1983.

producer guarantees a fifteen-year availability and may thus, without infringing Article 85(1), entrust their sale only to retailers having premises specifically equipped for adequately displaying the articles, who are prepared to provide suitable after-sales service and ensure continuity of supply to the customer.

As the contracts may also be entered into by outlets having a specialized department, the Villeroy & Boch selective distribution system is not in itself liable to exclude certain modern forms of distribution.

On the basis of an economic analysis of the market for ceramic tableware, the Commission reached the conclusion that the operation of the Villeroy & Boch selective distribution system can only enhance competition which is already fierce in this sector. Consumers ultimately benefit from such increased competition, while those who consider the services which accompany sales in the selective distribution system to be of secondary importance may opt for articles from competing producers who do not practice selective distribution.

Industrial property

2.1.66. In accordance with the principles laid down in its Regulation on the application of Article 85(3) of the Treaty to certain categories of patent licensing agreements,¹ the Commission found that two clauses of a licensing agreement concluded for the exploitation of a plant breeding right relating to the ornamental plant sector were incompatible with Article 85.²

A horticulturist on the French Riviera, Mr Royon, discovered in his glasshouses a new rose variety which developed by natural mutation in a bush of the variety Sonia Meilland, which he grew under a licensing contract granted by the breeder of that variety, a company belonging to the French group, Meilland, Antibes. A clause in the contract which obliged Mr Royon to renounce in favour of Meilland all property rights to the new variety in exchange for a sum in compensation formed the subject of

a complaint that he sent to the Commission. The procedure was subsequently extended to a second clause in the contract, which obliged the licensee to refrain from challenging the licensor's property rights attaching to the variety Sonia. Meilland is one of the main groups worldwide specialized in the breeding and exploitation of rose varieties; these two clauses appeared in all its contracts and also those drawn up by the other major rose breeders in most Member States.

The first clause raises the question of the extent to which the breeder of a plant variety may extend contractually the rights conferred on him by law and thus reserve for himself the rights over the discovery of natural mutations by licensees. This system eliminates the licensees entirely as independent suppliers of such mutations on the European and world markets. The Commission considered that the second no-challenge clause had adverse effects on competition and trade between Member States in line with its consistent approach in previous similar cases.

In view of the fact that these two clauses are applied in all similar agreements imposed on many thousands of nurserymen and horticulturists wishing to exploit popular varieties of rose within the Community, they were found to constitute serious infringements of the competition rules and did not satisfy the tests for exemption.

Abuse of dominant positions

2.1.67. The Commission imposed a fine of 10 million ECU on AKZO Chemie, the chemicals division of the Dutch multinational group AKZO, for abusing its dominant position in the organic peroxides market by attempting to drive a smaller competitor from the market. Following a complaint by a small United Kingdom competitor, Engineering and Chemical Supplies Ltd (ECS), Stonehouse, Gloucester, the Commission investigated allegations that

¹ OJ L 219, 26.8.1984.

² Decision of 13.12.1985: OJ L 369, 31.12.1985.

AKZO Chemie operated a deliberate campaign, through sustained selective price cuts designed to entice away its customers, to put ECS out of business.

ECS produces benzoyl peroxide, the major organic peroxide, originally in a form intended for very specialized use as a bleaching agent for flour. In 1979 ECS also began manufacturing benzoyl peroxide intended as an initiator in thermoplastics production. AKZO Chemie — with over 50% of the European market — dominates this field and reacted to ECS's arrival on the plastics market, especially in Germany, by threatening reprisals in the flour additive sector.

In the face of AKZO's threats ECS went to court and obtained an injunction, but AKZO Chemie kept up the pressure on ECS's customers for several years. On the basis of its preliminary investigations carried out in 1982, the Commission adopted interim measures in July 1983 so as to protect ECS pending full investigation of the case, which has now come to an end.

The fine of 10 million ECU, the largest imposed so far by the Commission on an individual company in an antitrust case, makes it clear that in serious cases — and the Commission regards this as one of the most serious instances of abuse of a dominant position — firms infringing the competition rules can expect fines set at a deterrent level.

Mergers

2.1.68. On 16 December the Commission authorized, under the competition rules of the ECSC Treaty, in particular Article 66, the steel producing company Allied Steel & Wire Ltd (ASW), Cardiff, to secure a measure of control over its scrap supplies by acquiring 50% of the share capital of the steel scrap distribution company Norton Barrow (Metals) Ltd (Norton Barrow).

ASW's stake in Norton Barrow will not enable it to influence general trends in scrap prices or to restrict supplies to other scrap users. The Commission therefore concluded that the transaction satisfied the tests of

Article 66(2) in that competition was safeguarded.

As a result of the transaction, Norton Barrow, previously a wholly-owned subsidiary of Coopers Holdings Ltd (Coopers), will be owned and controlled jointly by ASW and Coopers.

The joint venture will give ASW direct access to Norton Barrow's total output of scrap, about one sixth of ASW's requirements of purchased scrap for steelmaking. ASW does not already control any scrap selling companies, nor do its parent companies, British Steel Corporation and Guest Keen & Nettlefolds.

Norton Barrow accounts for only about 1.4% of total deliveries by UK scrap merchants, who export about 45% of their output. Scrap prices and supplies in the UK and in the Community generally are governed mainly by the interplay of supply and demand in the international scrap market and, in particular, by movements in steel output and scrap prices in the USA.

State aids

General aids

Community framework for state aids for R&D

2.1.69. Following extensive multilateral and internal consultations the Commission decided on 18 December to adopt the 'Community framework for State aids for research and development'. This decision forms part of the Commission's longstanding policy aimed at greater certainty and transparency in decision-making. The framework is thus consistent with existing guidelines on environmental and regional aids.

The document reiterates the Commission's usual favourable approach to such aids, which are generally acknowledged to be in the common interest. It is designed to assist Member States in compiling notifications of R&D aids and indicates the intensity

levels and types of assistance that the Commission is likely to approve. The document also lays down the principle that the closer R&D activities are to the market place, the lower the intensity of the aid granted by the Member States should be. Special provision is made for important projects of common European interest and for higher aid levels for small and medium-sized firms and less-developed regions.

Belgium

Tax arrangements for coordination centres

2.1.70. On 18 December the Commission decided to initiate the procedure laid down in Article 93(2) in respect of the tax arrangements for coordination centres operating in Belgium. Coordination centres are subsidiaries of multinational industrial groups, responsible for carrying out for the benefit of some or all of the firms in the group a number of tasks such as research, insurance, advertising, accounting, but not production or distribution.

Following publication by the Belgian Government on 30 December 1982 of a Royal Decree exempting from tax for ten years the profits of firms of this kind setting up in Belgium, on 3 February 1983 the Commission asked the Belgian Government to suspend introduction of the scheme.

The Belgian Government then submitted proposals to the Commission, pursuant to Article 93(3) of the EEC Treaty, for amending these tax arrangements by replacing exemption by arrangements for a flat-rate assessment of firms' taxable income, so that the scheme would no longer contain aid elements caught by Article 92(1). On 2 May 1984 the Commission decided to withdraw its objections and the new scheme proposed was put into effect by an Act of 27 December 1984.

However, under this Act coordination centres approved before that date may opt for the former or the new tax scheme, which is inconsistent with the Commission's position; on 5 June 1984 this was brought to

the attention of the Belgian Government which submitted its reply on 18 July 1984. The Commission accordingly decided to initiate the procedure laid down in Article 93(2) in respect of:

(i) introduction of the scheme exempting from tax the profits of the coordination centres as laid down by the Royal Decree of 30 December 1982, notwithstanding the request addressed to the Belgian Government on 3 February 1983 to postpone its introduction;

(ii) the option open to coordination centres approved before 27 December 1984, as laid down in the Act of that date, amending the scheme, of continuing to benefit from the scheme laid down by the Royal Decree.

France

Loans to industry

2.1.71. On 18 December the Commission initiated the Article 93(2) procedure in respect of fourteen cases of application of the French scheme for loans from the Fonds industriel de modernisation (FIM). The scheme, which provides for loans of a maximum ten-year term with a two-year period of grace, covering up to 40% of investment, was approved by the Commission, subject to certain conditions, on 19 December 1984.¹

The 14 cases notified to the Commission by the French Government concern firms in the following industries: aluminium, cars, commercial vehicles, rubber, data processing, electronics, electrical plant, brewing and mineral water.

The Commission considered that the conditions attached to notification laid down in its Decision of 19 December 1984 had not been satisfied and that the information supplied was inadequate. On the basis of the information in its possession, the Commission regarded the investments qualifying

¹ OJ L 216, 13.8.1985, p. 12; Bull. EC 12-1984, point 2.1.62.

for the loans as measures designed purely and simply to modernize production facilities; in that light the aid concerned was incompatible with the common market and failed to qualify for exemption under Article 92(2) or (3).

Netherlands

Tax incentives for low pollution cars

2.1.72. On 29 November the Dutch Government notified, under Article 93(3), a scheme providing for tax incentives for purchasers of low pollution cars. The scheme, involving an immediate reduction of a special consumption tax on new cars, is designed to speed up the introduction of vehicles that meet the new Community car emission standards during the period preceding the introduction of stricter compulsory standards. The tax benefit amounts to HFL 1 400 for cars with an engine capacity of more than 1 400 cc and HFL 850 for smaller cars.

Analysis of the Dutch measures led to the conclusion that they raised no problems as regards the state aid rules of the Treaty. The Commission accordingly decided on 18 December to raise no objection to introduction of the scheme.

United Kingdom

Information technologies

2.1.73. On 18 December the Commission decided to raise no objection to the Alvey programme notified by the UK Government, which covers pre-competitive research in the field of information technologies, particularly software engineering, very large scale integration, man-machine interfaces and intelligent systems. All projects involve cooperation between industry and public research institutions or universities.

The Commission's favourable decision is based on the conclusion that the objectives

of the programme are in line with Community policy in this area and with the terms of the Community framework for state aids for research and development (→ point 2.1.69).

Regional aids

Federal Republic of Germany

2.1.74. On 4 December the Commission decided to initiate the Article 93(2) procedure in respect of a Rhineland-Palatinate aid scheme concerning investment in the manufacture of parts for the interior trim of motor vehicles. Since the investment was located outside areas eligible for regional aid, the Commission considered that the scheme was not justified.

Industry aids

Aluminium

Federal Republic of Germany

2.1.75. On 4 December the Commission decided to terminate the Article 93(2) procedure initiated on 2 May 1984 in respect of aid to a firm making semi-finished aluminium products in the Federal Republic of Germany.¹ The Commission has found that at the time the decision to grant the assistance was taken there was no overcapacity in the industry and that this investment aid contributed towards the effective restructuring of manufacturing processes for high technology products intended for defence purposes and the aircraft industry.

2.1.76. On 14 December the Commission decided that German Government aid to a firm producing primary aluminium, in respect of which it had initiated the Article 93(2) procedure in November 1983,² did not satisfy the tests for exemption under

¹ Bull. EC 5-1984, point 2.1.56.

² Bull. EC 11-1983, point 2.1.52.

Article 92(3). It adopted a final negative Decision and required recovery of the aid.

This was a rescue measure designed to enable the firm to meet a steep increase in electricity charges. The Commission believed that the aid in question weakened the competitive position of other aluminium producers in the Community also faced with difficulties; they had overcome the crisis by means of restructuring and productivity and quality improvements financed from their own resources. The Commission took the view that there was no benefit to the Community to justify the effects of the distortion of competition created by the grant of this aid.

Agricultural machinery

France

2.1.77. On 18 December the Commission decided to terminate the Article 93(2) procedure initiated on 8 November 1983 in respect of plans to assist a firm manufacturing agricultural machinery.¹

In the light of information received, the Commission was able to establish that the firm's restructuring plan had helped to rationalize its production and that abandonment of certain production lines in an industry suffering from overcapacity had enabled the market to recover.

Paramedical sector

Italy

2.1.78. On 4 December the Commission decided to terminate the Article 93(2) procedure initiated in November 1984 in respect of assistance notified by the Italian Government for a firm manufacturing stockings and tights, which was converting in part to production of paramedical items such as gauze, gloves and disposable clothing.

On the basis of the information supplied by the Italian Government, the Commission

noted that there had been a substantial reduction (some 51.5%) in surplus production of stockings and tights and also that the firm was once again viable; it thus held that the aid in question was compatible with the common market.

National monopolies of a commercial character

Postal monopoly

France

2.1.79. In response to action taken by the Commission under Article 90 in conjunction with Article 86 EEC, the French Government discontinued restricting the activities of international couriers within its territory. In a number of Member States, including France, the Commission had discovered a situation in which the postal monopoly extended to the activities of international couriers dealing with the carriage of business documents, small parcels and other urgent consignments (medicines, spare parts, magnetic tapes etc.) under particular conditions as regards security and speed.

In these Member States such activities were held to be covered by the postal monopoly, although the couriers provide special services that the postal authorities cannot always supply.

In France, couriers could operate only following payment of a fee and their operations were confined to the Paris area.

These restrictions have now been lifted and international couriers operating on an international basis may freely pursue their activities in French territory.

France is thus the third Member State to have liberalized the activities of international couriers following Commission intervention. Both the German Government in 1984 and the Belgian Government in

¹ Bull. EC 11-1983, point 2.1.51.

March agreed to stop applying the postal monopoly to these activities.

The Commission is now looking into the comparable situation in other Member States.

Financial institutions and taxation

Financial institutions

Banks

2.1.80. On 26 December the Commission amended¹ for the second time² its proposal for a Directive concerning the annual accounts and consolidated accounts of banks and other financial institutions.³ The purpose of the amendment was to adapt to the banking sector the provisions of the Seventh Council Directive on consolidated accounts.⁴ It was necessary to lay down special provisions for specific situations; as regards the consolidation of banking sub-groups, for example, it was felt desirable that exemption from sub-consolidation should be made subject to an additional condition, namely that the parent undertaking should declare that it guarantees the commitments entered into by the exempted credit institution.

The amendment also contains provisions concerning exemption from consolidation for temporary participating interests and the consolidation of certain mixed groups.

2.1.81. On 23 December the Commission adopted for transmission to the Council a proposal for a Directive on the coordination of laws, regulations and administrative provisions relating to the reorganization and the winding up of credit institutions.⁵

This proposal for a Directive falls within the scope of the coordination of rules relating to the business of credit institutions and is aimed at supplementing in respect of such institutions the provisions of the draft Con-

vention on bankruptcy, winding up arrangements, compositions and similar proceedings.⁶ It lays down the requirements which have to be fulfilled to make it possible for decisions on reorganization taken, on the basis of their own rules, by the competent authorities of the country in which the credit institution has its head office, to be recognized and applied in other Member States. It also specifies the role of the authorities responsible for credit institutions in cases where a winding-up procedure is opened and, in particular, the circumstances in which the authorization provided for by the Council Directive of 12 December 1977 on the taking up and pursuit of the business of credit institutions⁷ is to be withdrawn. In addition, it contains rules aimed at safeguarding depositors in the event of a credit institution with branches in several Member States being wound up.

Some recent crises in multinational credit institutions having their head office or branches within the Community have confirmed—if confirmation were necessary—the need to make provision in those circumstances for effective collaboration between the supervisory authorities and to provide them with means of action extending beyond the national territory.

Stock exchanges and other institutions in the securities field

2.1.82. On 20 December the Council formally adopted the Directives coordinating laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (Ucits) and abolishing exchange restrictions on the free movement of units issued by Ucits.⁸ It had expressed its agreement on 18 November.⁹

¹ COM(85) 755 final.

² OJ C 83, 24.3.1984; Bull. EC 3-1984, point 2.1.54.

³ OJ C 130, 1.6.1981; Bull. EC 3-1981, point 2.1.31.

⁴ OJ L 193, 18.7.1983; Bull. EC 6-1983, point 2.1.70.

⁵ COM(85) 788 final.

⁶ Supplement 2/82 — Bull. EC.

⁷ OJ L 322, 17.12.1977.

⁸ OJ L 372 31.12.1985; OJ L 375, 31.12.1985.

⁹ Bull. EC 11-1985, point 2.1.63.

2.1.83. On 23 December the Commission adopted for transmission to the Council a proposal for a Directive on information to be published when major holdings in the capital of a listed company are acquired or disposed of.¹ The purpose of the proposal is to help establish a sound information policy on securities and their issuers in the Community. It fits into the same context as the three stock exchange Directives already adopted.²

The proposal is based on the belief that it is important for investors to be informed about large acquisitions or disposals of shares in listed companies. It requires anyone acquiring or disposing of shares to inform the company of his direct or indirect holdings if, after his acquisition or disposal, his holding exceeds or falls below certain thresholds. These have been fixed at 10%, 20%, 1/3, 50%, 2/3 and 90% of the paid-up capital of the company. It is then the responsibility of the company to inform the public of the exact proportion of the capital held by the person concerned.

It should be noted that this proposal does not impose any new requirements on listed companies since the Directive on the admission of securities to official stock exchange listing requires companies to inform the public of any major changes in their capital structure. The proposal is designed principally to clarify the substance of the obligation and to facilitate its implementation.

Taxation

Indirect taxes

Turnover taxes

2.1.84. On 23 December the Commission adopted for transmission to the Council a proposal for a Directive on VAT rules applicable to the operation of a future cross-Channel fixed link.³

The proposal is intended to grant France and the United Kingdom a derogation from the normal rules of the Council Directive

of 17 May 1977 on the common system of value-added tax: uniform basis of assessment⁴ as regards the use of a future fixed link across the Channel and in particular for the exemption from VAT of the toll charges which will be levied together with the continuing right to deduct VAT paid on inputs.

Tax exemption

2.1.85. On 20 December the Council adopted a Directive⁵ amending the Directive of 19 December 1978⁶ as regards small consignments of a non-commercial character sent from a non-member country to one of the Member States.⁷

Excise duties

2.1.86. On 12 December the Commission sent the Council a proposal for a Directive extending the second stage of harmonization of the structures of excise duties on cigarettes.⁸ The previous extension had been adopted on 10 April 1984.⁹

Employment, education and social policy

Council

2.1.87. On 5 December the Council (labour and social affairs) adopted a number of proposals on employment and working conditions and the tasks of the European Social Fund. It reached agreement on the proposal for a Directive on noise (→ 2.1.114). It also agreed on policy con-

¹ COM(85) 791 final.

² OJ L 66, 16.3.1979; Bull. EC 3-1979, points 1.6.1 to 1.6.3; OJ L 100, 17.4.1980; Bull. EC 12-1979; point 2.1.54; OJ L 48, 20.2.1982; Bull. EC 2-1982, point 2.1.28.

³ COM(85) 858 final.

⁴ OJ L 145, 13.6.1977.

⁵ OJ L 372, 31.12.1985.

⁶ OJ L 366, 28.12.1978.

⁷ OJ C 167, 6.7.1985; Bull. EC 6-1985, point 2.1.61.

⁸ COM(85) 683 final.

⁹ OJ L 104, 17.4.1984.

cerning the proposal for a Decision adopting an action programme of the Community in education and training for technology — Comett (→ point 2.1.102). It then took a favourable view, pending the opinion of Parliament, on the amendments to be made to Decision 83/516/EEC of 17 October 1983 and the implementing Regulation (EEC) No 2950/83 on the tasks of the European Social Fund with a view to the accession of Spain and Portugal (→ points 2.1.99 and 2.1.92), and on the amendments to be made to Regulation (EEC) No 2950/83 to extend Fund assistance to the creation of self-employed jobs for unemployed young people and the long-term unemployed (→ point 2.1.93). It also held an exchange of views on the Commission memorandum setting out policy proposals in the areas of employment, education and training of young people¹ and on the amended proposal for a directive on parental leave and leave for family reasons,² on which the Ministers failed to reach agreement.

Finally, the Council and the Ministers meeting within the Council adopted a resolution extending for one year the measures taken to improve the preparation of young people for work and to facilitate their transition from education to working life (→ point 2.1.100).

Employment

Standing Committee on Employment

2.1.88. The Standing Committee on Employment held its 30th meeting on 20 December with Mr Juncker, the Luxembourg Minister for Labour, in the chair.³ This meeting was devoted to discussing the subject of employment-generating growth in a large internal market. An initial exchange of views was held on the measures to be promoted to give a social dimension to the common internal market to be set up by 1992. In this connection, the representatives of the workers' and employers' organizations made an initial statement of their

respective positions on the following six topics:

- (i) a better grasp and mastery of trends;
- (ii) removal of the obstacles that continue to hamper the geographical and occupational mobility of the workforce;
- (iii) enhanced adaptability of all those involved in economic life to the needs of structural adjustment;
- (iv) definition of appropriate social protection for the workforce;
- (v) improvement of education and training systems;
- (vi) forward management of the labour markets.

The Committee agreed to study these various topics with the Commission, bearing in mind the general guidelines emerging from the debate, with a view to a discussion in greater depth at one of its forthcoming meetings.

Free movement of workers

2.1.89. On 9 and 10 December the Technical Committee on Free Movement of Workers exchanged information on Member States' migration policies and on the practical problems involved in implementing the provisions of the Act of Accession of Spain and Portugal to the European Communities relating to freedom of movement. The Committee also held a preliminary discussion on a draft Directive on conditions of access to employment in the public service not covered by Article 48(4) of the EEC Treaty.

Employment and labour market

Labour force survey

2.1.90. On 17 December the Council adopted a Regulation on the organization

¹ Bull. EC 7/8-1985, point 2.1.80.

² OJ C 333, 9.12.1983; Bull. EC 11-1983, point 2.1.80; OJ C 316, 27.11.1984; Bull. EC 11-1984, point 2.1.62.

³ Bull. EC 5-1985, point 2.1.37.

of a labour force sample survey in spring 1986,¹ as proposed by the Commission in May.²

Financial instruments

European Social Fund

Amendments of the rules

2.1.91. After Parliament had delivered its opinion on 12 December,³ the Council adopted on 20 December, with a view to the accession of Spain and Portugal, a Decision⁴ amending Decision 83/516/EEC of 17 October 1983 concerning the tasks of the European Social Fund and its implementing Regulation (EEC) No 2950/83,⁵ on the basis of a proposal made by the Commission in October.⁶

2.1.92. Under this Decision, the whole of Portugal and the Spanish regions of Andalusia, Canary Islands, Castile-Leon, Castile-la Mancha, Extremadura, Galicia and Murcia and the towns of Ceuta and Melilla are granted absolute priority region status and will receive the higher rate of fund assistance (55% instead of 50% of eligible expenditure). To take account of the increasing number of beneficiaries, the Decision also raises the percentage of total commitment

appropriations available for operations to promote employment in the Member States that are allocated to absolute priority regions from 40 to 44.5% for the years 1986 to 1988.

2.1.93. Similarly, after Parliament had delivered its opinion on 10 December,³ the Council adopted on 20 December a Regulation⁴—proposed by the Commission in August⁷—amending Regulation (EEC) No 2950/83 of 17 October 1983 implementing Decision 83/156/EEC of 17 October 1983 on the tasks of the European Social Fund⁵ in order to grant aid for the creation of self-employed jobs, other than in the liberal professions, for unemployed young people and the long-term unemployed.

Applications for assistance

2.1.94. On 23 December the Commission adopted an additional decision⁸ on applications for European Social Fund assistance for 1985 totalling 120 million ECU:

¹ OJ L 350, 27.12.1985.

² Bull. EC 5-1985, point 2.1.38.

³ OJ C 352, 31.12.1985.

⁴ OJ L 370, 31.12.1985.

⁵ OJ L 289, 22.10.1983; Bull. EC 10-1983, point 2.1.57.

⁶ Bull. EC 10-1985, point 2.1.59.

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

⁸ Earlier decision: Bull. EC 6-1985, point 2.1.67.

ECU

Item 6000 — Operations for people under 25 in less-favoured regions	11 723 329
Item 6001 — Operations for people under 25 in other areas	33 417 204
Item 6010 — Measures to promote employment in less-favoured regions	28 758 599
Item 6011 — Measures to promote employment in other areas	46 100 871
Grand total	120 000 003

Measures for ECSC workers

Redeployment aid

2.1.95. In December the Commission approved a further batch of aid measures¹ under Article 56(2)(b) of the ECSC Treaty

involving a total of 158 558 000 ECU and 51 445 recipients.

The aid consists mainly of income supplements in cases of early retirement, unemployment or reemployment and aid for vocational training.

The breakdown for this set of measures is as follows:

	Coal		Iron and steel	
	Recipients	Amounts in ECU	Recipients	Amounts in ECU
Belgium	—	—	2 230	5 316 750
FR of Germany	4 171	16 035 000	7 500	12 649 750
France	3 060	25 830 500	17 062	46 202 750
Ireland	—	—	116	678 500
Italy	—	—	15 344	42 797 000
Netherlands	—	—	348	22 500
United Kingdom	121	1 080 000	1 493	7 945 250
Total	7 352	42 945 500	44 093	115 612 500

The approval of this further batch of measures, which relate in part to multiannual programmes, brings the total amount of traditional redeployment aid granted in 1985 to 215 million ECU and the total number of recipients to 66 953.

2.1.96. This year the Council did not agree on the transfer of an exceptional contribution from the general budget to the ECSC budget to provide additional Community assistance towards the financing of social measures to accompany the restructuring of the steel and coal industries.²

It should be noted in this connection that the national measures on which ECSC redeployment aid is based are currently under investigation in the joint committees for the harmonization of working conditions in the coal and steel industries which met three times in 1985.

Special financial support for Greece

2.1.97. Under the Regulation concerning special financial support for Greece in the social field,³ the Commission approved on 19 December the applications submitted by

the Greek Government for support totalling around 31 million ECU for the construction, adaptation and equipment of vocational training centres in the Athens region and for the reform of the Greek system for the treatment of the mentally ill.

Education and vocational training

Cooperation in education

2.1.98. On 11 and 12 December a seminar was held in Wépion, Belgium to promote training and education in the fisheries sector. The seminar was attended by experts, instructors, persons working in the sector and heads of training centres and covered four topics: the exchange programme for instructors, teaching materials on energy saving at sea, the programme of visits by the mobile advisory unit and training modules on safety at work in non-industrial fishing.

¹ Earlier measures: Bull. EC 9-1985, point 2.1.53.

² Bull. EC 7/8-1985, point 2.1.85.

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

Situation of young people

2.1.99. From 17 to 19 December the Commission took part in the first conference of European Ministers responsible for youth affairs on the subject of the situation of young people in Europe, the participation of young people and European cooperation on youth matters. The conference was held, at the invitation of the French Government, at the Council of Europe in Strasbourg and produced a number of recommendations addressed to the signatories of the European Cultural Convention and the Committee of Ministers of the Council of Europe.

Transition from school to working life

2.1.100. On 5 December the Council and the Ministers for Education meeting within the Council adopted a resolution¹ extending until 31 December 1987 the measures taken to improve the preparation of young people for working life and facilitate their transition from school to working life (transition programme).² This extension was requested by all the Member States so that the objectives of the pilot schemes can be completed and their results assessed and circulated in an appropriate manner.

2.1.101. On 18 December³ the Commission adopted the interim report on the transition from school to adult and working life. This report, which describes the implementation of the transition programme, will be sent to the Council and Parliament for information.

New technologies

2.1.102. On 5 December the Council agreed on policy relating to the proposal for a Council decision adopting an action programme of the Community to increase cooperation between higher education and industry on technological training — the Comett programme.⁴ A total appropriation of 65 million ECU was considered necessary for this four-year programme

(1986-89). After a preparatory phase (1986), it will enter an operational phase (1987-89).

Living and working conditions and social protection

Labour law and industrial relations

2.1.103. At its full meeting on 16 December the Joint Committee on Inland Navigation set up a working party to examine minimum crew numbers and working conditions on European waterways and to consider transitional arrangements to enable Spanish and Portuguese representatives to take part in the work of the Committee from 1 January 1986.

2.1.104. At its full meeting on 18 December the restructured Joint Committee on Road Transport⁵ elected a new chairman and vice-chairman and took note of the arrangements to enable Spanish and Portuguese representatives to take part in its work from 1 January 1986.

2.1.105. On 12 December discussions were held between the Commission and the Committee of Transport Workers' Unions on all aspects of the common transport policy. Mr Stanley Clinton Davis, the Member of the Commission responsible for transport, informed the trade union representatives of the Commission's main intentions in the wake of the judgment handed down by the Court of Justice on 22 May.⁶

Equal opportunities for men and women

2.1.106. On 20 December the Commission transmitted to the Council a new action

¹ OJ C 328, 28.12.1985.

² OJ C 193, 28.7.1982; Bull. EC 5-1982, point 2.1.35.

³ COM(85) 767 final.

⁴ OJ C 234, 13.9.1985; Bull. EC 7/8-1985, point 1.6.1 *et seq.*

⁵ OJ L 317, 28.11.1985; Bull. EC 11-1985, point 2.1.80.

⁶ OJ C 144, 13.6.1985; Bull. EC 5-1985, point 1.1.1 *et seq.* Bull. EC 9-1985, point 3.4.1.

programme (1986-90)¹ aimed at pursuing current initiatives and responding to new economic and social challenges relating to equal treatment.

This second programme covers a large number of actions concerning women's employment, particularly those which encourage an equal level of participation in employment linked with new technology. The Commission also proposes actions in favour of a more equal sharing of occupational, family and social responsibilities. Particular significance should be accorded to campaigns to provide information and increase awareness. The programme identifies the responsibilities of the Community, national and regional authorities and underlines the need for intensive cooperation amongst all concerned.

2.1.107. On 17 December the Commission sent the Council a report on the situation with regard to the implementation of the principle of equal treatment for male and female workers in Greece,² pursuant to Article 10 of Council Directive 76/207/EEC of 9 February 1976.³ The report concludes that, although a great deal of progress has been achieved, equality is still not fully guaranteed within the meaning of the 1976 Directive.

2.1.108. On 17 December the Commission held the first meeting with government experts to examine problems not resolved by the Council Directive of 19 December 1979 on equal treatment in matters of social security⁴ with a view to preparing a new directive regulating areas not covered by the first.

Social integration of handicapped persons

2.1.109. On 5 and 6 December the Commission held a meeting in Brussels with the major non-governmental organizations working with the handicapped. The discussion centred on mobility, accessibility and housing problems.

Social integration of immigrants

2.1.110. In response to the Council Resolution on guidelines for a Community policy on migration,⁵ the Commission sent the Council on 20 December a draft joint declaration by Parliament, the Council and the Commission on attitudes and organizations motivated by racism and xenophobia.⁶ This draft declaration is intended as a moral and political undertaking by the Community institutions to condemn all forms of discrimination against persons or groups of persons on the grounds of their origin. It solemnly calls on Member States to carry out a vigorous campaign of information, education and, where necessary, dissuasion in the face of such discrimination.

Paul Finet Foundation

2.1.111. The Executive Committee of the Paul Finet Foundation examined 222 applications and awarded 180 grants for a total of BFR 3 438 821. For the entire 1984/85 school year, it examined 1 083 applications and awarded 863 grants totalling BFR 14 215 245.

Health and safety

Public Health

2.1.112. On 13 December the Commission transmitted to the Council a communication on action against cancer (→ point 2.1.41).

2.1.113. A conference was held in Luxembourg from 4 to 6 December on chemical and biological hazards in hospitals and other medical institutions, at which the par-

¹ COM(85) 801 final; Supplement 3/86 — Bull. EC; for the 1982-85 action programme: OJ C 22, 28.1.1982; Supplement 1/82 — Bull. EC.

² COM(85) 587 final.

³ OJ L 39, 14.2.1976.

⁴ OJ L 6, 10.1.1979.

⁵ OJ C 186, 26.7.1985; Supplement 9/85 — Bull. EC; Bull. EC 6-1985, point 2.1.74.

⁶ COM(85) 743 final.

ticular problems raised by nosocomial diseases, hepatitis, dangerous pathogens, AIDS, chemotherapy, ethylene oxide and formaldehyde were discussed.

Concerning AIDS, the principles of prevention remain paramount, since there is as yet no cure and no vaccine has been developed. The principles must be based on the provision of explicit and positive information to medical staff and on the observance of strict rules of hygiene in both wards and examination rooms, as well as in laboratories and with regard to articles and waste soiled by patients' blood or secretions. The same rules must be observed outside the medical institutions and particular attention will be devoted to the case of dentists and biological laboratories, where care must be taken to disinfect systematically equipment and work surfaces.

Health and safety at work

2.1.114. On 5 December the Council reached agreement on the proposal for a Directive on noise,¹ the aim of which is to improve protection for workers against exposure to noise at work. At the last meeting on labour and social affairs in June 1985 it reached an overall compromise on the main issues raised by this proposal.²

The Directive provides for monitoring of the risk of damage to hearing to which workers are exposed and establishes the general principle that the hazards arising from exposure to noise must be reduced to the lowest level that is technically feasible and consistent with economic constraints. Preventive measures are laid down for cases where the average sound exposure level (during an 8 hour day) exceeds 85 decibels (information on risks, provision of hearing protectors, entitlement to an audiometric examination); if this value exceeds 90 decibels stricter measures are provided for (technical measures to combat noise, wearing of hearing protectors). The Directive will be reviewed four years after its entry into force.

It will benefit a considerable number of workers from 1990 onwards. It is estimated

that some 10 to 15 million workers in the Community are exposed to average sound levels of over 85 decibels; 6 to 8 million of those are exposed to levels of 90 decibels or more. Few industrial activities are spared by noise, which is particularly prevalent in traditional heavy industry: mechanical engineering, metal production and processing and textile mills, to name but a few.

2.1.115. The Advisory Committee on Safety, Hygiene and Health Protection at Work held its 17th plenary meeting, at which particular emphasis was placed on the need to gear future work to the completion of a large internal market. Six *ad hoc* groups were set up to assist with the implementation of the Commission's work programme for 1986. The Committee also delivered opinions on acrylonitrile, electromagnetic fields, measuring strategy and major accidents.

2.1.116. A workshop on the development of Community-based statistics on workers' health and on industrial accidents and occupational diseases was held in Luxembourg on 2 and 3 December. Papers were presented on various topics such as data availability, linkage with other existing registers, confidentiality and the development of statistics. It was concluded that better statistics and better comparability, the harmonization of methodologies and more accurate interpretation of the data they provide will make a significant contribution to the development of better methods of work organization geared to prevention.

Health and safety (Euratom)

2.1.117. Under Article 37 of the Euratom Treaty the Commission delivered a favourable opinion on the nuclear power station at Mülheim-Kärlich, Germany.

2.1.118. In response to Parliament's resolution of 20 November 1980 on the siting of

¹ OJ C 289, 5.11.1982; Bull. EC 10-1982, point 2.1.45; OJ C 214, 14.8.1984; Bull. EC 7/8-1984, point 2.1.102.

² Bull. EC 6-1985, point 2.1.66.

nuclear power stations in frontier regions,¹ the Commission forwarded to Parliament a report on the application of Article 37 of the Euratom Treaty in 1984.²

2.1.119. A seminar on the question of systematic X-ray examinations in the Member States was held in Luxembourg on 3 and 4 December. The issues involved were examined in general terms, with due regard to the existing regulations on the one hand and current medical practice on the other. The main topics discussed were systematic chest X-ray examinations, and the systematic use of X-ray for the detection of breast cancer (mammography) and of congenital malformations of the hip in infants.

This seminar produced a number of practical conclusions which, when acted upon, will enable the Member States to achieve the objectives set out in the Directive of 3 September 1984 laying down basic measures for the radiation protection of persons undergoing medical examination or treatment.³

2.1.120. On 10 and 11 December the Commission held a meeting with the participants in a programme for the comparison of methods used to calibrate instruments for measuring radioactivity in the environment. Such measurements are common practice in the context of the radiation protection of the public, particularly during the period of preparation for the construction of nuclear installations and after such installations have started operation. Since the levels of environmental radiation are exceedingly low, sophisticated instrumentation of extremely high quality is necessary.

2.1.121. An information meeting on matters of current interest in the radiation protection field was held in Luxembourg on 16 December for representatives of the European Trade Union Confederation. The subjects dealt with were the protection of personnel occasionally exposed in nuclear installations, the radiation-protection problems associated with exposure to natural uranium and natural thorium; protection of worker against the dangers of non-ionizing

radiation; and the Commission's multiannual research programme in the field of radiation protection.

Culture

Council

2.1.122. On 20 December, meeting within the Council for the fourth time, the Ministers for Cultural Affairs adopted a resolution on access for young people to museums and cultural events (→ point 2.1.123). They also approved a resolution on the establishment of transnational cultural itineraries (→ point 2.1.124).

The Ministers accepted the offer by the Netherlands to host the first European Sculpture Competition in 1987 in conjunction with the 'Amsterdam, European City of Culture, 1987'⁴ programme. They also took note of the progress made in ratifying the Agreement setting up the European Foundation.⁵

The Ministers held an exchange of views on the proposal for a Community aid scheme for non-documentary cinema and television coproductions,⁶ the communication on books,⁷ and tax questions in the cultural sector.⁸

Access for young people to museums and cultural events

2.1.123. The Ministers for Cultural Affairs, meeting within the Council, adopted the following resolution on access for young people to museums and cultural events:

¹ OJ C 327, 15.12.1980; Bull. EC 11-1980, point 2.3.11.

² COM(85) 713 final.

³ OJ L 265, 5.10.1984; Bull. EC 9-1984, point 2.1.55.

⁴ OJ C 53, 22.6.1985; Bull. EC 5-1985, point 2.1.61.

⁵ Bull. EC 3-1982, point 1.2.1 *et seq.*

⁶ Bull. EC 4-1985, point 1.3.1.

⁷ Bull. EC 11-1985, point 2.1.93.

⁸ Bull. EC 5-1985, point 2.1.63.

'The Ministers responsible for Cultural Affairs meeting within the Council,

Having decided, in accordance with paragraph 3.12 of the report from the ad hoc Committee on a People's Europe,¹ approved by the European Council at its meeting on 28 and 29 June 1985,² to promote access for young people to museums and cultural events,

Hereby agree to extend, or to encourage the competent bodies to extend, to young people from all other Member States, the special conditions and reductions for admission to museums and cultural events available to their young nationals.'

Transnational cultural itineraries

2.1.124. The Ministers for Cultural Affairs meeting within the Council approved the following Resolution on the establishment of transnational cultural itineraries:

'Having regard to the Solemn Declaration on European Union of 19 June 1983,³ and in particular Section 3.3 thereof devoted to cultural cooperation,

Having regard to the final report on a people's Europe⁴ approved by the European Council at its meeting on 28 and 29 June 1985,²

Whereas the establishment of transnational cultural itineraries can contribute to:

- (i) an intensification of knowledge about Europe's history and culture, thereby promoting European awareness;
- (ii) an increase in tourism and hence a stimulus to the economic development of the regions concerned, including the creation of jobs;

Bearing in mind nevertheless the need to avoid disturbance of the cultural identity and environment of the areas concerned, as well as to avoid damage of fragile monuments and cultural institutions by over-visiting;

Welcoming the presentation by the Italian authorities of a system of cultural itineraries covering Community Europe, which provides a useful reference point for further initiatives in this field;

Considering that itineraries are being envisaged by the authorities of a number of Member States;

Considering in particular that the scheme for itineraries presented by the authorities of Luxembourg (Grand Duchy) and adjacent areas provides a good example of what could be done in this field;

Taking into account the work accomplished by the Council of Europe and the potential role of the European Foundation in this field;

The Ministers responsible for Cultural Affairs meeting within the Council, agree both to stimulate activities in the field of transnational cultural itineraries by encouraging the competent authorities of the Member States to cooperate across frontiers in the study and possible development of itineraries of European interest, and to leave such cooperation open to other European countries;

Note that such schemes may be eligible for support from the various existing Community instruments;

Undertake to review progress in this area within two years.'

Promotion and development of a European programme industry

2.1.125. After receiving Parliament's opinion⁵ on 19 December the Commission amended⁶ its proposal for a Regulation on a Community aid scheme for non-documentary cinema and television coproductions.⁷ In its new proposal the Commission emphasizes that support is aimed at improving the quality of works likely to reach a large audience. The support should also assist coproductions involving nationals of Member States whose cinema and/or television output is comparatively small because of the structural weakness of their industry and/or the limited geographical distribution of their language.

Regional policy

Coordination and programmes

Regional development programmes

2.1.126. Nine studies financed in whole or in part by the Commission and designed

¹ Supplement 7/85 — Bull. EC.

² Bull. EC 6-1985, point 1.2.3.

³ Bull. EC 6-1983, point 1.6.1.

⁴ Supplement 7/85 — Bull. EC.

⁵ OJ C 288, 11.11.1985; Bull. EC 10-1985, point 2.1.79.

⁶ COM(85) 800 final.

⁷ OJ C 125, 22.5.1985; Bull. EC 4-1985, point 1.3.1.

to provide a deeper insight into regional problems in the Community were completed in November and December. They included two on the regional effects of Community agricultural policy (in Greece and Ireland), one on industrial decline and one on urban decline and the problems of expanding conurbations.

Regional Policy Committee

2.1.127. At its meeting held on 13 December with Mr Miedema in the chair, the Regional Policy Committee examined what follow-up action was to be taken on its opinion.¹ It also had a discussion on the integrated Mediterranean programmes and studies for integrated operations. Lastly, it heard an account of the first two draft Community programmes drawn up under the new ERDF Regulation:² the Valoren programme aimed at exploiting the indigenous energy potential of certain regions and the Star programme aimed at improving access to advanced telecommunications services.³

Financial instruments

European Regional Development Fund

ERDF Regulation

2.1.128. On 17 and 20 December the Council adopted two amendments⁴ to the new ERDF Regulation,² which has been in force since 1 January 1985.

The first amendment extends the period of application of Article 13 of the former ERDF Regulation until the end of 1985 to allow the Council to adopt four specific Community measures⁵ proposed to it by the Commission in December 1984,⁶ before the entry into force of the new ERDF Regulation. At the same time, the Council adopted the four corresponding Regulations.⁴

The second amendment is designed to enable Spain and Portugal to receive Fund assistance from 1 January 1986 and adjusts accordingly the share-out of ERDF resources to take account of their accession to the Community.⁷ For a transitional five-year period, it allows higher ERDF rates of contribution for programmes and projects in Portugal. The new lower and upper limits for each Member State's share are as follows:

	%	
	Lower limit	Upper limit
Belgium	0.61	0.82
Denmark	0.34	0.46
FR of Germany	2.55	3.40
Greece	8.35	10.64
Spain	17.95	23.93
France	7.47	9.96
Ireland	3.81	4.61
Italy	21.59	28.79
Luxembourg	0.04	0.06
Netherlands	0.68	0.91
Portugal	10.65	14.20
United Kingdom	14.48	19.31

ERDF grants

Project financing

2.1.129. In December the Commission approved the fifth and sixth allocations of grants for 1985 from the European Regional Development Fund: 1 275.8 million ECU for 2 119 investment projects costing a total of 4 899.7 million ECU. The assistance granted under these allocations is distributed among the Member States as shown in Table 5.

¹ Bull. EC 6-1985, point 2.1.85.

² OJ L 169, 28.6.1984; Bull. EC 6-1984, point 1.3.1 *et seq.*

³ Details of the two programmes will be given in Bulletin 1-1986.

⁴ OJ L 350, 27.12.1985.

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

⁶ OJ C 70, 18.3.1985; Bull. EC 12-1984, point 2.1.113.

⁷ OJ C 181, 19.7.1985; Bull. EC 6-1985, point 2.1.86.

Table 5 — ERDF grants: fifth and sixth 1985 allocations

	Number of grant decisions	Number of investment projects	Investment assisted (million ECU) ¹	Assistance granted (million ECU) ¹
Belgium	2	2	55.11	9.25
Denmark	10	53	32.94	5.30
FR of Germany	61	87	1 075.89	46.09
Greece	27	149	565.06	193
France	122	208	860.16	237.70
Ireland	14	52	209.18	61.69
Italy	130	1 347	1 243.52	525.92
Luxembourg	—	—	—	—
Netherlands	9	18	103.98	14.40
United Kingdom	60	203	753.84	182.47
Total	435	2 119	4 899.68	1 275.82

¹ Converted at December 1985 rates.

The total of 1 275.8 million ECU breaks down as follows:

- (i) 253.9 million ECU to help finance 400 projects in the industrial, craft and service sectors;
- (ii) 1 021.9 million ECU to help finance 1 719 infrastructure projects.

The fifth and sixth ERDF allocations for 1985 bring the number of projects financed since the Fund was set up to 29 121 and the total assistance granted to approximately 13 903 million ECU.

Under these allocations, the Commission approved an ERDF grant of 7.5 million ECU for infrastructure projects in France (Aquitaine region). The French authorities' initial application concerned a national programme of Community interest but, since it proved impossible to conclude a programme agreement, some of the infrastructure investments were given project assistance in 1985.

Programme financing

2.1.130. In December the Commission approves ERDF grants for the first national programmes of Community interest (United Kingdom, France) under the new ERDF Regulation.¹ The programme mechanism

allows the Community to finance from ERDF resources sets of consistent multiannual measures contributing to the development and structural adjustment of the Community's least-favoured or declining regions.

United Kingdom

2.1.131. The programmes, which will be implemented in three particularly deprived areas of the United Kingdom, are as follows:

	Assistance (million ECU)	Period covered by programme
Mersey basin	113	1984-87
City of Glasgow	116	1984-87
Schildon—Newton		
Aycliffe—Bishop		
Auckland	31	1984-87

France

2.1.132. On 19 December the Commission decided to contribute 28.8 million ECU to

¹ OJ L 169, 28.6.1984; Bull. EC 6-1984, point 1.3.1 *et seq.*

the financing of certain parts of the French programme. These consist in infrastructure investments based on preparatory studies for integrated operations in the following areas: Ariège, eastern Tarn and southern Aveyron, Auvergne, Limousin, the steel areas of Lorraine and the coalmining and steel areas in Nord/Pas-de-Calais. The Commission expects to conclude the programme agreements for these areas in 1986.

Financing of studies

2.1.133. Acting under Article 24 of the Fund Regulation, the Commission decided on 13 and 20 December to grant 500 000 ECU to finance nine studies closely connected with Fund operations.

The geographical and sectoral breakdown of the studies is as follows:

- (i) five studies in the United Kingdom on the development of tourist potential in Humberside; the feasibility of a technology and business park in Cleveland; the scope for developing tourism in Rhymney Valley; the feasibility of a flood protection scheme in an industrial improvement area in Bradford; and the feasibility of providing a managed workshop complex in Bradford;
- (ii) one study in Italy on the construction of port facilities in the Mezzogiorno for sailing and fishing;
- (iii) two studies in the Netherlands on the development of a sailing centre to the south of Emmen and the feasibility of a traffic education circuit ('De gouverneurstuin') and a car museum in Assen;
- (iv) a joint study (Greece and Ireland) on international cooperation between small firms to promote economic development of the regions.

Business and innovation centres

2.1.134. On 23 December the Commission decided to make a financial contribution to three conversion projects in declining industrial areas; 100 000 ECU for Bari, 80 000 ECU for Calderdale and 80 000 ECU for Barnsley.

These projects involve work on the preparation, starting up or completion of three business and innovation centres that provide a full range of support services for small firms or new innovative activities in the areas in question.

2.1.135. Also on 23 December the Commission decided to make a financial contribution to the European Business and Innovation Centre Network (EBN), an international association set up in November 1984.¹

Coordinated application of different financial instruments

Integrated Mediterranean programmes

2.1.136. At its meeting on 16 December the Advisory Committee on Integrated Mediterranean Programmes considered the general guidelines on preparation of a draft final version of the IMP for the island of Crete,² which had previously been adopted by the interdepartmental working party on the coordination of structural instruments. The Advisory Committee also adopted its rules of procedure.

2.1.137. On 13 December Parliament adopted a resolution on the results of a conciliation procedure with the Council on the proposal from the Commission for a regulation instituting integrated Mediterranean programmes³ (→ point 2.5.12).⁴

Integrated operations

Preparatory studies

2.1.138. At the end of November the Commission approved two preparatory studies for integrated actions under budget Item 5410 in:

¹ Bull. EC 11-1984, point 2.1.82.

² Bull. EC 11-1985, point 2.1.103.

³ OJ L 197, 27.7.1985; Bull. EC 7/8-1985, point 2.1.106.

⁴ OJ C 352, 31.12.1985.

(i) central Brittany, France: FF 1 200 000, with FF 900 000 being contributed from the Community budget;

(ii) Marche, Italy: LIT 235 million, of which half will be contributed by the Community.

These decisions are in line with the Community's concern to promote integrated operations in many rural 'internal' areas.

Environment and consumers

Environment

Action by the Community relating to the environment (ACE)

2.1.139. On 11 December, on the basis of the Council Regulation of 28 June 1984,¹ the Commission decided to grant financial support to 12 projects providing an incentive and aimed at contributing towards the maintenance or re-establishment of seriously threatened biotopes which are the habitat of endangered species and are of particular importance to the Community under the Directive of 2 April 1979.² These projects are in Denmark, Germany, Ireland and the United Kingdom.

*

2.1.140. On 23 December the Commission decided to grant Community financial support from Article 661 (Community operations concerning the environment) of the 1985 budget for the following:

(i) descriptive analyses concerning problems raised by toxic and dangerous waste, air pollution (particularly acid rain) and certain forms of water pollution;

(ii) projects intended to study the potential of, assess the results from and disseminate information about activities which both concern the rational management of the environment and natural resources and are intended to make a contribution to economic activity and employment.

Prevention and reduction of pollution and nuisances

Fresh water and marine pollution

Discharge of chromium into the aquatic environment

2.1.41. The Commission continued to implement the Council Directive of 4 May 1976 designed to combat pollution caused by certain dangerous substances discharged into the aquatic environment of the Community³ by adopting, on 18 December, a proposal for a Directive on water quality objectives for chromium.⁴

This new proposal lays down quality objectives for chromium in waters of different hardnesses in terms of milligrams of dissolved chromium per litre for fresh water and sea water. It also specifies that the level of chromium in sediments, molluscs and crustacea must not increase with time, and establishes a reference method of analysis indicating the minimum degree of accuracy and precision and specifying the limit of detection applicable in this context.

Barcelona Convention

2.1.142. As a contracting party to the Barcelona Convention for the Protection of the Mediterranean Sea against Pollution,⁵ the Commission represented the Community at a meeting held in Athens from 9 to 13 December on the technical implementation of the Protocol for the Protection of the Mediterranean Sea against Pollution from Land-based Sources. Agreement was reached on a number of guidelines for the drafting of programmes and measures and on a work plan and timetable for implementing the protocol.

¹ OJ L 176, 3.7.1984; Bull. EC 6-1984, point 2.1.72.

² OJ L 103, 25.4.1979.

³ OJ L 129, 18.5.1976.

⁴ COM(85) 733 final.

⁵ OJ L 240, 19.9.1977.

Paris Convention

2.1.143. On 20 December, after receiving Parliament's opinion,¹ the Council adopted a Decision on the approval, on behalf of the Community, of programmes and measures concerning the discharge of mercury and cadmium under the Convention for the Prevention of Marine Pollution from Land-based Sources.²

Chemicals

Major-accident hazards

2.1.144. On 19 and 20 December, within the framework laid down for the implementation of the Council Directive of 24 June 1982 on the major-accident hazards of certain industrial activities (the 'Seveso Directive'),³ the Commission held a training workshop for industrial plant inspectors from the Member States. This provided the opportunity for the inspectors responsible for implementing Community legislation in this area to exchange information and to check that standard procedures are being used for inspections carried out by national authorities.

Dangerous substances

2.1.145. The Economic and Social Committee delivered a favourable opinion (→ point 2.5.25) on the proposal which the Commission sent the Council last July on the application of principles of good laboratory practice and the verification of their application for tests on chemical substances.⁴

Protection and rational use of the environment and natural resources

Fauna and flora

Vertebrates

2.1.146. On 20 December the Commission sent the Council a proposal on the protec-

tion of vertebrate animals used for experimental and other scientific purposes.⁵ In particular the Commission proposes that the Community sign the Convention adopted by the Council of Europe on the subject and also that the Community adopt its own detailed legislation to ensure the rapid implementation of this Convention throughout the Community. In this way it hopes to reduce the number of animals used for experimental purposes and to prevent any unnecessary suffering.

The Commission also stresses the importance of a Community solution to the problem in view of the implications of the Council of Europe Convention for various Community policies.

Natural resources

Forestry

2.1.147. On 18 December the Commission adopted for transmission to the Council a memorandum concerning a programme of action in the forestry sector (→ points 2.1.154 to 2.1.158).

Transfrontier shipment of hazardous waste

2.1.148. The Economic and Social Committee gave its opinion (→ point 2.5.24) on the proposal for a Directive⁶ amending the Directive of 6 December 1984 on the supervision and control within the European Community of the transfrontier shipment of hazardous waste.⁷

International Cooperation

2.1.149. From 10 to 12 December Commission representatives attended another

¹ OJ C 352, 31.12.1985.

² OJ C 286, 9.11.1985; Bull. EC 9-1985, point 2.1.81.

³ OJ L 230, 5.8.1982; Bull. EC 6-1982, point 2.1.92.

⁴ OJ C 219, 29.8.1985; Bull. EC 7/8-1985, point 2.1.125.

⁵ COM(85) 637 final.

⁶ OJ C 284, 7.11.1985; Bull. EC 9-1985, point 2.1.86.

⁷ OJ L 326, 13.12.1984; Bull. EC 12-1984, point 2.1.132.

meeting of the OECD Environment Committee¹ in Paris. The Committee discussed the main items on the work programme for 1987, revised the terms of office and the mandates of some of the subsidiary bodies, particularly the working parties on the management of natural resources and on agriculture and the environment, agreed on a clarification to be added to the guidelines for multinationals on protection of the environment and adopted the report on environment policy in Yugoslavia.

2.1.150. The Commission also attended the first African Ministerial Conference on the Environment, which was held in Cairo from 16 to 18 December. The aim was to reverse the process of environmental deterioration in Africa in order to meet food and energy requirements. The Conference was attended by 87 African experts and 50 observers and examined and discussed a draft programme for cooperation on environmental protection based on a report drawn up by the Executive Director of the UNEP in consultation with the UN Economic Commission for Africa and the Organization for African Unity. The programme provides for four committees to be established to deal with Africa's most pressing environmental problems, and for eight regional networks specializing in different aspects of the environment to be set up together with regional pilot projects on local development in 150 villages and 30 livestock-farming areas in semi-arid regions; sub-regional projects, particularly to combat desertification and to develop river and lake basins, are also called for.

The great majority of the African States approved the cooperation programme, although a number of countries reserved final agreement until they had received details of the tasks of the various cooperation bodies from the conference secretariat. The Commission is prepared to support appropriate projects and programmes aiming at an ecologically sound and sustainable social and economic development provided that these operations are proposed by its African partners according

to the specific provisions laid down in the respective cooperation agreements.

It was decided to institutionalize this African Ministerial Conference on the Environment. Meetings will take place every two years, the next being set for 1987, in conjunction with the meeting of the UNEP Governing Council in Nairobi.

Consumers

Council

2.1.151. Part of the Council meeting on the internal market held on 12 December was devoted to a discussion of questions related to Community consumer policy. The Ministers reached agreement on two proposals for Directives, one of which concerned doorstep selling (→ point 2.1.152) and the other a ban on certain products containing asbestos fibres (→ point 2.1.13). They also made progress — though without arriving at concrete results — on the proposal for a Directive introducing a system of information on accidents involving consumer products.² Finally, they had an initial exchange of views on the communication from the Commission aimed at giving a new impetus to consumer protection policy.³

Protection of economic and legal interest

Contracts negotiated away from business premises

2.1.152. On 20 December⁴ the Council formally adopted the Directive on contracts negotiated away from business premises (doorstep selling),⁵ which it had approved on 12 December. The new Directive applies

¹ Previous meeting: Bull. EC 6-1985, point 2.1.105.

² OJ C 117, 11.5.1985; Bull. EC 12-1984, point 2.1.137.

³ Bull. EC 6-1985, point 2.1.106.

⁴ OJ L 372, 31.12.1985.

⁵ OJ C 22, 29.1.1977; Bull. EC 1-1977, point 2.1.36; OJ C 127, 1.6.1978; Bull. EC 1-1978, point 2.1.35.

to contracts concluded between a trader supplying goods or services and a consumer:

- (i) during an excursion organized by the trader away from his business premises, or
- (ii) during a visit by the trader to the consumer or at the home of another consumer, or at the consumer's place of work, where the visit was not made at the consumer's specific request.

In the event of such transactions, the trader is required to inform the consumer in writing of his right to cancel the contract within a period of a least seven days.

The Directive, which will come into force two years from its notification, does not cover real estate, insurance and foodstuffs.

Agriculture

Council

2.1.153. The Council met twice to discuss agriculture in December.

At the meeting on 9 and 10 December it reached agreement in principle on the main features of the Community sugar arrangements (→ point 2.1.163), reached a common position on the 1986 GATT tariff quotas for Hilton beef and buffalo meat (→ point 2.1.160) and adopted the Regulations extending the ewe premium to goats and certain ewes of mountain breeds (→ point 2.1.161).

The Council also adopted a common position on the disposal of surplus wine alcohol¹ and arrived at a very broad measure of agreement on the protection of laying hens kept in battery cages.²

It approved the agreement concluded with the United States in respect of canned fruit (→ point 2.3.16) and fixed guideline figures for the fat content of standardized whole milk imported into Ireland and the United Kingdom.

At its meeting on 19 and 20 December the Council held a general exchange of views on

the communication from the Commission concerning the conclusions to be drawn from consultations on the Green Paper with interested parties (→ point 1.2.1 *et seq.*) and on the memorandum on beef veal (→ points 2.1.154 to 2.1.158). It also reached a qualified majority agreement on the prohibition of hormones in stockfarming (→ point 2.1.173) and adopted several other decisions on agriculture.³

These involve in particular definitive arrangements relating to enzootic bovine leukosis,⁴ on which Parliament⁵ and the Economic and Social Committee had recently given their opinions (→ point 2.5.27) and protective measures against organisms harmful to plants.⁶

Market organizations

Beef/veal

Commission memorandum

2.1.154. In the light of the consultations held in connection with the Green Paper on the perspectives for the common agricultural policy⁷ (→ point 1.2.1 *et seq.*), the Commission is convinced of the need to adjust the common organization of the market in beef/veal in order to correct the serious imbalances in the sector and to define a policy which is consistent with the general development of the common agricultural policy.

On 18 December it therefore presented the Council with a memorandum setting out guidelines for an adjustment of the rules of the market organization for beef/veal,⁸ which it considers necessary in order to enable market prices gradually to resume

¹ Bull. EC 6-1984, point 2.1.92.

² OJ C 208, 18.8.1981; OJ C 187, 22.7.1982.

³ OJ L 372, 31.12.1985.

⁴ OJ C 297, 20.11.1985; Bull. EC 11-1985, point 2.1.144.

⁵ OJ C 352, 31.12.1985.

⁶ OJ C 186, 13.7.1984; Bull. EC 6-1984, point 2.1.109.

⁷ Bull. EC 7/8-1985, point 1.2.1 *et seq.*

⁸ COM(85) 834 final.

their role of helping to regulate supply and demand.

In November the Commission put forward a similar paper on the reform of the cereals market organization.¹

Main points of the memorandum

2.1.155. In the past 10 to 15 years one of the main characteristics of the beef/veal market in the Community has been that the growth of production has outstripped the rise in demand. In 1984-85 the situation was made worse by the increase in production which resulted from the measures adopted to curb milk production (the milk quotas introduced in 1984).² Despite an appreciable increase in exports, public stocks have risen. Since production tends to follow a cyclical pattern, it is expected that there will be a downturn in the next few years and that, in 1988, production will match consumption. However, the supply situation could well begin to worsen again in 1989.

2.1.156. The Community arrangements at present in force include export refunds, private storage aid and public buying-in. There are also premiums for producers: the slaughter premium, the calf premium and the suckler cow premium (the first two of these premium schemes are due to expire on 6 April 1986).

Events have shown that public buying-in, one of the main components of the market-regulation machinery, has gradually lost its original role (of underpinning market prices and hence producers' incomes) and has become an outlet in its own right. In 1985, despite extensive public buying-in market prices were well below the intervention price. The buying-in which has taken place in recent years has resulted in record stocks (750 000 tonnes and the end of 1985), which not only weigh heavily on the market but also give rise to high storage and disposal costs.

2.1.157. In the light of the situation described above, the Commission is proposing that, after a transitional period lasting

two years, the intervention system should again perform its original function so that, in the medium and long term, market prices can revert to their main role, i.e. that of helping to regulate supply and demand. This will lead to a better balance on the market and appreciably improve the competitiveness of beef/veal in relation to other types of meat.

From 1 December 1987 public intervention would no longer form part of the day-to-day management of the beef/veal market.

Moreover, it is proposed that a new, direct support scheme be introduced under which a single premium would be paid only to specialized beef/veal producers, i.e. to producers who do not market any milk or milk products.

It should consist of two components:

- (i) a 'basic amount', of 20 ECU/head, granted in respect of the first 50 head of cattle on the holding (except calves aged less than six months). The premium is expected to be paid on about 15.5 million animals;
- (ii) a 'suckler cow' component, also of 20 ECU/head, granted for all suckler cows on the holding. Consideration could be given to allowing the Member States to grant nationally an additional amount, subject to a limit of 25 ECU/head. The number of animals eligible for this premium is estimated at 5.5 million head.

The Commission is proposing that the present policy with regard to the other market-support measures, including export refunds, be maintained, thus enabling European operators to defend their position as major partners in international trade in beef/veal.

The Commission intends to reinforce private storage arrangements as a means of restoring the balance between supply and demand. The additional cost can be put at 100 million ECU.

¹ Bull. EC 11-1985, point 2.1.127 *et seq.*

² OJ C 90, 1.4.1984; Bull. EC 3-1984, point 1.2.4; Eighteenth General Report, point 432.

The expenditure¹ in respect of the single premium paid direct to producers (basic amount + 'suckler-cow' component) would be about 420 million ECU/year.

On the other hand, discontinuing/not renewing the existing premium schemes and adjusting the public buying-in arrangements would yield savings estimated at 875 million ECU/Year.

If, as the forward estimate for beef/veal suggests, there is a reduction in buying-in for 1987 and 1988, the savings would, however, be smaller. The new approach should therefore prove less costly to the Community budget than maintaining the current arrangements, and would have a much more direct impact as far as producers are concerned.

2.1.158. At its meeting on 19 and 20 December the Council held a general exchange of views on the Commission's memorandum.

2.1.159. On 13 December Parliament adopted a resolution on the beef/veal market² (→ point 2.5.12).

GATT quotas

2.1.160. After receiving Parliament's opinion,² on 17 December the Council fixed tariff quotas for 1986 of 2 250 tonnes for frozen buffalo meat and 29 800 tonnes for high-quality (Hilton) beef.³ The Commission adopted the implementing Regulations on 23 December.⁴

As regards the allocation to Member States of the frozen meat quota (50 000 tonnes) to be imported on preferential terms, the Council was obliged to note that no agreement was possible at this stage, for want of proposals on the Community's estimated import requirements (some delegations continued to link these estimates and the quota allocation).

The Commission sent the estimates to the Council on 26 December.⁵

Sheepmeat and goatmeat

2.1.161. At its meeting on 9 and 10 December the Council adopted by a qualified majority an amendment⁶ to the 1980 Regulation on the common organization of the market in sheepmeat and goatmeat.⁷

In the amending Regulation the Council decided, as the Commission had proposed last January,⁸ to extend the ewe premium to goats and to certain ewes of mountain breeds with effect from the 1986 marketing year.

In the case of goats the measure relates to mountain and hill regions within the meaning of Directive 75/268/EEC, Corsica, southern Italy and Greece. In the case of mountain ewes only the Lake District in the United Kingdom qualifies. The Council will decide before 1 March 1986 which regions of Spain and Portugal are eligible.

The amount of the premium payable in both cases will be limited to 80% of the amount fixed per ewe.

2.1.162. The Commission, for its part, amended the rules for applying the variable slaughter premium for sheep.⁹

With effect from 9 December 1985 ewes are now excluded from the special export certificate arrangements which have hitherto applied in the United Kingdom (payment of a variable premium for ewes on export). The clawback on export will therefore be reduced to 50% of the variable premium.

Sugar

2.1.163. Since the sugar production arrangements are due to expire on 30 June

¹ For the Ten.
² OJ C 352, 31.12.1985.
³ OJ L 343, 20.12.1985.
⁴ OJ L 348, 23.12.1985.
⁵ COM(85) 841 final.
⁶ OJ L 336, 14.12.1985.
⁷ OJ L 275, 18.10.1980.
⁸ OJ C 67, 14.3.1985.
⁹ OJ L 328, 7.12.1985.

1986,¹ on 7 August the Commission proposed to the Council the new arrangements which are to succeed them for the next five marketing years.²

After this proposal—on which the Economic and Social Committee gave its opinion on 18 December (→ point 2.5.26)—had been examined at several meetings of the Council on agriculture, the Commission noted that all the Member States had agreed that for the next five marketing years the principle that the sector ought to be self-financing should be upheld and the production quota system should be continued.

It had to acknowledge, however, that all the Member States had rejected the idea of raising the production levy ceilings in the way proposed (i.e. raising the basic levy—for A and B sugar and isoglucose—from 2% to 2.5% of the intervention price for white sugar and raising the B levy from 37.5% to 47% of that price). This should have made it possible to absorb the budget deficit of 400 million ECU not covered by producers' contributions for the years 1981/82 to 1985/86. The Commission also had to note that most Member States were of the view that the premise on which the proposal was based, i.e. an average export refund of 40.38 ECU/100 kg (situation in 1984/85), was too pessimistic and that the figure should be closer to the average refund paid during the past five years, i.e. 35.56 ECU/100 kg.

Lastly, Spain and Portugal asked not to have to share in meeting the financial deficits resulting from the application of the system prior to their accession.

2.1.164. Therefore, on 6 December the Commission proposed to the Council a amendment³ to its proposal of 7 August 1985.

This amendment provided for:

- (i) maintenance of the present ceilings of 2% for the basic levy and 37.5% for the B levy;
- (ii) the possibility of revising the production levy ceilings if necessary before the

end of the 1988/89 marketing year for application in the following two years;

(iii) the introduction of an elimination levy designed to cover the past budget deficit; this would not apply to Spain and Portugal. The levy would be applied uniformly to all production of A and B sugar and isoglucose but would vary according to region within the meaning of Article 24(2) of the Regulation of 30 June 1981.¹ It would be charged over the five years in question to enable the past deficit of 400 million ECU to be absorbed at the rate of 80 million ECU per year. This means that the shortfall of 80 million ECU to be made up in each of the next five marketing years would be allocated among the various regions in question on the basis of past revenue from the production levies relating to each of them. The sums produced by this calculation would be related to foreseeable production of sugar and isoglucose within A and B quotas for each of the coming marketing years.

Since the responsibility of isoglucose producers is confined to that part of the sugar production levies remaining chargeable to the sugar manufacturers, the elimination levy to be applied to them should be 40% of the elimination levy on sugar.

2.1.165. At its meeting on 9 and 10 December the Council, without prejudging the opinion of Parliament, reached an agreement in principle on the main features of the future Community sugar arrangements.

In particular, it confirmed the principle of self-financing in the sugar sector, decided to introduce an elimination levy and confirmed that the current system of quotas would be retained for the next five years.

The Council also decided that, for 1986/87 and 1987/88 only, the following would remain unchanged:

- (i) quotas and production levy ceilings:

¹ OJ L 177, 1.7.1981.

² OJ C 219, 29.8.1985; Bull. EC 7/8-1985, point 2.1.155.

³ COM(85) 754 final.

(ii) the derogations from the system of differentiated contracts (mixed price system);

(iii) the amount of the reserve quantity (quota transfers between undertakings), with a derogation for Spain;

(iv) the provisions concerning the national aids which France and Italy are authorized to grant (with the possibility of adjustments for Italy).

The Council will decide on the detailed arrangements to apply in the years 1988/89 to 1990/91 before 1 January 1988 on the basis of a Commission proposal.

Wine

Vineyard register

2.1.166. On 12 December the Commission sent the Council a proposal for a Regulation establishing a Community vineyard register in wineproducing Member States.¹

The proper, effective application of the regulations in force both as regards structures and as regards market management calls for an accurate knowledge of many items of information relating to the structures of all wine-growing holdings and the output of each. The administrative structures at present available in the Member States are not all able to provide all the data required to ensure that the various measures laid down are fully implemented. For these reasons, in its report to the Council on the situation and outlook for the Community wine sector,² the Commission included a section on the need to establish a vineyard register to provide full, regularly updated information on the sector.

Its main points are as follows:

(i) The producer Member States must establish a vineyard register with information on each wine-growing holding relating to structures, any structural changes and output.

(ii) With all or part of the information collected for the establishment of the register, holding files and production files must be established, the former relating to each wine-growing holding and the second relating to all processors of wine products not produced by themselves.

The holding files will include all the information in the countries where there is no legal obstacle to the grouping of certain details in the same file. In the other countries the files will include only some of the information relating to a holding; the information not included in the file will in any case appear in a classification by holding kept by a State body.

(iii) The register is to be established in six years and the holding files are to be updated every five years.

(iv) Establishment of the register is to be coordinated by persons duly authorized by the Commission.

(v) The Community will contribute towards the cost of establishing the register over a period of six years.

(vi) The persons authorized by the Commission will coordinate operations and ensure that the resources employed by Member States are such that the objectives are achieved within the time-limits set.

Accession-related measures

2.1.167. In December the Commission sent the Council a number of proposals made necessary by the accession of Spain and Portugal and concerning technical adjustments to the various wine regulations,³ the list of areas under vines in certain regions of Spain yielding table wines which may have an actual alcoholic strength less than that required by Community standards,⁴ the provisions enabling the origin of Spanish red table wines to be

¹ COM(85) 506 final.

² Bull. EC 7/8-1984, point 2.1.130 *et seq.*

³ COM(85) 802 final.

⁴ COM(85) 820 final.

determined and their commercial movements to be followed,¹ the exceptional cases in which *coupag* of red Spanish table wines with red wines of the other Member States derived from certain varieties of grape and originating in certain regions of the Community is allowed,² and changes to the system of permanent abandonment premiums in respect of certain areas under vines.³

The Council adopted these Regulations on 20 December.⁴

2.1.168. On 17 December the Council again extended⁵ the validity of the provisions which, in the absence of a common organization of the market in alcohol and of any harmonization in respect of aromatized wines, govern the addition of alcohol to products belonging to the wine sector.⁶

2.1.169. On 9 December the Commission adopted provisions on the organization of campaigns to promote the consumption of grape juice.⁷ This follows the Council decision to use, during the years 1985/86 to 1989/90, part of the aid granted for using grape must and concentrated grape must in the manufacture of grape juice for the organization of such promotional campaigns.⁸

Since the 35% of the aid withheld during the first year of the scheme's operation is not sufficient to enable effective action to be taken immediately throughout the Community,⁹ in 1985/86 the measures will be confined to Germany, France and Italy, where the prospects for increasing consumption are good and where there is the infrastructure for adjusting supply rapidly to the increased demand.

2.1.170. In order to simplify the administrative procedures, the Council amended¹⁰ the general rules for the import of wines, grape juice and grape must⁶ and the Commission accordingly adjusted the detailed rules for applying them, particularly as regards the form, content and use of the certificates and analysis reports.⁵

Structures

Forestry

2.1.171. In its work programme for 1985, which it presented to Parliament in March,¹¹ the Commission undertook to draw up proposals on forestry.

With a view to fulfilling this commitment, on 18 December it adopted a memorandum for transmission to the Council designed to serve as a basis for the consultations which it intends to conduct before making concrete proposals on the subject.¹²

In order to assist these consultations the Commission also intends to make a detailed analysis of the present situation in the Community as regards forestry.

2.1.172. In its discussion paper the Commission sets out actions which the Community might take in the forestry sector. Action is required for the following reasons:

- (i) the pressure to reduce agricultural surpluses will lead to a search for alternative crops, including forestry;
- (ii) the Community's substantial trade deficit in wood and wood products gives scope for increased home timber production, if this can be achieved economically;
- (iii) there is a need to maintain and expand economic activity and employment, especially in rural areas;

¹ COM(85) 697 final.

² COM(85) 826 final.

³ COM(85) 771 final.

⁴ OJ L 362, 31.12.1985; OJ L 367, 31.12.1985.

⁵ OJ L 343, 20.12.1985.

⁶ OJ L 54, 5.3.1979.

⁷ OJ L 88, 28.3.1985.

⁸ OJ L 332 10.12.1985.

⁹ OJ L 212, 9.8.1985.

¹⁰ OJ L 251, 20.9.1985.

¹¹ Supplement 4/1985 — Bull. EC; Bull. EC 3-1985, point 1.3.1 *et seq.*

¹² COM(85) 792 final.

(iv) action is needed to stop the accelerating destruction of European forests by atmospheric pollution and by fire.

The proposed action programme would have the objectives of extending the area of the Community's forests, making better use of existing woodlands and improving protection.

Extending the forest area would provide jobs and the availability of extra timber would enable related industries to develop. It would also assist the development of Community agriculture.

Tax incentives and forestry grant schemes can encourage the expansion of the forest area. Although such schemes already exist, they are very limited.

Better use of woodland through improved productivity could be achieved by setting up forestry associations for groups of individual owners and the use of appropriate supply contracts between owners and industry. Measures to standardize forestry products at Community level would help develop the timber trade and the establishment of woodland nature reserves and forest parks would increase the value of Europe's forests as a recreational resource.

The forests of northern Europe require protection against the ravages of atmospheric pollution, fires, disease and insects and storms and drought. The Commission has already adopted directives in an attempt to reduce atmospheric pollution and it has proposed measures to set up a regular monitoring system for forest damage and to improve fire-fighting capacity. New monitoring systems are required to combat disease and specific research programmes could be developed.

Finally, since the Community is a major importer of timber from developing countries, the action programme on forestry should take account of the agreements on technical and financial cooperation with many developing countries.

Agricultural legislation

Veterinary legislation

Use of hormones in stockfarming

2.1.173. After reaching agreement by qualified majority on 19 December, the Council formally adopted on 31 December a new proposal for a Directive concerning the use of hormonal substances in stockfarming.¹

This Directive, which is in line with the opinion issued by Parliament on 11 October² on the proposal made by the Commission earlier that month,³ settles a matter which has been the subject of intensive discussions.

A ban on the administration of hormonal substances to farm animals will have to be introduced by 1 January 1988 at the latest. Only the administration of certain natural substances to individual animals for therapeutic purposes will be authorized. Such use will be strictly regulated and controlled.

The Directive also contains provisions regarding the implications of this ban for the rules relating to intra-Community trade and imports of meat and animals from non-Community countries.

The solution adopted by the Council reflects both the concern of European consumers and the desire to put an end to distortions of competition and to the obstacles in intra-Community trade.

Intra-Community trade in meat products

2.1.174. On 12 December the Commission proposed to the Council an amendment⁴ to Directive 77/99/EEC on health problems affecting intra-Community trade in meat products. The purpose of the amendment

¹ COM(85) 832 final.

² OJ C 288, 11.11.1985.

³ OJ C 313, 4.12.1985; Bull. EC 10-1985, point 2.1.112.

⁴ COM(85) 678 final.

is to extend the scope of the Directive, to bring it into line with technical progress and to introduce new rules to take account of internal market requirements.

Competition

2.1.175. Under the terms of Articles 92 to 94 of the Treaty the Commission decided to make no comment on the introduction of the following proposed schemes which had been duly notified.

Germany

Improvement of agricultural structures and coastal protection 1986-89 (measures under the joint Federal Government/*Länder* programme for improving the socio-structural conditions in agriculture).

Schleswig-Holstein. Aid for structural improvement in the pig-rearing sector.

Lower Saxony. Alteration of four existing aid schemes in the stockfarming sector (aid for breed improvement). Aid for the development of agricultural research (alternative raw materials).

Hesse. Sales promotion for wine produced in Hesse.

Rhineland-Palatinate. Measures to assist publicity and marketing in the wine sector. Temporary aids for wine-growing and horticultural holdings with cash-flow problems.

Denmark

Aid for investment in agriculture (to improve the quality of the environment).

Adjustment of the pig-trade fund's budget (financing of aid for advertising).

Law No 127 of 25 March 1981 amending Law No 245 of 12 May 1976 on aid for planting wind-breaks.

France

Aid in the sheep-rearing sector for the development of advisory services, the improvement of animal health and genetic improvement.

Support for breeder in regions affected by drought in summer 1985.

Ireland

Aid for the victims of flooding in the Shannon valley in 1985 (Shannon Valley Flood Scheme 1985).

Italy

Regional bill No 1004 of 27 June 1985 on aids to cooperatives, traders and craft undertakings (a series of measures to assist small firms).

2.1.176. The Commission decided to initiate the Article 93(2) procedure in respect of Sicilian Bill No 804-880/A concerning the budget estimates for 1985 and the multiannual budget for 1985-87 containing operating aids including, in particular, grants to cover the management expenses of cooperatives, for the sterilization of greenhouses and to nurserymen carrying out vine grafting for commercial or non-commercial purposes.

2.1.177. The Commission decided partially to terminate the Article 93(2) procedure against the Sicilian aid scheme under Law No 58/83 containing amendments and additions to Regional Laws Nos 86/82 and 87/82 concerning aids for agriculture and certain productive sectors and laying down emergency measures for agriculture.¹ Since the Commission had decided to authorize a single aid rate of 75% for the Mezzogiorno where processing and marketing investments are carried out under a national or regional programme authorized by the

¹ Bull. EC 2-1984, point 2.1.124a.

Commission under Regulation (EEC) No 355/77 and the aids in question met those criteria, there was no longer any reason to oppose them.

2.1.178. The Commission issued a final negative decision finding against a French premium for sucking calves which formed part of the 1981 Farming Conference aids.¹

European Agricultural Guidance and Guarantee Fund

Guarantee Section

2.1.179. On 9 December the Commission adopted a Regulation² which adjusts the time-limits for, and provides for additions to, the flow of information from Member States provided for in Regulation No 3184/83 on the system of advances in respect of expenditure financed by the EAGGF Guarantee Section.³

On 29 November the Commission adopted a Regulation which, as every year, sets the average buying-in prices to be used for calculating the value of agricultural products in intervention storage to be carried forward to the following financial year.⁴ Where, however, for certain products, the price forecasts for intervention produce are appreciably lower than the value of the stocks to be carried forward, it may be decided to replace those prices by lower ones. Since this was the case for common wheat (both bread wheat and non-bread wheat), barley, rye, butter and beef in quarters or carcase form, on 20 December the Commission adopted a Regulation lowering the value of stocks of those products to be carried forward.⁵ This makes it possible to charge to the 1985 budget part of the losses which will probably be sustained on their sale.

2.1.180. At its December part-session,⁶ Parliament passed three resolutions on the disposal of agricultural stocks, and two res-

olutions dealing specifically with the disposal of butter stocks (→ point 2.5.12).

It also passed a resolution on the follow-up to the special report of the Court of Auditors on the implementation of Directive 77/435/EEC of 27 June 1977 on scrutiny by the Member States of transactions forming part of the system of financing by the EAGGF (Guarantee Section) (→ point 2.5.12).

Fisheries

Council

2.1.181. The Council met on 16 and 17 December and again on 20 December and reached agreement on all the items on its agenda.

On 18 December an overall compromise from the Presidency prepared by the Commission in consultation with the Member States enabled the Council to reach a policy agreement on the following measures:

- (i) TACs and quotas for 1986 for the Community of Ten, including the outcome of negotiations with Norway and the Faeroes (→ point 2.1.182);
- (ii) aid for the conversion of sardine canning plants (→ point 2.1.206);
- (iii) encouragement for exploratory fishing and cooperation through joint ventures (→ point 2.1.205);
- (iv) the Regulation on control measures (→ point 2.1.185);
- (v) the Regulation on restructuring the fishing industry and developing aquaculture (→ point 2.1.205).

On 20 December the Council formally adopted the texts on which agreement had

¹ OJ C 95, 16.4.1982.

² OJ C 332, 10.12.1985.

³ OJ L 320, 17.11.1983.

⁴ OJ L 321, 30.11.1985.

⁵ OJ L 344, 21.12.1985.

⁶ OJ C 352, 31.12.1985.

been reached on 16 and 17 December. It then adopted unanimously, and with the assent of the Spanish and Portuguese observers, the following regulations specifically concerned with the integration of the two new Member States into the common fisheries policy from 1 January 1986:

- (i) TACs and quotas for 1986 for the Community of Twelve (→ point 2.1.182). Agreement was greatly assisted by the Commission's general statement confirming that the quotas allocated for certain stocks or groups of stocks laid down for the first time in Regulation setting the TACs and quotas did not prejudice, for subsequent years, either the TAC or the breakdown of stocks, which would be determined in the light of experience;
- (ii) proposals concerning conservation and management measures for 1986;
- (iii) the proposal extending Regulation No 171/83 in the light of accession (technical conservation measures) (→ point 2.1.188);
- (iv) measures concerning operators who do not respect the provisions of the Act of Accession (→ point 2.1.187).

Resources

Internal aspects

Community measures

TACs and quotas

2.1.182. On 31 December¹ the Council adopted the Commission proposals for Regulations fixing the total allowable catches and quotas for 1986.² These regulations include for the first time the quotas for Spain and Portugal, and their scope has been widened to include several new fish stocks off the Atlantic coast of these countries.

2.1.183. On 20 December the Council, acting on a proposal from the Commission,³ amended⁴ for the fourth time⁵ its Regulation of 19 December 1984 fixing the TACs and quotas for 1985.⁶ The amendment concerns monkfish and megrim in subarea V, division Vb (EC zone) and subareas VI, VII and VIII (EC zone) and plaice in divisions VIIf and g.

Accession-related measures

2.1.184. The Council also adopted four Regulations required by the accession of the new Member States.

The first Regulation fixes the overall quantities of hake, horse mackerel and blue whiting allocated to Spain for 1986.⁴

The other three Regulations¹ fix for 1986, on the basis of a Commission proposal,⁷ the numbers of the following vessels and the conditions governing their fishing activities:

- (i) vessels from Member States other than Spain and Portugal authorized to fish in Spanish waters;
- (ii) vessels from Member States other than Spain and Portugal authorized to fish in Portuguese waters;
- (iii) Portuguese vessels authorized to fish in the waters of Member States other than Spain.

Technical and control measures

2.1.185. On 20 December the Council, acting on a proposal from the Commission,⁴ amended⁸ Regulation (EEC) No 2057/82 of 29 June 1982 establishing certain control measures for fishing activities by vessels of

¹ OJ L 363, 31.12.1985.

² COM(85) 709 final; COM(85) 720 final.

³ Bull. EC 4-1985, point 2.1.89.

⁴ OJ L 361, 31.12.1985.

⁵ OJ L 13, 16.1.1985; OJ L 89, 29.3.1985; OJ L 259, 1.10.1985; Bull. EC 9-1985, point 2.1.107.

⁶ OJ L 1, 1.1.1985.

⁷ COM(85) 651 final.

⁸ Bull. EC 9-1985, point 2.1.108.

the Member States.¹ The purpose of these amendments is to improve the overall control arrangements in the light of experience, particularly as regards transshipment at sea.

2.1.186. Under Regulation No 2057/82 of 29 June 1982 the Commission must be informed about the inspections and controls carried out by the Member States and their results. On 17 December it therefore adopted a Regulation specifying the form in which this information should be transmitted.²

Accession-related measures

2.1.187. A number of measures were adopted on the specific arrangements for monitoring access to waters and resources as provided for in the Act of Accession of Spain and Portugal. These arrangements are applicable with effect from 1 January 1986. On 31 December the Council adopted a Regulation laying down provisions to ensure compliance by fishermen with the rules which the Act of Accession lays down on access to waters and resources.³ On 12 December the Commission, for its part, adopted a Regulation laying down certain technical and control measures relating to the fishing activities of Spanish fishermen in the waters of the other Member States except Portugal.⁴

On 27 December the Commission adopted five Regulations laying down certain technical and control measures relating to the activities of Portuguese fishermen in the waters of the other Member States, Community fishermen in Spanish and Portuguese waters, Spanish fishermen in Portuguese waters and Portuguese fishermen in Spanish waters.⁵

2.1.188. Accession also necessitated adjustments to the rules governing technical measures for the conservation of fishery resources. Regulation (EEC) No 171/83⁶ was thus supplemented on 31 December, on the basis of a proposal from the Commission,⁷ by a Regulation laying down technical conservation measures applicable

to Spanish and Portuguese waters.³ The same Regulation also adjusts a mesh size to take account of the biological situation of stocks off the coast of French Guiana and postpones for three months the taking of a decision on the widening of certain mesh sizes.

Prohibition measures

2.1.189. On the basis of information supplied by the national authorities on the exhaustion of certain quotas the Commission prohibited:

- (i) Irish vessels from fishing for mackerel in ICES subarea II (excluding the EC zone), division Vb (EC zone) and subareas VI, VII, VIII (EC zone) and XII with effect from 10 December;⁴
- (ii) United Kingdom vessels from fishing for saithe in ICES subareas VII and VIII (EC zone) with effect from 11 December⁸ and for plaice in ICES divisions VII f and g with effect from 16 December;⁴
- (iii) French vessels from fishing for flatfish in Faeroese waters with effect from 7 December⁹ and for deepwater prawns in ICES subarea XIV/V with effect from 24 December;¹⁰
- (iv) Dutch vessels from fishing for plaice in ICES division IIa (EC zone) and subarea IV effect from 30 November¹¹ and for herring in ICES divisions VII g to k with effect from 14 December;¹²
- (v) Community vessels from fishing for plaice in ICES division IIIa (Skagerrak) with effect from 7 December,⁹ for sprat in ICES division IIIa with effect from 6 December⁹

¹ OJ L 220, 29.7.1982; Bull. EC 6-1982, point 2.1.129.
² OJ L 339, 18.12.1985.
³ OJ L 363, 31.12.1985.
⁴ OJ L 336, 14.12.1985.
⁵ OJ L 360, 31.12.1985.
⁶ OJ L 24, 27.1.1983.
⁷ COM(85) 673 final.
⁸ OJ L 324, 5.12.1985.
⁹ OJ L 328, 7.12.1985.
¹⁰ OJ L 348, 24.12.1985.
¹¹ OJ L 333, 11.12.1985.
¹² OJ L 344, 21.12.1985.

and for horse mackerel in ICES division IIa (EC zone) and subarea IV (EC zone) with effect from 10 December.¹

National measures

Measures stricter than Community rules

2.1.190. On 18 December the Commission took note of an Irish measure introducing a compulsory licensing system for Irish vessels fishing for herring in the Celtic Sea. The Commission found this measure to be compatible with Article 5(2) of Regulation (EEC) No 170/83.²

Measures to give effect to Community rules

2.1.191. On 19 December the Commission took note of a Danish Order implementing, with effect from 1 April 1985 and in respect of Danish fishing vessels, Regulation (EEC) No 2807/83 of 22 September 1983 laying down detailed rules for recording information on Member States' catches of fish.³

External aspects

Bilateral relations

Faeroe Islands

2.1.192. On 20 December, on the basis of the outcome of the annual bilateral consultations between the Community and the Faeroe Islands the Council, acting on a proposal from the Commission,⁴ approved the mutual fishing rights agreed between the two parties and adopted the measures for the conservation and management of fishery resources which would apply Faeroese vessels in 1986.⁵

Sweden

2.1.193. On 20 December, following consultations between the Community and

Sweden, the Council, acting on a proposal from the Commission,⁶ adopted two Regulations for 1986, one allocating among the Member States quotas for vessels fishing in Swedish waters and the other laying down certain measures for the conservation and management of fishery resources applicable to vessels flying the flag of Sweden.⁷

Norway

2.1.194. On 20 December the Council, acting on a proposal from the Commission,⁸ adopted a Regulation allocating among the Member States quotas for vessels fishing in the Norwegian economic zone and the fishery zone around Jan Mayen and a Regulation laying down for 1986 certain measures for the conservation and management of fishery resources applicable to vessels flying the flag of Norway.⁷

Greenland

2.1.195. On 31 December the Council adopted the Commission's proposal⁹ for a Regulation allocating for 1986 the Community catch quotas in Greenland waters.¹⁰

French Guiana

2.1.196. On 20 December the Council, acting on a proposal from the Commission,¹¹ adopted a Regulation laying down for 1986 certain measures for the conservation and management of fishery resources applicable to vessels flying the flag of certain non-member countries in the 200-nautical-mile zone off the coast of the French department of Guiana.¹²

¹ OJ L 333, 11.12.1985.

² OJ L 24, 27.1.1983.

³ OJ L 276, 10.10.1983.

⁴ COM(85) 744 final.

⁵ OJ L 361, 31.12.1985.

⁶ COM(85) 682 final.

⁷ OJ L 361, 31.12.1985.

⁸ COM(85) 790 final.

⁹ COM(85) 664 final.

¹⁰ OJ L 363, 31.12.1985.

¹¹ COM(85) 763 final.

¹² OJ L 361, 31.12.1985.

Senegal

2.1.197. On 17 December the Council approved the conclusion of an Agreement¹ between the Community and the Government of Senegal amending for the second time the Agreement on fishing off the coast of Senegal and the new Protocol thereto.² This Agreement, which had been initialled on 12 January 1984,³ signed on 20 November.⁴

Canada

2.1.198. On 12 December the Council, acting on a proposal from the Commission,⁵ adopted a Regulation allocating the 1986 Community catch quotas in Canadian waters among Member States.⁶

Norway and Sweden

2.1.199. On the basis of the trilateral consultations held by the Community, Norway and Sweden,⁷ the Council fixed the total allowable catches for fish stock in the Skagerrak and Kattegat and allocated them among the Member States.¹

Multilateral relations

International Commission for the South-East Atlantic Fisheries

2.1.200. On 12 December, at the eighth session of the International Commission for the South-East Atlantic Fisheries the 17 members of this organization approved by consensus an amendment to the Convention enabling the Community to join.

Markets and structures

Market organization

2.1.201. Acting on proposals from the Commission, the Council adopted Regulations:

(i) fixing the guide prices for fishery products and the Community producer price for tuna for the 1986 fishing year;⁸

(ii) amending⁹ Regulation (EEC) No 2204/82 of 28 July 1982 laying down general rules for the granting of a special carryover premium for Mediterranean sardines and anchovies.¹⁰

The derogation for Greek producers who are not members of a producers' organization under the 1982 Regulation was further extended for 1986 in respect of anchovies only.¹¹

Accession-related measures

2.1.202. In the context of the Community's enlargement the Commission adopted Regulation:

(i) laying down detailed rules for the granting of a compensatory allowance for Atlantic and Mediterranean sardines;¹²

(ii) fixing the list of representative wholesale markets and ports and amending the list of markets and ports of importation for fishery products;¹³

(iii) fixing the sizes of the new fishery products qualifying for the carryover premium.¹⁴

2.1.203. On 23 December the Commission also adopted the Regulations fixing, for the period from 1 January to 31 December 1986, the withdrawal prices, reference prices, carryover premiums and standard values applicable to fishery products.¹⁵

¹ OJ L 361, 31.12.1985.

² OJ L 226, 29.8.1980; OJ L 234, 9.8.1982.

³ OJ C 48, 21.2.1984; Bull. EC 1-1984, point 2.1.93.

⁴ Bull. EC 11-1985, point 2.1.153.

⁵ COM(85) 608 final.

⁶ OJ L 339, 18.12.1985.

⁷ Bull. EC 10-1985, point 2.1.122.

⁸ OJ L 344, 21.12.1985; Bull. EC 10-1985, point 2.1.123.

⁹ OJ L 361, 31.12.1985.

¹⁰ OJ L 235, 10.8.1982.

¹¹ OJ L 335, 22.12.1985; Bull. EC 12-1984, point 2.1.191.

¹² OJ L 332, 10.12.1985.

¹³ OJ L 333, 11.12.1985.

¹⁴ OJ L 343, 20.12.1985.

¹⁵ OJ L 351, 28.12.1985.

Structures

2.1.204. Pursuant to Regulation (EEC) No 355/77 of 15 February 1977 on common measures to improve the conditions under which agricultural (and fishery) products

are processed and marketed,¹ the Commission approved on 20 December the second instalment of EAGGF Guidance Section aid for 1985,² which breaks down as follows:

Table 6 — Aid from the EAGGF Guidance Section in 1985

	1st instalment		2nd instalment		Total for 1985	
	No of projects	Aid (ECU) ¹	No of projects	Aid (ECU) ¹	No of projects	Aid (ECU) ¹
Belgium	1	154 716	3	772 318	4	927 034
Denmark	9	921 332	8	1 498 496	17	2 419 828
FR of Germany	3	1 043 828	7	747 085	10	1 790 913
Greece	—	—	4	1 715 479	4	1 715 479
France	3	338 285	0	0	3	338 285
Ireland	3	2 748 732	6	2 672 322	9	5 421 054
Italy	3	1 953 973	7	4 831 098	10	6 785 070
Netherlands	—	—	8	853 749	8	853 749
United Kingdom	16	1 747 816	19	2 065 512	35	3 813 328
Total	38	8 908 681	62	15 156 059	100	24 064 328

¹ ECU: December 1985 rate.

2.1.205. On 20 December the Council, acting on proposals from the Commission,³ adopted two Regulations and one Directive to take account of the impact of Spanish and Portuguese accession on the structural policy for the fisheries sector:

(i) the first Regulation⁴ amends Regulation (EEC) No 2908/83 on a common measure for restructuring, modernizing and developing the fishing industry and for developing aquaculture⁵ and extends the validity of this common measure until the end of 1986. Parliament gave its opinion⁶ on the proposal on 13 December;³

(ii) the second Regulation⁴ amends Regulation (EEC) No 2909/83 of 4 October 1983 on measures to encourage exploratory fishing and cooperation through joint ventures in the fishing sector⁵ by allocating additional funds for this purpose;

(iii) the Directive amends Directive 83/515/EEC concerning certain measures to adjust capacities in the fisheries sector,⁵ again by allocating additional funds for this purpose.

2.1.206. On 20 December the Council also adopted a Regulation on a system of struc-

tural aid for the conversion of sardine canning plants.⁴ Parliament gave its opinion⁶ on the proposal⁷ on 13 December.

2.1.207. In the matter of State aids the Commission decided to initiate the scrutiny procedure laid down in Article 93(2) of the Treaty in respect of a number of aid measures granted in the Marche region of Italy (Law of 5 April 1985). The measures in question include aid to promote the employment of young Italian nationals in the fisheries sector and certain aids for aquaculture and for the marketing of fishery products. These aids, if combined with other aids granted by public authorities, may cover up to 90% of the total costs incurred.

The Law in question also provides for aids for research into and the promotion of fish

¹ OJ L 51, 23.2.1977.

² Bull. EC 6-1985, point 2.1.148.

³ OJ C 293, 15.11.1985; Bull. EC 11-1985, points 2.1.158 and 2.1.159.

⁴ OJ L 361, 31.12.1985.

⁵ OJ L 290, 22.10.1983; Bull. EC 10-1983, point 2.1.162.

⁶ OJ C 352, 31.12.1985.

⁷ OJ C 297, 20.11.1985; Bull. EC 10-1985, point 2.1.125.

consumption, to which the Commission has raised no objections for the time being.

The budget for these aids is LIT 800 million for 1985 and LIT 2 000 million for 1986 and 1987.

2.1.108. On 13 December Parliament passed a Resolution on the problems and future prospects of the fisheries sector in the context of the Community's enlargement and a Resolution on the effective application of the common fisheries policy¹ (→ point 2.5.12).

Transport

2.1.209. On 19 December 1984 the Council approved the Commission's plan to spend 5 million ECU of the 80 million ECU allocated to transport infrastructure projects in the 1984 budget on frontier infrastructure.² Accordingly, on 8 October the Commission approved 11 decisions granting financial support for such projects. The decisions came into force in December.

Infrastructure

2.1.210. The Transport Infrastructure Committee met on 12 December. It devoted most of its proceedings to finalizing the networks of Community interest proposed by the Commission and taking stock of national development projects involving these networks.

Inland transport

Frontier formalities and inspections

2.1.111. On 13 December Parliament delivered an opinion³ on the proposal which the Commission sent to the Council in August⁴ for a Directive amending the Council Directive of 1 December 1983 on the facilitation of physical inspections and administrative formalities in respect of the carriage of goods between Member States.⁵

Parliament approved the proposed improvements to the 1983 Directive and underlined that the facilitation of inspections and formalities was only an intermediate step towards the objective of abolishing internal frontiers in the Community.

Road transport

Access to the market

2.1.212. After arriving at a joint position on 14 November,⁶ the Council adopted, on 20 December, a Regulation amending the Regulation on the Community quota for the carriage of goods by road between Member States to take account of the accession of Spain and Portugal.⁷ On 13 December Parliament had delivered a favourable opinion³ on the Commission's proposal.⁸

2.1.213. The Commission sent to the Council on 23 December a communication on road transport in the Community. In this document it sets out the broad lines of proposals that it will be submitting in accordance with the policy guidelines laid down by the Council on 14 November.⁹

The Commission takes the view that its 1983 proposal,¹⁰ which is designed to replace the current quota arrangements by qualitative criteria regarding market access, contains the basis for the future organization of the market for the carriage of goods by road between Member States.

In the transitional period the Commission proposes that the bilateral quota authorizations be replaced in two stages by Community authorizations and that transit transport be liberalized.

¹ OJ C 352, 31.12.1985.

² OJ L 333, 21.12.1984; Bull. EC 12-1984, point 2.1.199.

³ OJ C 352, 31.12.1985.

⁴ OJ C 237, 18.9.1985; Bull. EC 7/8-1985, point 2.1.192.

⁵ OJ L 359, 22.12.1985; Bull. EC 10-1983, point 2.1.168.

⁶ Bull. EC 11-1985, point 2.1.163.

⁷ OJ L 354, 30.12.1985.

⁸ OJ C 284, 7.11.1985; Bull. EC 10-1985, point 2.1.132.

⁹ Bull. EC 11-1985, point 2.1.161.

¹⁰ OJ C 179, 6.7.1983; Bull. EC 6-1983, point 2.1.221.

Distortions of competition due to taxation will be eliminated by approximating vehicle taxation levels.

Detailed proposals will be made shortly.

Social conditions

2.1.214. After arriving at a joint position¹ in November, on 20 December the Council adopted two Regulations,² one amending a 1969 Regulation on the harmonization of certain social legislation relating to road transport³ and the other amending a 1970 Regulation on the introduction of recording equipment in road transport.⁴

On the same day it also adopted a Resolution of the Council and the Representatives of the Governments of the Member States meeting within the Council designed to improve the application of social regulations in road transport.⁵

Technical aspects

Summer time

2.1.214a. On 20 December the Council amended⁶ its Directive of 12 December 1984 on summer time⁷ to take account of the accession of Spain and Portugal.

Inland waterways

2.1.215. The Netherlands Government informed the Commission of its intention to introduce from 1 January 1986 a breaking-up programme for inland waterway vessels. This notification was made in accordance with 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,⁸ as amended by the Decision of 22 November 1973,⁹ and under Article 93(3) of the EEC Treaty concerning aid granted by the Member States.

This programme provides for 10% of Dutch vessels used to carry solid goods to be broken up, which will lead to a considerable

reduction in excess capacity on the European inland waterways market.

The Commission decided on 18 December not to oppose this programme.

Air transport

2.1.216. At the end of November the Commission consulted the main international civil aviation organizations on the work it is engaged on in drafting a Directive on airport taxes and consultation between airports and users.

International cooperation

2.1.217. The discussions which took place in Belgrade on 18 December produced a clearer picture of Yugoslavia's priorities and problems in the transport sector. The discussions will be continued in 1986 and will deal primarily with transit traffic, the consequences of Community enlargement to include Spain and Portugal and the role of the railways and inland waterways (Rhine-Main-Danube link).

2.1.218. On 12 December the Commission, represented by Mr Stanley Clinton Davis, the Member with special responsibility for transport, met the Committee of Transport Workers' Unions, mainly to discuss the Commission's stance following the judgment given by the Court of Justice on 22 May (→ point 2.1.105).

¹ Bull. EC 11-1985, point 2.1.167.

² OJ L 370, 31.12.1985.

³ OJ L 77, 29.3.1969; OJ L 73, 17.3.1979.

⁴ OJ L 164, 2.7.1970; OJ L 181, 4.7.1973; OJ L 334, 24.12.1977.

⁵ OJ C 348, 20.12.1985.

⁶ OJ L 372, 31.12.1985.

⁷ OJ L 331, 19.12.1984.

⁸ OJ 23, 3.4.1962.

⁹ OJ L 347, 17.12.1973.

Energy

Specific problems

Solid fuels

New State aids rules

2.1.219. After the Council had given its assent¹ in November and the ECSC Consultative Committee its opinion,² the Commission acted on 11 December to extend³ for six months the applicability of the present system of State aids to the coal industry,⁴ which was due to expire on 31 December 1985.

The six months will give the institutions time for thorough consideration of the Commission's draft Decision concerning new rules for State aids.⁵

New rules for coke and coking coal for use in the steel industry

2.1.220. After the Council had agreed on a joint position in November⁶ the Commission adopted a Decision⁷ on 20 December amending the Decision of 25 July 1973 on coking coal and coke for the iron and steel industry in the Community.⁸ This supplements the measures introduced by its Decision of 23 March 1984⁹ and limits to 8.5 million tonnes the amount of coal and coke eligible for Community financing in 1986.

The Decision was taken pursuant to the first paragraph of Article 95 of the ECSC Treaty after the ECSC Consultative Committee had been consulted and the Council had given its assent.⁷

Oil and gas

Technological advances in the hydrocarbons sector

2.1.221. After producing a joint position in November,¹⁰ on 20 December the Council adopted a Regulation¹¹ based on a Commission proposal¹² concerning a pro-

gramme of support for technological development in the hydrocarbons sector. This replaces the 1973 Regulation¹³ and provides for expenditure of 140 million ECU spread over four years (1986-89).

2.1.222. On the basis of this new Regulation,¹¹ the Commission published in the *Official Journal* of 3 January 1986 an invitation¹⁴ to interested parties to submit applications for financial support for Community projects by 3 April 1986.

Substitute fuels

2.1.223. On 5 December the Council adopted a Directive on crude-oil savings through the use of substitute fuel components in petrol.⁷ The Directive lists the substitute fuels, and the percentage by volume of each, which may be added to petrol. The Council had agreed to this Directive in November.¹⁵

Annual meeting between the Organization of Arab Petroleum Exporting Countries (OAPEC) and the Commission

2.1.224. The annual high-level meeting between OAPEC and the Commission was held in Brussels on 9 and 10 December. The OAPEC delegation was led by Mr Ali Attiga, its Secretary-General, and the Commission delegation by Mr C.J. Audland, Director-General for Energy. The OAPEC delegation also met Mr Nicolas Mosar, the Member of the Commission responsible for energy.

¹ Bull. EC 11-1985, point 2.1.173.

² OJ C 329, 19.12.1985; Bull. EC 11-1985, point 2.5.35.

³ OJ L 335, 13.12.1985.

⁴ OJ L 63, 11.3.1976.

⁵ Bull. EC 9-1985, point 1.4.1 *et seq.*

⁶ Bull. EC 11-1985, point 2.1.174.

⁷ OJ L 344, 21.12.1985.

⁸ OJ L 259, 15.9.1973.

⁹ OJ L 80, 24.3.1984.

¹⁰ Bull. EC 11-1985, point 2.1.176.

¹¹ OJ L 350, 27.12.1985.

¹² OJ C 325, 6.12.1984; Bull. EC 11-1984, point 2.1.142.

¹³ OJ L 312, 13.11.1973.

¹⁴ OJ C 1, 3.1.1986.

¹⁵ Bull. EC 11-1985, point 2.1.177.

The meeting was devoted to an exchange of views on developments in the energy market in both the Arab world and the Community and to an examination of the situation and prospects as regards technological cooperation between the two organizations.

Nuclear energy

Euratom agreements with Australia and Canada

2.1.225. The 1981 agreement between Euratom and Australia¹ and the 1959 agreement with Canada provide for consultations to be arranged between the Commission and government representatives of the two countries concerned.

The purpose of these consultations is to ensure that each agreement is effectively applied and to supervise its operation.

The consultations were held between Commission representatives and Australian Government officials in Canberra from 2 to 6 December and between Commission representatives and Canadian Government officials in Brussels on 26 and 27 November. The discussions covered technical matters pertaining to the application of the agreements and the accession of Spain and Portugal to the Community, and substantial progress was made as regards understanding the respective positions of the parties.

Alternative energy sources and energy savings

2.1.226. After agreeing on a joint position in November² the Council, on 20 December, adopted two Commission proposals,³ one on the promotion, by the granting of financial support, of demonstration projects relating to the exploitation of alternative energy sources and to energy savings and the substitution of hydrocarbons and the other on the promotion of pilot industrial projects and demonstration projects relating to the liquefaction and gasification of solid fuels.⁴ It is estimated that a total of 360 million ECU will be

required over four years (1986-89), with the Community contributing up to 40% of the cost of the selected projects.

Some 30% of the total will go on projects in the solid-fuel sector.

2.1.227. On the basis of this new Regulation⁴ the Commission published in the *Official Journal* of 3 January 1986⁵ an invitation to interested parties to submit applications for financial support for demonstration projects by 29 April 1986.

Mr Mosar's visit to Japan

2.1.228. Mr Nicolas Mosar, the Member of the Commission with special responsibility for energy, visited Tokyo for discussions on energy policy with the Japanese authorities from 16 to 18 December. He had talks with Mr Murata, the Minister for International Trade and Industry, and with senior officials in the Ministry for Foreign Affairs.

Discussions centred mainly on the market situation and the direction that energy policy should take. It was possible to conclude that the Community and Japan had common interests and that both were determined to pursue a policy aimed at reducing the burden of energy dependence.

International matters occupied a large part of the discussions. The conclusions on refining and imports of oil products reached by the governing Board of the International Energy Agency (IEA) in July were a key point.⁶

Mr Murata also expressed his determination to encourage the closure of excess refining capacity. A total of 0.7 to 1 million barrels/day would have to be eliminated in the next three years.

¹ Fifteenth General Report, point 732.

² Bull. EC 11-1985, point 2.1.179.

³ OJ C 109, 3.5.1985; Bull. EC 2-1985, point 2.1.121.

⁴ OJ L 350, 27.12.1985.

⁵ OJ C 1, 3.1.1986.

⁶ Bull. EC 7/8-1985, point 2.1.205.

As regards relations with oil-producing countries, it was announced that a delegation from the Gulf Cooperation Council would be going to Tokyo in January 1986 but the subject of the discussions was not disclosed.

Energy cooperation between the Community and Japan was the final item discussed. Mr Mosar and Mr Murata stated that they were willing to step up such cooperation by exchanging views and by specific actions. The possibility of sending representatives of European industry to Japan to find out about developments in new technologies, particularly in the field of fuel cells, was raised. Mr Murata said that he was prepared to examine any Commission proposals on the subject.

Research and development

Community R&D policy

Council

2.1.229. The Council meeting of Research Ministers on 10 December adopted the Esprit work programme for 1986¹ and held a detailed discussion on the general lines of approach of two multiannual programmes on materials and the environment, pending receipt of Parliament's opinions; it reached agreement in principle on the financial and technical scale of these two programmes (→ points 2.1.235 and 2.1.239). It also discussed the programme of assistance for the development of indigenous scientific and technical research capacities in the developing countries (→ point 2.1.240).

The Council then took note of an oral report on behalf of the Commission by Mr Karl-Heinz Narjes, Vice-President with special responsibility for research and science, on the seminar organized in Vienna from 2 to 4 December as part of the initiative for research into informatics applied to society (IRIS) (→ point 2.1.230).² Mr Narjes informed the Council that, once it had completed

the inventory of the existing initiatives in this area in the Member States, the Commission would be sending to the Council in spring 1986 a communication on the objectives and possible content of IRIS, including the measures to be taken during an initial preparatory phase lasting between six and eight months, to be drawn up in 1986 by a restricted working party.

Lastly, the Council discussed the progress of the current research programme at the Joint Research Centre (1984-87)³ on the basis of a statement by Mr Narjes, announcing in particular the intention to propose in 1986 a new multiannual programme to run from 1 January 1987 and rigorous management measures to achieve savings in 1986 and 1987. Following the discussion, the Council, having noted the Commission's statement, asked it to provide all the necessary information for a detailed discussion of the question at a future Council meeting.

IRIS

2.1.230. The first conference devoted to the Italian initiative in connection with the social applications of informatics (IRIS) was held in Venice from 2 to 4 December. This conference, organized by the Commission, was attended by a hundred or so experts from all the Community countries (and Spain and Portugal), representing public authorities, industry, trade unions, consumers and science. The objective of IRIS is to promote the application of new information technologies with a view to improving the living conditions of European citizens. In keeping with the undertakings given following the Council meeting of Research Ministers on 4 and 5 June,² the Commission had arranged for a European inventory of the initiatives existing in this field to be drawn up. This inventory served as a basis for the work of the Venice Conference.

On subjects as diverse as health and domestic applications, road traffic management

¹ OJ L 365, 31.12.1985; Bull. EC 11-1985, point 2.1.193.

² Bull. EC 6-1985, point 2.1.164.

³ OJ L 3, 5.1.1984; Bull. EC 12-1983, point 2.1.225.

and the safety of persons and property, the elderly and isolated rural communities, the inventory, the discussions which took place at the conference and the large number of proposals put forward showed that the way is open for a new generation of applications for existing products and services and for the use of new products and services. All those taking part emphasized the need for an even more comprehensive inventory. It is the Commission's intention to produce this by March 1986. A determined effort is also needed to identify and define the scope of the IRIS initiative in conceptual, methodological and operational terms. The Commission intends to send the Council a communication supplying further information on these points at the beginning of 1986 (→ point 2.1.229).

Coordination of national policies

2.1.231. The Scientific and Technical Research Committee (Crest), meeting on 5 and 6 December in Luxembourg, held a discussion on the outlook for the development of Community scientific and technological research and the problems it raised in the wake of the decisions taken by the European Council in Luxembourg on a European Technology Community.¹ The Committee agreed to hold a special meeting on 13 and 14 February 1986 to consider in depth the situation of scientific research and technological development in the Member States of the Community. This meeting, which would be a follow-up to the Copol meeting of July 1985,² should provide an opportunity to define the new guidelines for Community science and technology policy which are to form the basis of the 1987-91 framework programme.

Crest also discussed Community policy on standardization, especially in the new technologies sector. Commission staff gave a detailed account of the measures proposed by the Commission in this area in relation to telecommunications and information technology,³ and of the work carried out by the JRC or under the Community Bureau of References (BCR) programme. All the

members of the Committee believed that the Community had a key role to play on the question of standards and that an integrated research effort would have to be carried out under the next framework programme if the European internal market was to be completed by 1992.

Crest also approved the draft rules of procedure for the management and coordination advisory committees (CGCs), which will be forwarded to these committees for formal adoption as soon as possible. The Committee felt in particular that the CGCs should be given certain powers to draw up reports for the Commission on their own initiative.

2.1.232. At its December part-session, Parliament adopted two resolutions concerning the intergovernmental conference on the Eureka project and the European Technology Community, which was held in Hanover in November⁴ (→ point 2.5.12).

International cooperation

COST projects

2.1.233. On 13 December Parliament approved⁴ the Commission's request to extend until 31 December 1986 the Community's concerted-action project on shore-based maritime navigation aid systems (COST Project 301).⁵

It again drew the attention of the Council and the Commission to its opinion of 9 July 1982⁶ on the Commission's original proposal.⁷

Sectoral R&D activities⁸

Energy

Nuclear energy from fission

2.1.234. Under the third multiannual shared-cost research programme on the

¹ Bull. EC 11-1985, point 1.1.1.

² Bull. EC 7/8-1985, point 2.1.214.

³ OJ C 232, 12.9.1985; Bull. EC 5-1985, point 2.1.21.

⁴ OJ C 352, 31.12.1985.

⁵ OJ C 182, 20.7.1985; Bull. EC 7/8-1985, point 2.1.219.

⁶ OJ C 238, 13.9.1982.

⁷ OJ C 256, 8.10.1981; Bull. EC 9-1981, point 2.1.117.

⁸ For social aspects of steel research, see point 2.1.35.

management and storage of radioactive waste (1985-89),¹ the Commission has recently concluded two important agreements with the Gesellschaft für Strahlen- und Umweltforschung (Germany) and the Joint Research Centre establishment at Mol respectively. These agreements relate to the first phase of two projects concerning demonstration trials of radioactive waste storage in underground geological formations.

The question of how to dispose of highly active nuclear waste is one of the still unsolved problems raised by the exploitation of fission energy. The length of time taken up by research to devise a permanent solution in this field is explained and justified by the potentially highly dangerous nature of such waste. Storage in stable geological strata is one of the solutions which can be envisaged. For years the Community has helped to fund the numerous *in situ* trials and experiments which must inevitably precede any decision to apply such methods on an industrial scale. The two projects mentioned constitute a logical follow-up to these years of research. Sums of 8.4 and 6.5 million ECU respectively have been earmarked to fund them. The demonstration trials in question are to be conducted at two sites: an excavation at a depth of 800 metres inside the Asse salt mine (German project) and a cavern 220 metres underground in the plastic argillaceous strata in Mol (Belgian project). Research workers from other Member States will have access to the experiments.

Raw materials

2.1.235. The Council held a detailed exchange of views on the proposal for a decision adopting a multiannual research action programme on materials (1986-89).² This programme comprises four subprogrammes: primary raw materials, secondary raw materials, wood as a renewable raw material and advanced materials (Euram). Following the discussion, and subject to Parliament's opinion, the Council agreed to make 70 million ECU available for this programme, on the understanding that the Commission would be able, under the new

1987-91 framework programme, to propose an increase in these appropriations in the light of progress of the research. The Council will look at this programme again when it has received Parliament's opinion.

2.1.236. The Economic and Social Committee gave its opinion on this proposal at its December session (→ point 2.5.28).

Industry

Information technology and telecommunications

Esprit programme

2.1.237. At a meeting with representatives of the main information technology companies in the Community³ held on 5 December and chaired by Mr Karl-Heinz Narjes, Vice-President of the Commission with special responsibility for information technologies, the chairmen of these 12 companies or their representatives expressed their views on the future direction of the Esprit programme.⁴ They recommended that this programme, which had been originally scheduled to run for 10 years and for which funding had been secured for an initial period of five years, should move into its second five-year phase on the basis of the following guidelines:

- (i) continuation of precompetitive research on strategically important information technologies;
- (ii) exploitation of the research results from the first phase of the programme and implementation of a limited number of major technological integration projects, emphasizing the promotion of widely accepted standards.

Furthermore, these companies have estimated that 30 000 man/years could and should be devoted to the second phase of

¹ OJ L 83, 25.3.1985; Bull. EC 12-1984, points 1.7.1 and 1.7.2.

² OJ C 220, 30.8.1985; Bull. EC 7/8-1985, point 2.1.224.

³ AEG, Bull. GCE, GEC, ICL, Nixdorf, Olivetti, Philips, Plessey, Siemens, STET, Thomson.

⁴ OJ L 67, 9.3.1984; Bull. EC 2-1984, point 1.3.1 *et seq.*

the programme. This figure would be three times the number of man/years for the first phase and would include contributions from other major industrial bodies and from universities; the number of participants could be similar to that of the first phase (over 400). The second phase of the Esprit programme should start in 1987.

Biotechnology

2.1.238. Under the multiannual biotechnology research programme 1985-89¹ as presented in the notice published in the *Official Journal* of 16 February,² a call for proposals has just been published concerning a research project on the *in vitro* evaluation of the toxicological effects and pharmacological activity of molecules. The purpose of this project is to stimulate Community research on new methods for the *in vitro* screening of molecules in relation to pharmacologically-active substances and toxicology (medicinal products and food additives). It is also intended to help to improve *in vitro* methods and thereby reduce the number of animals used in biological experiments. Apart from this advantage and their attractiveness from an economic point of view, *in vitro* methods should enable improvements to be made in the methodology of studies of the relationships between chemical structure and biological action. The deadline for submitting projects (which preferably should involve collaboration between laboratories from several member countries) is 31 March 1986; the work in question should take not more than three years (1987-89).

Environment

2.1.239. Pending the receipt of Parliament's opinion, the Council held a detailed discussion on the proposal for a decision

on a multiannual research and development programme in the field of the environment (1986-90).³ This programme covers the following topics: environmental protection, climatology (including natural hazards) and studies on major technological hazards. After the discussion, the Council agreed in principle, subject to the opinion of Parliament, to earmark 75 million ECU for this programme. It is understood that under the new framework programme for 1987-91 the Commission could propose an increase in this appropriation in the light of the progress of research. The Council will look at this programme again when it has received Parliament's opinion.

Development aid

2.1.240. The Council examined the proposal for a decision on the adoption of a programme of assistance for the development of indigenous scientific and technical research capacities in the developing countries (1984-87).⁴ Following its discussion, the Council asked the Commission to consider, in its review of the programme on science and technology for development (1983-86),⁵ the case for incorporating a subsection on the development of indigenous technical and scientific and research capacities in the developing countries. It undertook to give favourable consideration to the proposal which the Commission will be presenting in 1986, taking into account where appropriate the possibility of seeking alternative sources of financing to fund such a project.

¹ OJ L 83, 25.3.1985; Bull. EC 12-1984, points 1.7.1 and 1.7.2.

² OJ C 45, 16.2.1985; Bull. EC 2-1985, point 2.1.139.

³ Bull. EC 7/8-1985, point 2.1.230.

⁴ OJ C 180, 7.7.1983; Bull. EC 6-1983, point 2.1.277; OJ C 88, 30.3.1984; Bull. EC 3-1984, point 2.1.193.

⁵ OJ L 352, 14.12.1982.

2. Enlargement and bilateral relations with Portugal and Spain

2.2.1. In the last few weeks of 1985 the Member States which had not already done so all completed the procedures for ratifying the accession instruments as follows: Denmark, 29 November; Ireland, 2 December; France, 11 December; Germany, 13 December; Netherlands and United Kingdom, 19 December; Italy, 20 December.

The instruments of ratification of the EEC and Euratom Treaties were deposited with the Italian Government before 31 December 1985. The instruments of accession of Spain and Portugal to the European Coal and Steel Community were deposited with the French Government on 1 January 1986. Accordingly, the accession instruments entered into force on 1 January 1986, from which date the Community has 12 Member States instead of 10.

Mr Delors had talks in Brussels on 9 December with the Spanish Prime Minister, Mr Felipe González Márquez, who was accompanied by the Spanish Foreign Minister, Mr Francisco Fernández Ordóñez and the Economic Affairs Minister, Mr Carlos Solchaga Catalán. One of the main topics of discussion was the progress being made in preparing for the implementation of the Accession Treaty provisions in Spain.

Portugal

Pre-accession aid

2.2.2. On 6 December, under the Agreement in force since 1 January 1981 on pre-accession aid for Portugal,¹ the Commission and the Portuguese Government signed five financing agreements concerning three agricultural projects (Community

contribution: 12.56 million ECU), one fisheries project in the Azores (Community contribution: 820 million ECU) and one project in the agri-food sector (Community contribution: 64 500 ECU).

The aim of these projects, in the run up to accession, is to improve production conditions in agriculture, ease the transition to application of the common agricultural policy, point the way towards better use of the country's natural resources, notably in the fisheries sector, and to equip Portugal with training and research facilities in the agri-food industry.

So far 96.05 million ECU has been disbursed, in the form of grants, out of the 100 million ECU allocated for this kind of aid under the Agreement.

2.2.3. On the basis of a communication presented by the Commission in late November, the Council decided on 16 December to allow a derogation from the provisions of the two Agreements on pre-accession aid for Portugal,² so that funds still available could be committed after 1 January 1986.

2.2.4. At its December part-session Parliament adopted a resolution on problems and prospects in the fisheries sector in the context of the enlargement of the Community³ (→ point 2.5.12).

¹ Fifteenth General Report, point 624.

² Agreement of 3 December 1980 on pre-accession aid for Portugal: OJ L 349, 23.12.1980; Fourteenth General Report, point 548. Agreement of 7 November 1984 on specific financial aid for improving agricultural and fisheries structures in Portugal; OJ L 333, 21.12.1984; Bull. EC 12-1984, point 2.2.2.

³ OJ C 352, 31.12.1985.

3. External relations

Commercial policy

Implementing the common commercial policy

Commercial policy instruments

New commercial policy instrument

2.3.1. In the early part of December the Dutch firm AKZO submitted to the Commission the first complaint under the new commercial policy instrument.¹ AKZO, which is a manufacturer of synthetic fibres used in the armaments industry and a number of high-technology industries, had been prevented from selling its products on the United States market because of a petition filed against it by the US firm Du Pont de Nemours under the US legislation on protection of patents in respect of imports. AKZO's complaint is directed against the procedure adopted by Du Pont de Nemours, which AKZO considers to be discriminatory and incompatible with the GATT provisions on national treatment.

Import arrangements in respect of State-trading countries

2.3.2. On 19 December the Council, acting on a proposal from the Commission² adopted the annual decision on the import quotas to be opened by the Member States in respect of State-trading countries in 1986.

2.3.3. With the accession of Spain and Portugal imminent, the Council also adopted on 20 December a Regulation³ establishing the importation arrangements to be applied by the two new Member States in respect of State-trading countries in 1986.

Easing of restrictive measures

2.3.4. Under the Council Regulation of 14 November 1983 on import arrangements for products originating in State-trading countries, not liberalized at Community level,⁴ the Commission took the following measures:

Opening of quotas:

Denmark—Poland: textile products covered by outward processing arrangements;⁵

Italy—Romania: yarn of regenerated textile fibres of viscose rayon, single; (Nimexe code 51.01.63 — Category ex 127 A);⁵

Italy—Poland: unwrought aluminium, not alloyed;⁶

Changes in quotas:

Italy—Albania: textile products;⁷

Changes in import arrangements:

Benelux / Denmark / Germany / Greece / Ireland / Italy / United Kingdom—Romania: removal of quantitative restrictions on the release for free circulation of various industrial products;

Germany / Italy / Benelux / Denmark / Ireland—certain State-trading countries: removal of quantitative restrictions on the release for free circulation of various industrial products.

Trade protection

2.3.5. The trade protection measures taken in December are shown in Table 7.

¹ OJ No L 252, 20.9.1984; Bull. EC 9-1984, point 2.2.5.

² COM(85) 665 final and Add.

³ OJ L 364, 31.12.1985.

⁴ OJ L 346, 8.12.1983.

⁵ OJ C 314, 5.12.1985.

⁶ OJ C 335, 24.12.1985.

⁷ OJ C 320, 12.12.1985.

Table 7 — Trade protection measures

Council	Commission
<p><i>Definitive collection and extension of provisional anti-dumping duty on imports of:</i></p> <p>Roller chains for cycles originating in the People's Republic of China OJ L 335, 13.12.1985 (provisional duty: OJ L 217, 14.8.1985)</p>	<p><i>Amendment of Regulation imposing a provisional anti-dumping duty on imports of:</i></p> <p>Certain kinds of clogs originating in Sweden OJ L 333, 11.12.1985 (provisional duty: OJ L 268, 10.10.1985)</p> <p><i>Notice of re-opening of an anti-dumping/anti-subsidy proceeding concerning imports of:</i></p> <p>Binder and baler twine originating in Brazil or Mexico OJ C 315, 6.12.1985</p> <p><i>Notice of opening of anti-dumping proceedings concerning imports of:</i></p> <p>Certain types of freezer originating in the German Democratic Republic, the USSR or Yugoslavia OJ C 319, 11.12.1985</p> <p>Electronic typewriters manufactured by Tokyo Juki Industrial Co. Ltd/JDK Corporation originating in Japan OJ C 338, 31.12.1985</p> <p>Electronic typewriters originating in Taiwan OJ C 338, 31.12.1985</p> <p><i>Acceptance of undertaking offered in connection with an anti-dumping proceeding concerning imports of:</i></p> <p>Roller chains for cycles originating in the USSR OJ L 335, 13.12.1985 (provisional duty: OJ L 217, 14.8.1985)</p> <p><i>Termination of anti-dumping proceeding concerning imports of:</i></p> <p>Roller chains for cycles originating in the USSR OJ L 335, 13.12.1985</p>

Treaties and trade agreements: extension or automatic renewal

2.3.6. On 2 December the Commission sent to the Council a proposal for a decision authorizing the automatic renewal or continuance in force until 31 December 1986 of certain friendship, trade and navigation treaties and similar agreements between Member States and non-member countries.¹

2.3.7. On 4 December the Commission sent the Council a proposal for a decision authorizing the extension or automatic renewal of certain trade agreements between the Member States and non-mem-

ber countries (fourth batch for 1985), for which the date of expiry or the date for giving notice falls between 1 November 1985 and 31 January 1986.²

Export credits

2.3.8. On 9 December the Council discussed in detail the Commission's proposal for a recommendation concerning the position to be adopted by the Community in the negotiations initiated in the OECD con-

¹ COM(85) 663 final.

² COM(85) 661 final.

cerning revision of the commercial interest reference rate (CIRR) system.

This system was introduced in 1983 by the participants in the OECD Arrangement on guidelines for officially supported export credits. The CIRR is the minimum permissible interest rate at which a participant in the Arrangement may finance export credits denominated in a low-interest-rate currency (e.g. dollar, yen, pound sterling, Dutch guilder and ECU).

As a result of difficulties encountered during the two years of the system's existence, its revision is now under consideration by the participants in the Arrangement. The Commission presented a proposal on the position to be adopted by the Community for the review. It proposed that, with a small number of exceptions, all CIRRs should be calculated by a standard procedure using a specific reference basis to which an overall margin of between 0.75% and 1% would be added.

In order to give the Member States further time for consideration of the matter, the Council agreed to come to a final decision on 20 January, before the scheduled opening of the OECD negotiations on 24 January.

Sectoral commercial policy measures¹

Textiles

Agreements and arrangements with non-member countries

Renewal of the Multifibre Arrangement

2.3.9. The GATT Textiles Committee met in Geneva on 4 and 5 December. During this meeting, the Community representative reaffirmed the Community's position regarding the future textile arrangements, outlined in the Textiles Committee in July,² namely that the Community considered it necessary for the MFA to be extended for a further period, although it was ready to apply the multilateral and

bilateral provisions to be agreed in a more flexible manner, provided other exporting and importing countries also made a parallel effort towards the opening of their markets, according to their level of development.³

MFA countries

2.3.10. Consultations between the Community and various exporting countries on the adaptation of the bilateral textile trade agreements as a consequence of the accession of Spain and Portugal continued throughout the month. Protocols of adaptation were initialled with 19 countries.⁴

Mediterranean preferential countries

2.3.11. Following consultations, agreement was reached with Turkey on 13 December on the renewal of the administrative cooperation arrangement for cotton yarn for a further two-year period (1986-87). It was also agreed to extend the coverage of the arrangement to cotton cloth, terry towelling, cotton velvet and acrylic yarn. Consultations were also held with Malta and on 4 December it was agreed to renew the administrative cooperation arrangement for the years 1986 and 1987.

Non-ferrous metals

2.3.12. The export arrangements in force in 1985⁵ for certain kinds of non-ferrous metal waste and scrap were renewed by the Council for 1986.⁶ The arrangements involve quotas for exports of aluminium and lead waste.

Electronic goods

Restructuring of tariffs on certain kinds of electronic goods

2.3.13. On 20 December the Council,⁶ acting on a proposal from the Com-

¹ For steel products, see point 2.1.37.

² Bull. EC 7/8-1985, point 2.3.6.

³ Bull. EC 11-1985, point 2.3.4.

⁴ Bull. EC 11-1985, point 2.3.6; Bull. EC 10-1985, point 2.3.5.

⁵ OJ No L 335, 22.12.1985; Bull. EC 12-1985, point 2.2.12.

⁶ OJ L 351, 28.12.1985.

mission,¹ adopted a Regulation raising the duty on video recorders from 8% to 14%. The increase will enter into force on 1 January 1986 and, in accordance with GATT rules, is accompanied by compensatory measures. These consist of a reduction from 17% to 14% in the duty on semi-conductors and the abolition of the duties previously charged on electronic calculators (4.5%), portable radios (14%), portable cassette players (7.4%) and clock radios (14%).

Relations with industrialized countries

United States²

Annual ministerial meeting between the Community and the United States

2.3.14. The fifth ministerial meeting³ between the Commission (Mr Delors, Mr De Clercq, Mr Narjes, Mr Andriessen, Lord Cockfield and Mr Cheysson) and the United States (Mr George Shultz, Secretary of State, Mr Malcolm Baldrige, Secretary of Commerce, and Mr Clayton Yeutter, President Reagan's Trade Representative) took place on 13 December.

The discussions covered a full range of topics of mutual interest, notably the economic situation, the new round of multilateral trade negotiations and agriculture.

On macroeconomic policy, the United States showed further evidence of increased awareness that trade problems stemmed in part from the budget deficit and the overvalued dollar. Similarly, new moves like the 'Baker Plan' (→ point 2.3.35) indicate a shift in the US attitude with regard to Third World debt, as well as helping to bring about greater confidence. The discussions on these matters will need to be taken a stage further.

Both sides reaffirmed their conviction that there is still a vital need for cooperation between the Community and the United

States in multilateral forums and on trade and financial matters.

Turning to agriculture, the two sides agreed that they were confronted with similar problems, notably overproduction and the need to make market forces play a bigger role in agriculture.

At a press conference following the meeting, Mr Shultz, Mr Baldrige and Mr Yeutter for the United States and Mr Delors, Mr De Clercq, Mr Narjes and Mr Andriessen for the Community summed up their discussions.

The keynote of the press conference was the desire to keep bilateral commercial disputes in perspective and an insistence on the values shared by the Community and the United States.

Mr Delors said that difficulties had been identified and attempts made to find ways of strengthening cooperation. From the point of view of global responsibilities, 1985 had finished better than it had begun and it was hoped that there would be a new GATT round, preferably in Brussels. All parties had to make their contribution: the United States by reducing its deficit, Japan by opening up its market and the Community by giving a further boost to world growth. The discussions had also covered the Baker Plan and ways of extending it and, although there was no spirit of false optimism, it was agreed that the Plan represented a constructive step. The atmosphere had been one of close cooperation, strengthened by a consciousness of shared values.

Mr Shultz, the Secretary of State, emphasized the vital importance of relations with the Community and noted the particularly satisfactory nature of the first meeting with the new Commission.

Mr Yeutter was asked about the question of fair trade and the list of unfair American

¹ Bull. EC 7/8-1985, point 2.3.10.

² Relations with the United States in the steel sector are dealt with in point 2.1.36.

³ Fourth meeting: Bull. EC 12-1984, point 2.2.13.

practices which Mr De Clercq had given to him. He replied that the United States believed firmly in free and fair trade and that the Community had every right to point out any practices which it did not consider legitimate.

Mr Baldrige emphasized that the United States telecommunications market was the most open in the world. Mr Delors noted that there was a Community-United States joint working party which would continue to strengthen cooperation in this area.

The ministerial meeting gave Mr De Clercq the opportunity to hand to Mr Yeutter a list of United States trade practices which, in the Commissions' view, hamper Community exports to the United States. Since President Reagan's 'fair trade' speech on 23 September,¹ in which he denounced the unfair trade practices and the trade barriers from which the United States suffered at the hands of its trading partners, the Commission has repeatedly expressed its concern over what appears to be an excessively one-sided view of such practices. International opinion might well be led to believe that the United States was the only country which was 'playing the game' in international trade.

The Commission departments, working in conjunction with the Member States, are at present conducting an in-depth study of United States trade practices in a number of fields. It is clear that in a variety of areas—tariffs, import restrictions, standards, direct or indirect export subsidies, to mention only a few—the United States is resorting to practices which hinder exports from the Community.

The list is by no means exhaustive but is already sufficient to strengthen the Community's hand in pointing out to the United States that the concept of 'fair trade' must be applied even-handedly on both sides of the Atlantic.

Textiles and footwear

2.3.15. On 17 December President Reagan vetoed the legislation passed by Congress

—the Textile and Apparel Trade Enforcement Act of 1985—providing for import restrictions on textiles from Asian countries and on footwear from all sources.

Mr De Clercq, Member of the Commission with special responsibility for external relations and trade policy, had commented earlier:

'In the Community's view, a Presidential veto is the only coherent course of action to take. While the bill excludes the Community from restrictive measures where textiles are concerned, the Community is convinced that US action will put at risk the existence of the MFA, which remains in its view the necessary international mechanism for the orderly development of trade in textiles. I also want to state unequivocally that US restrictions on Community exports of footwear would be bound to provoke Community countermeasures on US exports to the Community.'

Canned fruit

2.3.16. The Council adopted the Decision on the conclusion of the agreement of 29 November in the form of an exchange of letters between the Community and the United States concerning canned fruit and dried grapes.² This exchange of letters settles the trade dispute with the United States on the arrangements for aid for the processing of canned fruit.

*

2.3.17. On 13 December Parliament passed a resolution on protectionism in trade between the Community and the United States³ (→ point 2.5.12).

Japan

2.3.18. Mr Nicolas Mosar, Member of the Commission with special responsibility for energy, visited Tokyo from 16 to 18 December for talks with the Japanese authorities on energy policy matters (→ point 2.1.228).

¹ Bull. EC 9-1985, point 2.3.7.

² Bull. EC 11-1985, point 2.3.11.

³ OJ C 352, 31.12.1985.

Canada and Australia

2.3.19. Consultations were held between the Commission and Australian government officials in Canberra from 2 to 6 December on the 1981 agreement between Euratom and Australia and between the Commission and Canadian Government officials in Brussels on 26 and 27 November on the 1959 agreement between Euratom and Canada.

European Free Trade Association

Joint Committee

2.3.20. The Community held its annual Joint Committee meetings with Switzerland, Austria, Sweden, Norway, Iceland and Finland in December.

At these meetings EFTA countries generally expressed their appreciation of the work under way with regard to the implementation of the Luxembourg Declaration,¹ but felt that the time for more concrete steps had come. All EFTA countries expressed strong concern with regard to the negotiations for the adaptation of the Community-EFTA agreements (→ point 2.3.21).

These negotiations were virtually deadlocked because of the unreasonable position taken by the Community, their spokesmen declared. They requested full equal treatment and rejected therefore the immediate implementation of zero duties for Spanish exports of industrial goods to their markets and the complete lifting of restrictions on textiles coming from Portugal.

In the course of the meetings, views were exchanged on the economic situation on both sides, international trade relations, GATT and a number of bilateral issues.

Particular attention was given during this round to the anti-dumping measures taken or envisaged by the Community on wooden panels (Switzerland), clogs (Sweden) and silicon carbide (Norway).

Adaptation of Community-EFTA Agreements as a consequence of enlargement

2.3.21. On 20 December the Council briefly discussed the adaptation of the

Agreements between the Community and the EFTA countries as a consequence of enlargement. The negotiations are deadlocked at the moment, as the EFTA countries have refused to abolish duties on imports of industrial goods from Spain from 1 January 1986 or to grant free access for textiles from Portugal.²

Accordingly, on 20 December³ the Council adopted a Regulation (EEC) and a Decision (ECSC) of the Representatives of the Governments of the Member States meeting within the Council and of the Commission concerning the conclusion with each EFTA country (Austria, Finland, Iceland, Norway, Sweden and Switzerland) of an agreement on the arrangements for maintaining reciprocal trade concessions (standstill) applicable from 1 January 1986 to 28 February 1986 to trade between Spain and Portugal, on the one hand, and each EFTA country, on the other, while waiting to reach agreement before 17 March 1986.

Sweden

2.3.22. The Swedish Minister of Finance, Mr Kjell-Olaf Feldt, visited the Commission on 16 December. He met Mr Delors, Mr Narjes, Mr De Clercq and Mr Pfeiffer.

The main subjects raised were the adaptation protocols to the Community-EFTA Agreements (→ point 2.3.21), research and development and economic and monetary questions.

Relations with other countries and regions⁴

Mediterranean countries

Overall Mediterranean policy

2.3.23. In accordance with the directives adopted by the Council on 25 and 26

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

² Bull. EC 11-1985, point 2.3.15.

³ OJ L 370, 31.12.1985.

⁴ For financial and technical cooperation with the countries of Asia, see point 2.3.56.

November,¹ the Commission opened negotiations in December with the Mediterranean non-Community countries with a view to adapting the cooperation or association Agreements as a consequence of the accession of Spain and Portugal to the Community.

Meetings took place with Israel (3 December), Jordan (11 December), Morocco (16 December) and Tunisia (19 December).

At these meetings, which were also attended by the Member States' representatives, the Commission presented the Community's offer both on trade and with regard to the guidelines proposed for cooperation over the next five years. The negotiations are due to resume in January 1986.

Cyprus

2.3.24. The first round of negotiations between Cyprus and the Community on movement to the second stage of the association agreement took place on 12 December. On the same day, Mr G. Iavocou, Foreign Minister of Cyprus, visited Brussels for talks with Mr Claude Cheysson, Member of the Commission with special responsibility for Mediterranean policy. The discussions were concerned with the future negotiations between Cyprus and the Community on the transition to the second stage of the agreement, which provides for the two parties to establish a customs union.

2.3.25. Mr Cheysson returned the visit when he went to Cyprus on 23 and 24 December for talks with Mr Spyros Kyprianou, President of the Republic of Cyprus, and with Mr Iavocou. The discussions were concerned with a general stocktaking of relations between the Community and Cyprus.

2.3.26. Pending the opening of negotiations aimed at placing the trade arrangements with Cyprus on a contractual footing, the Council again unilaterally extended² on 20 December the arrangements governing trade with Cyprus,³ which were due to expire on 31 December 1985.⁴

Malta

2.3.27. On 20 December the Council adopted a Regulation extending the trade arrangements with Malta,² which were due to expire on 31 December 1985.⁵

2.3.28. On 4 December the second EEC-Malta financial protocol was signed.⁶ The amount involved is 29.5 million ECU.

Jordan

2.3.29. Mr Cheysson paid an official visit to Jordan from 20 to 23 December. He was received by King Hussein, Crown Prince Hassan and the Prime Minister, Mr Zeyd Rifai. He also had talks with Mr Taher Masri, Foreign Minister, Dr Abdalla Nsour, Minister of Planning, and with the presidents of the Senate and the House of Representatives. They discussed opportunities for expanding trade between Jordan and the Community and also the advantages of cooperation.

Israel

2.3.30. In the course of an official visit to Israel Mr Cheysson met the Prime Minister, Mr Shimon Perez. He also had talks with Mr Itzhak Shamir, Foreign Minister, Mr Ariel Nehamkin, Agriculture Minister, Mr Ariel Sharon, Minister of Industry and Trade, Mr Itzhak Modai, Finance Minister, and Mr Shlomo Hillel, Speaker of the Knesset.

In addition to the question of the effects of the enlargement of the Community, the discussions covered the development of Community-Israel relations in the industrial, agricultural, technological and research fields.

¹ Bull. EC 11-1985, point 2.3.16.

² OJ L 351, 28.12.1985.

³ OJ L 369, 20.12.1983.

⁴ OJ L 162, 21.6.1985.

⁵ OJ L 367, 31.12.1980.

⁶ Bull. EC 11-1985, point 2.3.17.

Countries of the Gulf and the Arabian Peninsula

2.3.31. Following the decision reached by the Luxembourg Ministerial meeting between the Community and the Gulf Cooperation Council on 14 October,¹ the first round of high level discussions, to explore the substantive issues to be covered in an agreement between the two regions, took place in Paris on 6 December. The discussions were concerned mainly with industrial cooperation.

Latin America

Peru

2.3.32. Mr Tantalean Urbulu, Peru's Minister of Planning, visited the Commission on 18 December. He described the present economic situation in Peru and the economic policy of the newly elected President Garcia. The Minister described in particular the government's strategy for rural development and had discussions with the Commission departments on the projects already under way and also those recently identified (programme of rural projects to help two depressed rural areas in the Puno department). Mr Urbulu also had talks with Mr Willy De Clercq, Member of the Commission with special responsibility for external relations and trade policy.¹

State-trading countries

China

2.3.33. Four years after the first such event in 1981, the second EEC-China Business Week, which was organized by the Commission and opened by Mr Willy De Clercq, took place in Brussels from 2 to 7 December. A total of 225 firms and banks from Community countries, and also from Portugal and Spain, took part.

The Chinese delegation was some 200 strong; it consisted of central government representatives and also senior figures from 11 provinces and urban centres. It was led

by State Councillor Mr Zhang Jingfu, who was assisted by three deputies; Mr Jia Shi, Deputy Minister for Economic Relations and External Trade, Mr Zhao Weichen, Deputy Chairman of the State Economic Commission, and Mr Chen Bangzhu, Deputy Governor of Hunan province.

The leaders of the Chinese delegation also had talks during the week with Mr Delors, Mr De Clercq, Mr Narjes, Lord Cockfield, Mr Cheysson and Mr Clinton Davis.

The main purpose of the Business Week was to provide a framework for discussions and negotiations on some 300 projects (technology transfer and capital projects) which were put forward by the Chinese delegation. During the week some 500 bilateral meetings were arranged between businessmen from the Member States and the Chinese delegates. Talks were also given by the delegates from the Chinese provinces and urban centres (covering their economic situation and development plans), plus 'workshops' by European experts on Chinese legislation and economic regulations.

The participants pronounced themselves highly satisfied with the Business Week, which should be regarded as a landmark in the process of broadening trade relations between the Community and China. Its impact will be felt for many months to come.

Romania

2.3.34. The fifth meeting of the EEC-Romania Joint Committee took place in Brussels on 9 and 10 December. The head of the Community delegation was Mr Willy De Clercq, while Romania's delegation was led by Mr Vasile Pungan, Minister of Foreign Trade and International Economic Cooperation.

It was clear from the private talks between the two heads of delegation that the main concern of the Romanian side was the speedy opening of negotiations on an EEC-Romania cooperation agreement. The Joint Committee recommended that the working

¹ Bull. EC 10-1985, point 2.3.21.

parties should report more speedily in order to allow the decision-making bodies on both sides to state their position.

In the course of the meeting the Community also agreed to a number of Romanian requests for improved access to the Community market. Some 200 import restrictions will be abolished for products from Romania from 1 January 1986, and at the same time a number of quotas will be increased.

In return, Romania gave a number of broader undertakings concerning counter-trade and the improvement of economic information. Romania also undertook to comply more fully with the provisions of the 1980 Agreement¹ under which Romania was to expand its imports of Community products at a rate at least equal to the growth of imports originating in other GATT member countries.

Development

North-South relations

The debts of developing countries

2.3.35. The problem of the debts of developing countries was discussed at a special session of the OECD Executive Committee on 12 December and in ministerial consultations between the Commission and the United States on 13 December (→ point 2.3.14). At the OECD, emphasis was placed on the need for structural adjustment, in both debtor and industrialized countries, and for lower interest rates and renewed bank lending; fears were also expressed about the adverse trends affecting commodities. In the consultations between the Commission and the United States, agreement was reached on the need for consistent action by all the parties concerned in order to ensure success for the Baker initiative² on a worldwide scale and enable the debt problem to be resolved in a context of economic growth in the debtor countries.

ACP-EEC Convention

Negotiation of the Protocol of Accession of Portugal and Spain

2.3.36. On 10 December the Commission, in accordance with Article 284 of the third Lomé Convention and the directives given by the Council in November,³ opened negotiations with the ACP ambassadors with a view to the conclusion of a Protocol of Accession of Portugal and Spain to the Convention. These negotiations are concerned principally with the transitional or adaptation measures for trade which are necessary under the terms of the Act of Accession before the two acceding countries can apply in full the trade arrangements of the Lomé Convention.

Generalized tariff preferences

1986 scheme

2.3.37. On 17 December the Council adopted the various Regulations concerning the generalized tariff preferences which the Community will apply in 1986 to certain industrial, textile and agricultural products originating in developing countries. The Commission had presented its proposals in August⁴ and opinions on the scheme were delivered subsequently by Parliament⁵ and the Economic and Social Committee.⁶ The Council had agreed on a joint position on these Regulations in November.⁷ The representatives of the Governments of the Member States of the ECSC also adopted on 17 December a Decision applying gener-

¹ Fourteenth General Report, point 705.

² The aim of this plan is to make a three-pronged attack on the developing countries' external financing difficulties, through the following measures: continuation of adjustment policies by debtor countries; allocation of a broader supervisory role to development banks, plus increased financing, to back up the support already provided by the IMF; resumption of financing by the commercial banks.

³ Bull. EC 11-1985, point 2.3.38.

⁴ Bull. EC 7/8-1985, point 2.3.40.

⁵ OJ C 301, 25.11.1985; Bull. EC 10-1985, point 2.3.32.

⁶ Bull. EC 11-1985, points 2.3.26 and 2.5.24.

⁷ Bull. EC 11-1985, point 2.3.26.

alized preferences for 1986 to certain steel products originating in developing countries.

Seminars

2.3.38. Under its programme of action to disseminate information about the generalized preferences system, the Commission financed a regional seminar held in Colombo, Sri Lanka, from 2 to 6 December, to which participants from 10 of Asia's least-developed countries were invited.

2.3.39. Commission experts, accompanied by officials from the Commission's delegation for South Asia, also gave seminars on the Community's GSP in Madras (9 December), Calcutta (11 December) and Bombay (13 December).

Commodities and world agreements

Unctad Committee on Commodities

2.3.40. The 11th plenary session of Unctad's Committee on Commodities, meeting in Geneva from 2 to 13 December, resulted in a broad consensus of agreement on a number of substantive and procedural issues. What emerged from the meeting was an identical view of the problems of the Common Fund, the difficulties encountered generally by the integrated programme agreements and their role in achieving the programme's objectives; on the other hand, there was a lack of significant progress on such matters as commodity processing, marketing and distribution.

Mr A. MacIntyre, Deputy Secretary-General, expressly referred, in his opening address, to the bridging role of the Committee's work between the Unctad VI meeting held in Belgrade and the next conference, due to be held in June 1987.¹

Cocoa

2.3.41. The 51st meeting of the Executive Committee of the 1980 International Cocoa Agreement,² which was held in London

from 2 to 5 December, was mainly devoted to studying two proposals by the group of consumer countries to amend the buffer stock rules. Neither of the two proposals was adopted, much to the disappointment of the consumers' group. The group of producers preferred that the discussions on possible ways of improving the operating rules be held later in connection with a new agreement. The current agreement expires on 30 September 1986.

Tropical timber

2.3.42. The International Tropical Timber Council, meeting in Geneva from 25 to 30 November, failed to reach agreement on the two questions outstanding since June, namely the location of its headquarters and the appointment of an executive director. The choice, at the end of this recent session of the Council, is between three cities (Amsterdam, Yokohama and Jakarta) and two persons (a Zairian and a Malaysian). The lack of agreement on these two questions is the reason why the research and development projects, the shape of which has been worked out with the help of the FAO, cannot get under way. A further meeting of the Council will be convened during the first half of 1986 after informal consultations have taken place.

Coffee

2.3.43. The meeting of the Executive Board of the International Coffee Organization, which took place in London from 25 to 28 November, was concerned principally with the market situation, following the Brazilian drought and its forecast effects on production and prices. A number of measures were taken with the aim of increasing the quantity of coffee available on the market in an effort to reassure the trade and quell speculation. The problem

¹ Bull. EC 7/8-1983, point 2.2.61.

² Bull. EC 7/8-1985, point 2.3.42.

of coffee exports at lower prices to countries not party to the Agreement was also discussed, but no final decision was taken.

958 of the 1985 budget and this proposal provides the legal basis for their utilization. The proposal replaces the one made by the Commission on 6 August 1985,³ which the Council was unable to accept.

Campaign against hunger

Special programme to combat hunger in the world

2.3.44. On 16 December the Commission sent the Council a proposal for a Regulation¹ to extend until 31 December 1987 the validity of the Council Regulation of 11 July 1983 implementing a special programme to combat hunger in the world,² which expired on 31 December 1984. Parliament entered the appropriations required for this programme to continue at Article

Food aid

2.3.45. On 9 December the Council adopted, on a proposal from the Commission, the Decision authorizing the Commission to participate in the negotiations for the extension or replacement of the 1980 Food Aid Convention.⁴

2.3.46. With the endorsement of the Food Aid Committee, the Commission decided on the food aid operations, financed from the Community budget, set out in Table 8.

¹ COM(85) 699 final.

² OJ L 196, 20.7.1983; Bull. EC 7/8-1983, point 2.2.65.

³ OJ C 219, 29.8.1985; Bull. EC 7/8-1985, point 2.3.44.

⁴ COM(85) 558 final.

Table 8 — Food aid operations

		tonnes			
		Cereals	Milk powder	Butteroil	Other products
Chad	fd			300	
Chad (alt. op.)	—	Grant of 2 130 000 ECU in place of 15 000 tonnes of cereals			
Niger (alt. op.)	—	Grant of 2 130 000 ECU in place of 15 000 tonnes of cereals			
Ghana	cif	10 000	900	300	
Sao Tome and Principe	cif	1 000			100 (veg. oil)
Zaire (cancelled)	cif	— 12 000			
Ethiopia	fd	30 000		500	
Tanzania	cif	10 000	1 200	340	
Botswana	fd	4 000	200		
Lebanon	fob			200	
Bolivia	fd	10 000	1 000	200	500 (veg. oil) 1 000 (beans)
Peru	fob	2 000	1 400	200	
	cif				
Equador	fob		200		
Haiti	cif	2 000			
Pakistan	cif		800	650	500 (veg. oil)
Philipp.	cif		600		
UNHCR	fd	45 000		1 000	2 000 (sugar)
Unpro	fd				2 350 (beans) 1 800 (dried fish)

2.3.47. On 12 December Parliament adopted a resolution on the situation in Afghanistan, with particular reference to the question of food aid for Afghan refugees¹ (→ point 2.5.12).

Emergency aid

Rehabilitation plan for drought-stricken African countries

2.3.48. The Commission and the Member States held a meeting in Brussels on 2 December to examine the guidelines drawn up by the Commission for implementing the rehabilitation and economic recovery plan for those African countries most affected by the drought, the plan having been already approved by the Council on 4 November.² The discussion centred on the coordination of Community measures and action by the Member States and on the latter's own contribution.

Angola and Mozambique

2.3.49. In the light of the critical situation caused by the drought and following appeals made by the Angolan and Mozambican Governments, the Commission decided on 14 December to provide 8 million ECU of emergency aid for these two countries under Article 950. In Angola the aid will be implemented by the International Committee of the Red Cross and is intended to finance medical assistance and agricultural improvement measures. In Mozambique, the Community contribution will be administered by locally based humanitarian organizations (Médecins sans Frontières Belgique, Association Française des Volontaires du Progrès, Care France and Bioforce), whose role will be to help meet the most immediate needs of the people concerned and provide a sound basis for further recovery measures.

The sum of 8 million ECU was allocated as follows: Angola, 2 500 000 ECU; Mozambique, 4 500 000 ECU; reserve, 1 000 000 ECU.

Self-sufficiency of refugees

2.3.50. On 4 December the Commission decided to provide 150 000 ECU to finance a project for displaced Tamils in Sri Lanka. The aim of the project is to rehabilitate and provide income-producing activities for:

- (i) 500 Sri Lankan Tamil families from the town of Karaitivu, forced to flee following racial disturbances in April, who will return to their former home district on the east coast;
- (ii) 60 Tamil refugee families from the south who fled to the north of Sri Lanka following racial violence in 1983.

The project will be financed from Article 936 of the 1985 budget, which is designed to provide emergency aid to help refugees, displaced persons and other population groups which have left their country of origin or residence to regain self-sufficiency.

Stabex

Advances

2.3.51. The Commission received a request from Senegal for a Stabex transfer advance concerning application year 1985 as a result of losses on groundnut exports. On 23 December it approved the payment of an advance of 10 million ECU.

2.3.52. On 23 December the Commission also accepted applications for advances under the allocation of the unexpended balance of Lomé II from Mali and Western Samoa. The amounts involved are 383 137 ECU and 977 849 ECU respectively.

Mining cooperation

ACP States

Sysmin

2.3.53. The Commission declared Zaire eligible to receive a second payment from

¹ OJ C 352, 31.12.1985.

² Bull. EC 10-1985, point 1.4.1 *et seq.*

the special financing facility provided for under Article 51 of the second Lomé Convention (Sysmin). An initial payment of 40 million ECU, approved early in 1982, had been used, by joint agreement between Zaire and the Community, in connection with a major overhaul of Zaire's copper and cobalt industry. Three years later, the injection of finance produced dividends and despite the fall in prices in 1981, particularly on the international markets, Zaire was able to embark upon a genuine revitalization of its mining sector. Consolidation has been undertaken subsequently in the form of a programme of rehabilitation and rationalization of production and export capacity which will be two-thirds self-financed. Other aid institutions, including the World Bank and the EIB, have expressed interest, in the light of the results already achieved, in contributing to the external financing (approximately 300 million ECU) of this programme.

Industrial cooperation

ACP States

2.3.54. The Libreville Industrial Forum took place in Libreville, Gabon from 5 to 8

December. Its aim was to provide a favourable setting in which European manufacturers and representatives of appropriate African bodies could meet in order to promote business and trade cooperation. There were over 330 participants from 20 countries, including 190 on the African side. The Forum was organized by the Centre Gabonais du Commerce Extérieur under the patronage of Udeac (Central African Customs Union), with help from the Community, Unido and the CDI (Centre for the Development of Industry). Although it is always difficult to assess the results of an event of this kind, it would seem that the Forum was considered a success by African and European participants alike.

Financial and technical cooperation

ACP States and OCTs

2.3.55. In December the Commission decided to allocate fourth and fifth EDF resources totalling 66 316 000 ECU to finance projects and programmes which it administers in the following sectors:

Table 9 — *Financing of fourth and fifth EDF operations*

		<i>million ECU</i>	
		Grants	Loans
<i>Rural production</i>			
Ivory Coast	Fisheries	0.850	
Burundi	Predominantly agricultural integrated projects	15.500	
<i>Economic infrastructure</i>			
Benin	Roads	11.020	6.400
Guyana — Suriname	Transport	12.100	
<i>Social development</i>			
Fiji	Training (study awards)	0.100	
Guinea	Training (study awards)	2.265	

Table 9 (continued)

	Project	million ECU	
		Grants	Loans
Zaire	Teacher training and provision of instructors	10.000	3.200
Swaziland	Educational infrastructure	0.700	
Madagascar	Village water engineering	1.860	
<i>Trade promotion</i>			
Regional project	Assistance for ACP/EEC trade organizations	1.416	
<i>Other</i>			
The ACP-EEC Courier	Information and documentation	0.905	
	Total	56.716	9.600

Non-associated developing countries

2.3.56. With the endorsement of the Committee on Aid to Non-associated Developing Countries, the Commission took the following financing decisions, in December under Article 930 of the Community budget:

Bangladesh: Cotton development project, phase II (autonomous project) — total cost 5.6 million ECU, Community contribution 4.9 million ECU;

Mozambique: Reorganization and development of fisheries (autonomous project) — total cost 8.9 million ECU, Community contribution 7.4 million ECU;

Thailand: Agricultural credit and rubber plantations project (autonomous project) — total cost 62 million ECU, Community contribution 35 million ECU;

Angola: Improvement of fish marketing in Namibe province (autonomous project) — total cost 5 million ECU, Community contribution 4.3 million ECU.

Regional cooperation

ACP States

2.3.57. In pursuit of the objectives and principles of Lomé III, important strides

have been made in the dialogue between the Community and two ACP subregions — the Caribbean and the Pacific — aimed at establishing coherent and efficient EEC regional aid programmes in support of the economic and social development of the two subregions.

Detailed discussions were held at the headquarters of the Secretariat of the Caribbean Community (Caricom) between Commission officials and representatives of the Caribbean regional institutions, accompanied by representatives of the ACP States within the area. The purpose of the meeting was to start a dialogue on the principles to govern the use of the sixth EDF resources available to the 13 Caribbean ACP States for the financing of regional projects. It is intended that these principles should serve as a basis for the proposals which the Caricom Council of Ministers will present to the Commission early in 1986.

2.3.58. At the same time, meetings were held at the offices of the South Pacific Bureau for Economic Cooperation (SPEC) in Suva, Fiji, between Commission and SPEC officials. The discussions covered the principles and procedures as well as the sectoral guidelines for the Lomé III Pacific regional programme, with a view to arriving at a coherent integrated programme early in 1986.

Cooperation via non-governmental organizations

2.3.59. In the period 1 January to 31 December a total of 38.7 million ECU was committed by the Commission for the co-financing of 315 projects in developing countries presented by 125 NGOs.

The Commission also contributed 3.4 million ECU to 66 campaigns to increase European public awareness of development issues.

*

2.3.60. On 12 December Parliament passed two resolutions on Ethiopia, one concerning the situation in that country and the other on the population resettlement operations¹ (→ points 2.5.12 and 2.5.13). On the same day it also adopted a resolution on respect for the sovereignty of Angola (→ point 2.5.13).

International organizations and conferences

United Nations

Economic and Social Council

Economic Commission for Europe

2.3.61. The Committee on the Development of Trade held its 34th session² in Geneva from 2 to 6 December. In response to an invitation from the Greek Government it decided to hold a seminar on the possibilities and prospects for East-West trade in Athens next September.

Unesco

2.3.62. On 13 December Parliament passed a resolution on the future of Unesco¹ (→ point 2.5.12).

United Nations Environment Programme

2.3.63. The first African Ministerial Conference on the Environment was held in Cairo from 16 to 18 December on the basis of a report drawn up by the Executive Director of UNEP in consultation with the United Nations Economic Commission for Africa and the Organization of African Unity (→ point 2.1.150).

General Agreement on Tariffs and Trade

2.3.64. The GATT Textiles Committee met in Geneva on 4 and 5 December (→ point 2.3.9).

Organization for Economic Cooperation and Development

2.3.65. A further meeting of the OECD Environment Committee in Paris from 10 to 12 December was attended by Commission representatives (→ point 2.1.149).

2.3.66. The OECD Executive Committee held a special meeting on 12 December to discuss the debts of developing countries (→ point 2.3.35).

Diplomatic relations

2.3.67. The President of the Council and the President of the Commission received His Excellency Mr Paul Khotso Moonyane, Head of Mission of the Kingdom of Lesotho to the European Communities, who presented his letters of credence, to take effect on 17 December.

¹ OJ C 352, 31.12.1985.

² Bull. EC 12-1984, point 2.2.56.

4. Financing Community activities

Budgets

General budget

1986 budget

Second reading by Parliament

2.4.1. At its December part-session Parliament gave a second reading to the new draft general budget for 1986. The debate on 10 December (→points 2.5.9 and 2.5.10) showed that Members were generally dissatisfied at the outcome of the Council's second reading¹ from the point of view of the smooth operation of the structural Funds in 1986 (covering the 'cost of the past') and the integration of Spain and Portugal in the Community's financial mechanisms. Since Parliament's margin of manoeuvre under Article 203(9) EEC is not sufficient to finance this expenditure, the most Parliament could do would be to allocate the same percentage of appropriations as the Council has earmarked for this purpose.

At its meeting in Strasbourg on 11 and 12 December the Council proposed a compromise under which, in addition to more commitments to ensure the smooth operation of the structural Funds in 1986, the amount adopted in its second reading would be increased by 242 million ECU in appropriations for payments. Of this total 150 million would be for the 'cost of the past' and the remainder Parliament's margin of manoeuvre.

Parliament did not accept this offer and voted² increases in the amounts resulting from the Council's second reading³ of 472.7 million ECU in appropriations for commitments and 628.7 million ECU in appropriations for payments thus bringing the grand total of the 1986 budget to 35 120 million ECU in commitments and 33 314 million ECU in payments (see Table 10). Parliament considered that expenditure on the 'cost of the past' and enlargement was exceptional and was therefore not caught

by the procedure provided in the Treaties for fixing the new rate of increase for non-compulsory expenditure.

On 18 December the President of Parliament, Mr Pierre Pflimlin, declared the 1986 budget finally adopted.⁴

On 19 December the Commission asked the Council and Parliament for a meeting between the three Presidents of the institutions (the triologue)⁵ to avoid a legal dispute over the 1986 budget between the Council, or some of its members, and Parliament.

On 20 December the Council decided to bring an action before the Court of Justice against the 1986 budget as adopted by Parliament and against the declaration by the President of Parliament that the budget was adopted.

Own resources

2.4.2. On 20 December the Council, acting on a proposal from the Commission,⁶ extended by three years⁷ the Regulation of 19 December 1977⁸ implementing in respect of own resources accruing from value-added tax the Decision of 21 April 1970 on own resources.⁹

Financial Regulation

2.4.3. On 10 December Parliament gave its opinion² on the draft Regulation laying down detailed rules for the implementation of certain provisions of the Financial Regulation of 21 December 1977,⁷ which the Commission had sent to all the institutions in August 1980¹⁰ and which it updated last

¹ Bull. EC 11-1985, point 2.4.3.

² OJ C 352, 31.12.1985.

³ Bull. EC 11-1985, point 2.4.3.

⁴ OJ L 358, 31.12.1985.

⁵ OJ C 194, 28.7.1982; Bull. EC 6-1982, point 1.1.1 *et seq.*

⁶ OJ C 125, 22.5.1985; Bull. EC 4-1985, point 2.3.4.

⁷ OJ L 356, 31.12.1985.

⁸ OJ L 336, 19.12.1977; OJ L 360, 23.12.1983.

⁹ OJ L 94, 28.4.1970.

¹⁰ Bull. EC 7/8-1980, point 2.3.77.

July.¹ Parliament approved the initial and updated drafts and merely asked the Commission to incorporate the technical amendments which it had made to the texts.

The Court of Auditors gave its opinion on 19 December.

The Economic and Social Committee also gave a favourable opinion on the updated draft Regulation¹ on 18 December (→ point 2.5.29).

The Commission will be able to adopt the new Regulation on the implementing rules when the Council has given its opinion.

ECSC operating budget

Adoption of the 1986 operating budget

2.4.4. After informing Parliament and the ECSC Consultative Committee, the Commission decided on 18 December to maintain a 0.31% levy rate on ECSC products for 1986.²

The operating budget adopted by the Commission on the same day is set out in Table 11.

¹ Bull. EC 7/8-1985, point 2.4.6.

² OJ L 344, 21.12.1985.

Table 11 — ECSC operating budget for 1986

Requirements		Resources	
Operations to be financed from current resources (non-repayable)		Resources for the financial year	
Administrative expenditure	5	Current resources	
Aid for redeployment (Art. 56)	150	Yield from 0.31% levy	170
Aid for research (Art. 55)	60	Interest on investments and on loans from non-borrowed funds	75
<i>Steel</i>	28.5	Fines and surcharges for late payment	29
<i>Coal</i>	22	Miscellaneous	token entry
<i>Social</i>	9.5	Cancellation of commitments unlikely to be implemented	5
Interest subsidies	58	Revaluation of assets and liabilities	token entry
<i>Investment (Art. 54)¹</i>	9	Unused resources carried over from 1985	token entry
<i>Conversion (Art. 56)</i>	49	Exceptional revenue	
Aid to coking coal and coal for the steel industry (Art. 95)	6	Social measures connected with restructuring of steel industry	100
Social measures connected with restructuring of steel industry ²	100	Social measures connected with restructuring of coal industry	60
Social measures connected with restructuring of coal industry ²	60	Contingency reserve	token entry
	439		439
Operations financed by loans from non-borrowed funds			
Subsidized housing	13	Special reserve and former ECSC Pension Fund	13

¹ Any additional resources would be allocated to interest subsidies on investment aid.

² Implementation of these chapters depends on the exceptional revenue actually being made available.

Financial operations

ECSC

2.4.5. On 13 December Parliament passed a resolution on the establishment, use and amount of the ECSC reserves¹ (→ point 2.5.12).

Loans raised

2.4.6. In December the Commission made a USD 100 million 10-year public issue. Carrying a coupon of 9.375%, the loan was issued at 100.75%. A number of private placings in German marks and Dutch guilders were concluded for the equivalent of 52.89 million ECU.

Loans paid out

2.4.7. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission made the following loans in December, totalling 152.92 million ECU.

Industrial loans

2.4.8. Industrial loans (Article 54) paid out during the month amounted to 77.94 million ECU. They were allocated to the following projects:

Italy

Nuova Italsider: continuous casting at Bagnoli steel plant.

France

Solmer SA: second continuous casting unit.

United Kingdom

Investors in industry, London: consumption of Community coal.

Federal Republic of Germany

Various companies were granted an extension for the repayment of loans.

Dresdner Bank — consumption of Community coal.

Subsidized housing

Loans for subsidized housing for ECSC workers totalled 6.23 million ECU.

Conversion loans

Conversion loans (Article 56) totalling 75.75 million ECU were granted to the following undertakings as multiregional loans for small businesses.

Federal Republic of Germany

Bank für Gemeinwirtschaft AG, Frankfurt;
Bayerische Hypotheken und Wechselbank AG, Munich;

Bayerische Landesbank Girozentrale, Munich;

Commerzbank AG, Düsseldorf;

Dresdner Bank AG, Frankfurt;

Saarländische Investitionskreditbank AG, Saarbrücken;

Westdeutsche Genossenschafts-Zentralbank AG, Münster;

Westdeutsche Landesbank Girozentrale, Düsseldorf;

Westfalenbank AG, Bochum.

Denmark

Finance for Danish Industry, Copenhagen.

France

Banque Populaire de Lorraine, Metz;

Banque Populaire du Nord, Marc-en-Barœul;

Crédit Industriel d'Alsace et de Lorraine, Metz.

¹ OJ C 352, 31.12.1985.

United Kingdom

Bank of Scotland, Edinburgh;
Barclays Bank, London;
Clydes Bank, Glasgow;
Investors in Industry, London;
Scottish Development Agency, Glasgow.

Luxembourg

Mecan Arbed, Dommeldange, Sàrl, Luxembourg.

Euratom

Loans raised

2.4.9. On 5 December the Council adopted a decision to increase 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.¹ A joint position had been agreed on in November.²

In December the Commission made a private placing in Belgian francs for the equivalent of 44.79 million ECU.

EEC-NCI

Loans raised

2.4.10. In December the Commission made a HFL 150 million 12-year public issue. Carrying a coupon of 7.25%, the loan was issued at par.

Loans paid out

2.4.11. Loans contracted in December totalled 127.4 million ECU, of which 14.1 million was exceptional aid for the reconstruction of areas hit by the November 1980 earthquake in Italy,³ 22.8 million ECU was under the first tranche of NCI III⁴ and 90.5 million ECU was under the second tranche of NCI III.⁵

The following loans were granted:

(i) France: two global loans for productive investments by small and medium-sized businesses in industry and related services.

These loans constitute the third tranche of the second global loan granted to the Crédit National (40 million ECU) and the second tranche of the third global loan granted to the Crédit d'Équipement des PME (10.4 million ECU).

(ii) Italy: four loans totalling 77.0 million ECU.

Two of these loans are global loans granted to Mediocredito Centrale (40.1 million ECU) and to Artigiancassa (13.4 million ECU) for small and medium-scale productive investments in central and northern Italy.

A loan of 9.4 million ECU was granted to ENEL to finance the installation of solar panels in residential buildings and buildings used by the service sector.

A loan of 14.1 million ECU will be used to repair railway lines in Campania and Basilicata damaged by the November 1980 earthquakes.

¹ OJ L 334, 12.12.1985.

² Bull. EC 11-1985, point 2.4.9.

³ OJ L 37, 10.2.1981.

⁴ OJ L 164, 23.6.1983.

⁵ OJ L 208, 3.8.1984.

5. Political and institutional matters

European political cooperation

2.5.1. Meeting in Brussels on 17 December the Foreign Ministers of the Ten and of Spain and Portugal adopted the following statement on East-West relations:

Statement on East-West relations

'The Ministers for Foreign Affairs of the Ten, as well as Spain and Portugal, meeting in Brussels on 16 and 17 December 1985, expressed their satisfaction at the much-awaited meeting between President Reagan and Secretary-General Gorbachev in Geneva from 19 to 21 November.

They welcome the fact that, after Mr Gorbachev's visit to Paris and the Geneva summit, a process has now begun which will include further meetings at the highest level. They hope that it will lead to an improvement in the international situation and to progress towards a fresh dialogue in all fields, including regional questions and those concerning human rights.

The Twelve have noted in particular the reaffirmation of the joint American-Soviet declaration of 8 January 1985 concerning the elaboration of effective agreements aiming at preventing an arms race in space, terminating it on earth, at limiting and reducing nuclear arms and at strengthening strategic stability. They hope that this process will reach reasonable, balanced and verifiable compromises in all these fields in order to allow a reduction of the nuclear arms of these two countries, medium-range weapons included, to the lowest possible level with due regard to the security of the European countries.

They also attach a high importance to the disarmament work under way in the multilateral forums, dealing, in particular, with conventional and chemical armaments.

As to the CSCE process as a whole, the Twelve will, despite certain disappointments, continue to work for positive results in all its aspects, in particular at the Conference of Stockholm and at the forthcoming Bern meeting, with a view to achieving a balanced outcome at the Vienna Conference, beginning in November 1986.

The Twelve reiterate their own determination to make every effort to contribute to greater stability in East-West relations as a basis for wide-ranging

and far-reaching cooperation with all the countries of Eastern Europe.'

*

2.5.2. The Ten, with Spain and Portugal, also issued the following statements on Afghanistan (24 December), the Philippines (30 December) and the outrages in Rome and Vienna (30 December).

Statement on the occasion of the sixth anniversary of the Soviet invasion of Afghanistan

'Six years ago Soviet troops invaded Afghanistan. The Ten, Spain and Portugal, as well as an overwhelming majority of the international community have, on many occasions, condemned this violation of international law, the United Nations Charter and the principles of the Helsinki Final Act.

The Ten, Spain and Portugal are deeply troubled by the situation in Afghanistan, where the fighting is growing more bitter and the repression more severe, infringing the basic rights of a people struggling to regain its independence and freedom. The continual and increasingly serious violations of human rights in Afghanistan, confirmed by the report of Mr Felix Ermacora, the rapporteur for the UN Commission on Human Rights, which has just been presented to the UN General Assembly, have made the sufferings of the Afghan people intolerable. On 13 December 1985, on the basis of the Ermacora Report, the UN General Assembly adopted by a huge majority a resolution on human rights in Afghanistan, of which the Ten, Spain and Portugal were co-authors.

The Ten, Spain and Portugal condemn the repeated attacks against the territory of Pakistan, which, in taking in three million refugees, is already bearing the harsh consequences of a war in which it has no part. They strongly condemn these violations of Pakistan's sovereignty.

The Ten, Spain and Portugal once again call for the withdrawal of Soviet troops from Afghanistan. They believe that only a fair and lasting political settlement in accordance with the principles of non-interference and self-determination, as restated in successive resolutions by the UN General Assembly, can bring about the peaceful solution that will put an end to the Afghan problem.

They support to that end the goodwill mission by the representative of the UN Secretary-General, which they hope will lead to swift and genuine

progress and, in particular, to a timetable for the withdrawal of Soviet troops, upon which any solution still critically depends.'

Statement on the elections in the Philippines

'The Member States of the European Community welcome the decision of the Philippine authorities to hold presidential elections in the near future.

They are following the situation in the Philippines closely and carefully and express the hope that the forthcoming elections may take place in scrupulous compliance with constitutional and legal provisions.'

Statement on the outrages committed at the airports of Rome and Vienna

'The Ten, Spain and Portugal most strongly condemn the shocking outrages committed at the airports of Rome and Vienna. They offer their sincere condolences to the families of the dead and their sympathy to the injured.

Far from serving the interests of the Palestinian people, such acts of terrorism only make it more difficult for them to achieve their legitimate rights.

Only a fair, lasting and global solution to the Middle East question, for which the Ten, Spain and Portugal have repeatedly stressed the need, can end the climate of tension in the region, which is giving rise to the acts of terrorism and violence. Efforts to find such a solution must be pursued unremittingly.

The Ten, Spain and Portugal urge all governments, without exception, to help actively with finding, arresting and bringing to justice those responsible for the outrages in Rome and Vienna, who should be given no shelter.'

*

2.5.3. At its December part-session Parliament adopted a number of resolutions on political cooperation and human rights (→ point 2.5.13).¹

European policy and relations between the institutions

European policy

Institutional reform

2.5.4. As instructed by the Heads of State or Government at their meeting in Luxem-

bourg on 2 and 3 December,² the Conference of the Representatives of the Governments of the Member States convened to amend the EEC Treaty and draft a treaty for a common foreign and security policy met on 16 and 17 December (→ points 1.1.3 and 1.1.4).

The discussions resulted in a number of texts, which constitute the final outcome of the proceedings of the Intergovernmental Conference convened following the Milan European Council.³

Certain proposals, in particular on cultural affairs, which were tabled at the Conference but could not be dealt with, were sent back to the Foreign Ministers, who will decide what action should be taken.

The texts produced by the Conference will be sent immediately to Member States, the acceding States, Parliament and the Commission.

The Presidency will make the necessary arrangements for legal and linguistic vetting and finalization.

2.5.5. Following its debate on the statements on the Luxembourg European Council on 2 and 3 December by Mr Jacques Santer, President of the European Council, and Mr Jacques Delors, President of the Commission, Parliament had earlier adopted a resolution expressing its dissatisfaction with the outcome of the meeting (→ points 1.1.1 and 1.1.2).¹

European Foundation

2.5.6. On 12 December Parliament adopted a resolution on the procedures for ratification of the agreement of 29 March 1982 establishing the European Foundation (→ point 2.5.12).¹

¹ OJ C 352, 31.12.1985.

² Bull. EC 11-1985, point 1.1.1 *et seq.*

³ Bull. EC 6-1985, point 1.2.1 *et seq.*

Institutions and organs of the Communities

Historical archives of the European Communities

2.5.7. The villa 'il Poggiolo' in Florence, where the archives deposited with the European University Institute are to be housed,¹ was formally opened on 13 December. The occasion was marked by an exhibition entitled 'From Messina to Rome—the relaunching of Europe 1955-57'.²

Parliament³

Strasbourg: 9 to 13 December

2.5.8. Parliament's December part-session was mainly devoted to the vote on the 1986 budget and the results of the Luxembourg European Council on 2 and 3 December (→ points 1.1.1 and 1.1.2).

1986 budget

2.5.9. The debate on the 1986 draft budget began on 10 December. There was determination to reach agreement but the dialogue was laborious. The Committee on Budgets had proposed adding 777 million ECU to the Council's figures on second reading:⁴ 650 million ECU to cover the cost of the past and 127 million ECU to ensure the budgetary neutrality promised to Spain and Portugal. However, the debate revealed that some members were prepared to moderate their demands if, in exchange, the Council offered a formal assurance that the Regional Fund and the Social Fund would be in a position to operate in 1986 for, with the figures produced by the Council on second reading, the two Funds would be savaged.

The President of the Council, Mr Juncker, appealed to members to give him an assurance that they were ready to compromise.

Mr Christodoulou (*EEP/G*), rapporteur for the Committee on Budgets, replied that Par-

liament wanted to reach a valid agreement covering all the outstanding issues (cost of enlargement, financing of the structural Funds, certainty of a supplementary budget). Failing this, it would be for Parliament to find a solution that saved the Community's reputation and allowed it to function properly.

Mr Chambeiron (*Com/F*) felt that the Council's draft achieved budgetary discipline with regard to the common agricultural policy and put a double clamp on farm prices, since the idea was to tailor a policy to a budget.

Mrs Christiane Scrivener (*Lib/F*) believed that the Council and Parliament must make a real effort. They must seek a compromise which reflected an objective appraisal of the present circumstances.

Mrs Carla Barbarella (*Com/I*) pointed out that the budget was not a political statement but a set of figures. Negotiate with the Council? Yes. But not on any old basis. A specific commitment had to be secured from the Council that would enable the Social Fund and the Regional Fund to operate in 1986.

Mr Guy Guermeur (*EDA/F*) held that the Council was presenting an incomplete budget and was suggesting flexible implementation, backed with assurances of supplementary budgets at some time or other. It was clear that certain countries which had been activists on the issue of enlargement were wanting to use the Community to find markets for their economies without paying the price of solidarity. Soon the weight of austerity would be falling

¹ Bull. EC 6-1983, point 2.4.10.

² The catalogue of the exhibition is obtainable from the Office for Official Publications of the European Communities (ref. ISBN 92-825-5631-X).

³ The complete texts of the resolutions adopted by Parliament are reproduced in OJ C 352, 31.12.1985, and the report of the proceedings is contained in OJ Annex 2-333. 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.

⁴ Bull. EC 11-1985, points 2.5.8 and 2.5.9.

upon the weaker countries, meaning both the newcomers and the present beneficiaries of the structural Funds.

2.5.10. On 12 December, as members were preparing to vote on the amendments tabled by the Committee on Budgets, the Council President, Mr Juncker, asked for the floor in a last bid to reach agreement after the failure of the conciliation meeting between the Council and Parliament the previous day. As he saw it, disagreement was over a difference of 200 or 300 million ECU and could have very serious consequences: the first was that some Member States would go to the Court of Justice if, as the Committee on Budgets wanted, Parliament decided to add to the Council's draft 569 million ECU—475 million ECU for the cost of the past and 94 million ECU for the margin of manoeuvre for the new policies. He reminded the House that, although at the first reading and against the opinion of the Luxembourg Presidency, the Council had approved figures that meant a 7.1% increase in the maximum rate of non-compulsory expenditure, this had risen at the second reading to 20.5% and, on the night of 11/12 December, under the negotiating brief Mr Juncker had received from his colleagues, to 24%, Mr Juncker actually making an 'offer' of 242 million ECU. Mr Juncker had further secured the agreement of nine of the ten Member States to a draft joint statement by the Council and Parliament (rejected by the Committee on Budgets) to the effect that the two arms of the budgetary authority undertook to provide the structural Funds (the Social Fund, the Regional Fund and the EAGGF Guidance Section) with the wherewithal to operate in 1986.

This appeal was followed by some lively exchanges on points of procedure. Should members be allowed to put further questions to the Council President? Mr Christian de la Malène (*EDA/F*) did not think so, since that might influence Parliament's decision.

Following an adjournment requested by Mrs Simone Veil (*Lib/F*), the vote on the

Committee on Budget's amendment, intended to increase the allocations of the Social and Regional Funds to enable them to operate in 1986, showed that the number of members persuaded by the Council President (European Democrats and Liberals) was not enough to prevent Parliament from securing a qualified majority: 475 million ECU was thus added to the payment appropriations. The other divisions concerned the amendments in respect of Parliament's margin for manoeuvre, as such. The House finally decided to add 103 million ECU.

Parliament finally adopted the report of the Committee on Budgets by 230 votes to 39 with 20 abstentions.

Mr Juncker reacted by declaring that the Council's 'offer' of an additional 242 million ECU no longer stood; the Council was reverting to the position it had adopted at the second reading.

Parliament therefore voted a budget of 33 300 million ECU, the difference between the Council and Parliament now amounts to 629 million ECU. For Mr Jean-Pierre Cot (*Soc/F*), Chairman of the Committee on Budgets, the budget as voted was entirely legal. At the other extreme, the President of the Council, Mr Juncker, held that it was 'illegal' since there had been no joint decision but a unilateral step by Parliament. The Commission, for its part, stated that it would implement the budget: though it regretted that Parliament and the Council had been unable to reach agreement, it was not for the Commission to say whether the budget was legal or not; if Mr Pflimlin signed it, the Commission would be duty bound to implement it.

2.5.11. Parliament gave opinions on the following Commission proposals:

- (i) a Regulation abolishing certain postal charges for customs presentation;¹
- (ii) amendments to Regulation (EEC) No 2950/83 and Decision 83/516/EEC on the tasks of the European Social Fund with a

¹ OJ C 202, 10.8.1985; Bull. EC 7/8-1985, point 2.1.36.

view to the accession of Spain and Portugal¹ and to the extension of assistance for the creation of self-employed jobs;²

(iii) a 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;³

(iv) an amendment to Directive 64/432/EEC concerning the definitive arrangements made in relation to enzootic bovine leukosis;⁴

(v) an amendment to Regulation (EEC) No 2908/83 on a common measure for restructuring, modernizing and developing the fishing industry and for developing aquaculture;⁵

(vi) a Regulation on a system of structural aid for the conversion of sardine canning plants;⁶

(vii) an amendment to the Regulation on the Community quota for the carriage of goods by road between Member States;⁷

(viii) an amendment to the Directive on the facilitation of physical inspections and administrative formalities in respect of the carriage of goods between Member States (→ point 2.1.211);

(ix) an amendment to the Decision adopting a concerted action project for the Community in the field of shore-based marine navigation aid systems (→ point 2.1.233);

(x) a draft Regulation laying down detailed rules for the implementation of certain provisions of the Financial Regulation of 21 December 1977 and draft amendments to certain articles of the draft Regulation laying down detailed rules for the implementation of certain provisions of the Financial Regulation of 21 December 1977 (→ point 2.4.3).

2.5.12. Resolutions were passed on the following subjects.

*The results of the conciliation procedure with the Council on the proposal for a Regulation instituting integrated Mediterranean programmes (IMPs).*⁸ Parliament stressed first of all that the adoption of this

Regulation was a decision of great political importance since it was designed to achieve the dual aim of remedying the structural backwardness of the regions concerned and adapting them to the new conditions created by enlargement. The House was pleased to see that the Council's text incorporated amendments adopted by Parliament but strongly deplored the fact that the conciliation procedure had failed in its main purpose, namely to reconcile the positions of Parliament and the Council on points involving the Regulation's financial implications. The Council was reminded of the heavy responsibilities involved in allocating resources which were not commensurate with the stated objectives of global development, a decision which clearly conflicted with the budgetary powers assigned jointly to the Council and Parliament under the EEC Treaty. Parliament reaffirmed its undertaking to exercise these powers properly and to ensure that the assistance provided by the structural Funds was really 'additional' and that the resources allocated to EEC financial instruments were doubled in real terms by 1992. Finally, the House expressed its disapproval of the Commission's intention to replace a number of specific common measures for agricultural infrastructure by IMPs and urged it not to discontinue these measures, which were of prime importance for the most backward agricultural regions, but tailoring them within the ambit of agricultural structural policy.

The disposal of agricultural stocks. In three resolutions Parliament approved the disposal of agricultural stocks for clearly defined social purposes. It called on the Commission to give financial assistance to non-governmental organizations to enable them to purchase agricultural stocks for

¹ Bull. EC 10-1985, point 2.1.59.

² OJ C 237, 18.9.1985; Bull. EC 7/8-1985, point 2.1.83.

³ OJ C 286, 9.11.1985; Bull. EC 9-1985, point 2.1.81.

⁴ OJ C 297, 20.11.1985; Bull. EC 11-1985, point 2.1.144.

⁵ OJ C 293, 15.11.1985; Bull. EC 11-1985, point 2.1.158.

⁶ OJ C 297, 20.11.1985; Bull. EC 10-1985, point 2.1.125.

⁷ OJ C 284, 7.11.1985; Bull. EC 10-1985, point 2.1.132.

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

food aid purposes and to make these stocks available to countries facing severe food shortages, in particular the Sahel countries. It also urged the Commission to devise a support programme to back up the food self-sufficiency strategies formulated by the developing countries. The House was concerned about the problem of agricultural surpluses and wanted to know what the Commission intended to do about it.

Measures to promote butter sales and reduce the butter mountain and to encourage sales of beef and veal. In two resolutions Parliament called on the Commission to take the necessary steps to achieve market equilibrium by reducing structural surpluses without jeopardizing farmers' incomes. The Commission was also urged to continue to take full advantage of sales outlets on the world market in order to reduce butter and beef/veal surpluses in the Community.

The House called for the implementation of a special programme for the sale of cheap butter and beef/veal to the socially disadvantaged. It also asked the Member States to promote the sale and consumption of beef and veal.

The enforcement of the common fisheries policy and problems and prospects in the fisheries sector in the context of Community enlargement. In two resolutions Parliament asked the Commission to provide it with information on national control and inspection procedures and on national legislation for ensuring compliance with Community fishing rules. The Commission was urged to give urgent consideration to the possibility of imposing severe sanctions on Member States whose fishing fleets consistently and flagrantly disregarded the conservation standards. Parliament had some precise suggestions to make on the subject of enlargement: the common fisheries policies should be maintained but its instruments should be adapted in order to protect and increase fishermen's incomes, facilitate trade between the Member States, shield the market from dangerous imports from low-wage countries and revise structural policy to take account of the overcapacity of the

Spanish fishing fleet. Agreement would have to be concluded swiftly since two thirds of Spanish catches were made in extraterritorial waters. The Commission was urged to monitor the effectiveness of checks and sanctions.

The Eureka project and the European Technological Community. In two resolutions Parliament reaffirmed its belief that only the establishment of a European Technological Community with the necessary resources and appropriate institutional structure would enable Europe to complete successfully with the United States. The House regretted that no specific Community objectives had been defined. It felt that Eureka should be organized in such a way as to ensure that the Commission played an essential coordinating role in the political direction and management of the project. Parliament welcomed the declaration made at the Hanover Conference in November¹ that Eureka projects should be used for civil purposes but regretted that no use had been made of the existing Community instruments and institutions for a common research and technology policy and expressed concern that the smaller Member States and small businesses would be given only a minor role to play, the House called for the Eureka secretariat to be set up within the Commission.

Protectionism in trade relations between the European Community and the United States. Parliament reaffirmed its belief that negotiation was the best way to resolve the trade disputes between the Community and the United States. It condemned protectionism and expressed the view that the GATT multilateral trade system must be upheld and that disputes between the Community and the United States should be settled within its framework. In the case of the industry sector Parliament strongly opposed the US call for the restriction of imports of semi-finished steel products from Europe, expressed deep concern at the US textile bill and welcomed President Reagan's decision

¹ Bull. EC 11-1985, point 2.1.182.

not to limit footwear imports (→ point 2.3.15). In the case of agriculture Parliament deplored the unilateral measures to reduce trade in agricultural products and strongly objected to the unilateral action taken by the Americans in the citrus fruit dispute. The House also considered that the 1955 GATT waiver (enabling the US to pursue domestic policies regardless of certain GATT provisions), the US export subsidies programme and the CAP system of variable levies and refunds should be discussed at the next round of GATT multilateral trade negotiations. On the question of finance Parliament noted how the strength of the dollar was contributing to the mounting American balance-of-trade deficit and observed that consistently high budget deficits could have adverse effects on interest rates, investment and economic recovery.

The coordination of aid to non-member countries. Parliament emphasized that, if development aid were to be more effective, there must be close cooperation between all donors (and recipients) in the formulation of development aid policy, genuine coordination in the implementation of such policy and a pooling of the lessons learned from the analysis of project assessments. It noted that, for its development aid the Community had to a large extent opted for a formula based on joint project financing in cooperation with international or non-governmental organizations and with Member States. The House considered that the pooling of resources to improve the effectiveness of aid could take a form other than joint financing on a project-by-project basis and instructed its Committee on Development and Cooperation to study the possibility of extending Community responsibility for such aid.

The situation in Afghanistan. Parliament called on the Soviet Union immediately and unconditionally to authorize the International Red Cross to tend wounded persons on Afghan soil. It also urged the Council and the Commission to ensure that Community food aid was increased in order to feed the growing stream of refugees.

The situation in Ethiopia. The House appealed to the Ethiopian Government to suspend the resettlement of people far from their place of origin immediately, for at least three months, in order to give a committee of inquiry the opportunity to investigate resettlement conditions. The Ethiopian Government was also asked to authorize the international aid agency, Médecins sans Frontières — France, to resume its operations in Ethiopia. For their part the Commission and the Council were urged to undertake an immediate and thorough investigation of the utilization of Community aid to Ethiopia and irregularities in its distribution. The House would call for suspension of the aid if the Ethiopian authorities refused to accept monitoring of distribution.

The future of Unesco. Parliament expressed the hope that the United States and the United Kingdom would soon be in a position to resume membership. It believed that Unesco should uphold the principle of denial of monopoly control of the mass media, decentralize its work to a greater extent and concentrate more on its operational activities. The House stressed the need for a thorough reform of the Unesco administration, notably with regard to budgetary transparency, and for the Western members of Unesco to be adequately represented at its meetings. Subject to positive developments within Unesco, Parliament hoped that there would be more sustained cooperation between the UN agency and the Community.

The establishment, use and amount of the ECSC reserves. Parliament noted that maintenance of the ECSC's favourable position on the capital market must remain a priority objective. It stressed that the continuing structural crisis in the coal and steel industries called for urgent social and industry policy measures by the ECSC,¹ the implementation of which presupposed appropriate financial latitude. However, it went on to point out that, because the Com-

¹ Bull. EC 7/8-1985, point 2.1.85.

munity's financial resources were being stretched, it was imperative to exploit this latitude as effectively as possible. The Commission was therefore asked to take the necessary financial management measures.

*The special report of the Court of Auditors on the implementation of Directive 77/435/EEC on scrutiny by the Member States of transactions forming part of the system of financing by the EAGGF (Guarantee Section).*¹ Parliament noted that initial responsibility for ensuring that transactions are executed correctly and for preventing irregularities lies with the Member States. It asked the Commission to present a proposal for a Directive laying down the minimum conditions to be applied by all the Member States for physical and administrative controls on EAGGF Guarantee Section expenditure. The House insisted that the Commission take all the legal action possible under the Treaties against Member States who failed to apply Directive 77/435/EEC properly. The Commission was also urged to form a 'flying squad' to coordinate investigations into frauds and irregularities and make unannounced on-the-spot inspections, the House expected the Court of Auditors to report on implementation of the Directive on scrutiny.

Resolution following the debate on the statements by the Council and the Commission after the meeting of the European Council in Luxembourg on 2 and 3 December (→ point 1.1.1 *et seq.*).

The European Foundation. Parliament requested the Ministers for Cultural Affairs, who were due to meet on 20 December (→ point 2.5.6), to reappraise progress made on ratification of the agreement of 29 March 1982 establishing the European Foundation.

2.5.13. In the fields of political cooperation and human rights, Parliament passed resolutions on the following subjects.

The resettlement of the population in Ethiopia. Parliament deplored the expulsion of the aid agency Médecins sans Frontières,

by the Ethiopian authorities, stressed that neither Parliament nor the Community as a whole had agreed to the policy of resettling populations and requested the Community and its Member States to contact the Ethiopian authorities and to refuse to participate in aid programmes for resettling people in the south until appropriate guarantees had been given in respect of accommodation capacity, land resources and health conditions.

The Anglo-Irish Agreement. Parliament hoped that this Agreement would be fully and swiftly implemented and believed that it offered a unique opportunity to make progress towards peace and reconciliation in Ireland. The Agreement would have all the greater chance of success if it were underpinned by a programme of economic development designed to reduce unemployment and poverty.

Respect for the sovereignty of Angola. Parliament reaffirmed that interference in a country's internal affairs and the destabilization of an internationally recognized government were contrary to international law. It condemned any aid granted to Unita by the American Administration and called on the governments of the Member States, the Commission and the Council to put their full weight behind Article 2 of the third Lomé Convention, which stresses the importance of respect for the sovereignty of ACP partners and the right of each of them to determine its own political, social, cultural and economic options.

Creation of a Sakharov prize. Parliament declared its intention of establishing a prize, to be called the European Parliament 'Sakharov Prize' for freedom of thought, which would be awarded each year for a study or work on one of the following topics: development of East-West relations in the light of the Helsinki Final Act; protection of the freedom of scientific inquiry; defence of human rights and respect for international law; government practice as compared with the letter of constitutional pro-

¹ OJ L 172, 12.7.1977.

visions. The House declared its readiness to provide the funds needed to finance the Prize and the administration involved from its own budget.

Refusal by the Soviet Union to grant an exit visa to the Lurje family. Parliament called on the Soviet Government to resume granting exit visas to families wishing to emigrate and urged the Foreign Ministers meeting in political cooperation to take up the Lurjes' case energetically and to call for full application of the provisions of the Helsinki Final Act, which stipulates that those who

wish to leave their country should be allowed to do so.

Council

2.5.14. The Council held 10 meetings in December. The following table lists the number, place and date of each meeting, the names of the Council President and Commission representatives and the main items of business. A more detailed account of specific items can be found in the sections of the Bulletin referred to in the footnotes.

Table 12 — *Council meetings in December 1985*

Number, place and date of meeting	Subject	President	Commission	Main items of business
1047th Brussels 5 December	Labour and Social Affairs	Mr Juncker	Mr Pfeiffer Mr Sutherland	Proposal for a Directive on noise ¹ Proposal for a Decision on the Comett Programme: political agreement ¹ European Social Fund: adaptation of certain rules in view of the accession of Spain and Portugal; extension of the Fund's activities to the self-employed ¹ Policy proposals in respect of the employment, education and training of young people
1048th	Cancelled			Parental leave and leave for family reasons
1049th Brussels 9 December	Economic and Financial Affairs	Mr Santer	Lord Cockfield Mr De Clercq Mr Pfeiffer Mr Sutherland	Annual economic report for 1985/86 ² Labour Markets and employment Export credits: Commercial interest reference rates (CIRR) ³ Removal of tax frontiers ⁴ Application of the competition rules to insurance Community loan to the Hellenic Republic
1050th Brussels 9 and 10 December	Agriculture	Mr Fischbach	Mr Andriessen	Cereal and colza/rape seed prices Sugar ⁵ Sugar used in the chemical industry Starch Disposal of alcohol ⁵ Beef and veal ⁵ Sheepmeat and goatmeat ⁵ Laying hens kept in battery cages

Council

Number, place and date of meeting	Subject	President	Commission	Main items of business
1051st Brussels 10 December	Research	Mr Boden	Mr Narjes	<p>Plant health/veterinary harmonization: organisms harmful to plants or plant products; maximum levels for pesticide residues; hormones</p> <p>Council Decision adopting the Esprit work programme for 1986</p> <p>Research programmes on materials and on the environment⁶</p> <p>Programme of assistance for the development of indigenous scientific and technical research capacities in the developing countries⁶</p> <p>IRIS (Initiative for research in informatics applied to society)⁶</p> <p>Joint Research Centre (JRC) — Progress report on the multiannual programme 1984-87⁶</p>
1052nd Strasbourg 11 December	Budget	Mr Juncker	Mr Christophersen	<p>Meeting with Parliament delegation — general budget for 1986⁷</p>
1053rd Brussels 12 December	Internal Market/ Consumer Affairs	Mr Goebbels Mr Lahure	Lord Cockfield Mr Clinton Davis	<p>Completion of the internal market: implementation of the Luxembourg Presidency's action programme; customs union; technical barriers; services, company law and liberal professions; foodstuffs; amendments to the Directive on emulsifiers; amendments to the Directive on coffee extracts and chicory extracts; list of simulants (plastic materials in contact with foodstuffs); Community methods of sampling and analysis; preservatives; 1986 action programme</p> <p>Community patent⁴</p> <p>CD project: common position</p> <p>Abolition of certain postal charges for customs presentation</p> <p>Removal of technical barriers</p> <p>Doorstep selling⁸</p> <p>System of information on accidents involving consumer products</p> <p>New impetus for consumer protection policy</p>
1054th Brussels 17 December	Foreign Affairs	Mr Poos	Mr De Clercq Mr Varfis	<p>Renewal of the arrangement regarding international trade in textiles</p> <p>Relations with EFTA countries⁹</p> <p>ERDF — Accession of Spain and Portugal</p> <p>Combating racism and xenophobia</p> <p>Action against cancer¹¹</p> <p>Development volunteers</p>

Number, place and date of meeting	Subject	President	Commission	Main items of business
1055th Brussels 16, 17, 18 and 20 December	Fisheries	Mr Steichen	Mr Andriessen	Community fisheries policy ¹² TACs and quotas for 1986 ¹² Under utilization of quotas Norway, Faeroe Islands and Sweden ¹² Greenland ¹² Flat-rate amounts Measures for the conservation and management of fishery resources applicable to vessels flying the flag of certain non-member countries in the 200-nautical-mile zone off the coast of the French department of Guiana Special carryover premium for Mediterranean anchovies Structural policy ¹² Control measures ¹² Relations as regards fisheries with certain third countries and inter- national organizations
1056th Brussels 19 and 20 December	Agriculture	Mr Fischbach	Mr Andriessen	Perspectives for the common agri- cultural policy (Green Paper) Table olives Regulations to be adopted in prep- aration for the accession of Spain and Portugal Laying hens
1057th Brussels 20 December	Cultural affairs	Mr Krieps	Mr Ripa di Mena	Greater support for the European audiovisual programme industry Books Transnational cultural itineraries ¹³ Tax questions in the cultural sector Access for young people to museums and cultural events ¹³ First European sculpture compe- tition ¹³ European Foundation

¹ Employment, education and social policy.

² Economic and monetary policy.

³ Commercial policy.

⁴ Internal market and industrial affairs.

⁵ Agriculture.

⁶ Research and development.

⁷ Financing Community activities.

⁸ Environment and consumers.

⁹ Relations with industrialized countries.

¹⁰ Regional policy.

¹¹ A people's Europe.

¹² Fisheries.

¹³ Culture.

Commission

Activities

2.5.15. The Commission held wide-ranging discussions on the outcome both of the Luxembourg European Council proceedings on the revision of the EEC Treaty and of the Intergovernmental Conference held on 16 and 17 December (→ point 1.1.1 *et seq.*). The Commission felt that the compromise reached was generally acceptable but regretted that some of its proposals had not been taken up and that agreements on a number of points (such as the environment) and on certain sectors of the internal market had been limited.

2.5.16. After the President of Parliament had declared the 1986 general budget finally adopted in a move which led to reservations by several Member States and the possibility of an action being brought before the Court of Justice, the Commission expressed its concern and stressed the need for every effort to be made to avoid a legal dispute between the Council or some of its members and the European Parliament.

Decisions, communications and proposals

2.5.17. Following the consultations on the Green Paper on the perspectives for the

common agricultural policy presented in July, the Commission adopted a set of guidelines entitled 'A future for Community agriculture' (→ point 1.2.1 *et seq.*) and a memorandum on adjustments to the market organization for beef and veal.

It also presented the Council with a proposal for a Community forestry action programme geared to the expansion of woodland areas and to improvements in the use made of existing forests.

As the first action programme on the promotion of equal opportunities for women 1982-85¹ drew to a close, the Commission presented a second medium-term programme to the Council for the period 1986-90.

The Commission proposed to the Parliament and Council that the three institutions issue a joint declaration on racism and xenophobia.

A proposal for a decision adopting a Community action programme for student mobility (Erasmus) was transmitted to the Council.

In a communication to the Council the Commission outlined the main decisions needed to set up a free road haulage market by 1992.

¹ Supplement 1/82 — Bull. EC.

Court of Justice

2.5.18. New cases

Case	Subject	Basis
ECSC — Steel 392/85 Finsider v Commission	Annulment of the Commission Decision of 9 October 1985 fining the applicant for exceeding production quotas for the second quarter of 1983	Article 33 ECSC
411/85 Sacilor v Commission	Annulment of the individual Commission Decision of 29 October 1985 concerning the classification of Galfan in category Id sold since the beginning of 1984	Article 33 ECSC

Case	Subject	Basis
235/82 Rev. Ferriere San Carlo v Commission	Application for revision of the Judgment in Case 235/82 <i>Ferriere San Carlo v Commission</i> , rejecting an application under Article 33 ECSC against a fine for exceeding steel production quotas; this application concerns the interest chargeable under an instalment plan	Article 38 of the Protocol on the Statute of the Court of Justice of the ECSC; Article 98 of the Rules of Procedure
Free movement of goods		
328/85 Deutsche Babcock Handel v HZA Lübeck-Ost	Is Council Regulation (EEC) No 1430/79 on the repayment or remission of import or export duties applicable to goods to which the ECSC Treaty applies, and is Article 2 of the Regulation subject to the principle that applicants must act in good faith?	Article 177 EEC
355/85 Ministère Public v Mr Cagnet	Do the Community principles of equal treatment and non-discrimination as expressed in particular in Articles 3(f) and 7 EEC prohibit the enactment of legislation in a Member State creating a double system of prices in a single sector, namely the book trade, for products which are identical or similar?	Article 177 EEC
Customs union		
385/85 S.R. Industries v Administration des douanes	Validity of Commission Regulation (EEC) No 3749/83 as regards the definition of the concept of origin in the case of sails imported from Hong Kong	Article 177 EEC
Freedom to provide service		
352/85 Bond van Adverteerders and Others v Netherlands ¹	Does a domestic cable network fall within the scope of the first paragraph of Article 59 EEC? Are differing restrictions on the operation of cable systems contrary to the Treaty? Are such differences justified in order to preserve domestic arrangements? Does the financial mechanism of TV advertising from an imperative requirement of a cultural nature?	Article 177 EEC
Social-security		
375/85 A. Campana v Bundesanstalt für Arbeit	Does Article 67(1) in conjunction with Article 4(1)(g) of Council Regulation (EEC) No 1408/71 on the application of social security schemes to employed persons and their families moving within the Community also apply to benefits which are accorded by a Member State not in respect of present unemployment but with a view to preventing future unemployment?	Article 177 EEC

Case	Subject	Basis
377/85 B.L. Burchell v The Adjudication Officer	Interpretation of Article 51 EEC and Council Regulations (EEC) Nos 1408/71 (Article 73) and 574/72 (Article 10) as regards the allowances for dependent children payable under UK legislation in respect of children of a marriage where following divorce the husband has taken up residence in another Member State	Article 177 EEC
Agriculture		
338/85 Fratelli Pardini v Ministero del Commercio con l'Estero and the Lucca branch of Banca Toscana	Interpretation of Commission Regulation (EEC) No 1160/82 and Council Regulation (EEC) No 1134/68 as regards the application of the adjustment of the MCAs fixed in advance to amounts so fixed before the actual publication in the <i>Official Journal</i> of the new representative rates for national currencies against the ECU	Article 177 EEC
395/85 Federazione dei Panificatori dello Stato Italiano v Commission	Annulment of Commission Regulation (EEC) No 262/79 on the sale of butter at reduced prices for use in the manufacture of pastry products, ice-cream and other foodstuffs and Commission Regulation (EEC) No 1932/81 on the granting of aid for butter and concentrated butter for use in the manufacture of pastry products, ice-cream and other foodstuffs	Article 173 EEC
Environment		
372/85, 373/85 and 374/85 Openbaar Ministerie v O.T.A Traen and Others ²	Interpretation and direct applicability of Articles 8 to 12 of Council Directive 75/442/EEC on waste	Article 177 EEC
Administrative questions		
426/85 Commission v J. Zoubek	Recovery of an advance paid on a contract not performed	Article 181 EEC
Infringements		
388/85 Commission v Belgium ²	Council Directives 80/154/EEC and 80/155/EEC on midwives	Article 169 EEC
389/85 Commission v Belgium ²	Council Directives 81/1057/EEC and 82/76/EEC on the medical and veterinary professions	Article 169 EEC
390/85 Commission v Belgium ²	Council Directives 79/279/EEC, 80/390/EEC and 82/121/EEC on shares and securities	Article 169 EEC
391/85 Commission v Belgium ²	Article 171 EEC; Council Directive 77/388/EEC (sixth VAT Directive) (registration tax on deliveries and imports of new saloon and estate cars)	Article 169 EEC
394/85 Commission v Italy	Regulations Nos 804/68, 856/84, 857/84 and 1371/84 (additional levy in the milk and milk products sector)	Article 169 EEC

Case	Subject	Basis
396/85 Commission v Italy	Council Directives 79/694/EEC and 80/720/EEC (agricultural and forestry tractors)	Article 169 EEC
397/85 Commission v Italy	Commission Directives 82/953/EEC and 83/190/EEC (agricultural and forestry tractors)	Article 169 EEC
398/85 Commission v Luxembourg	Commission Directive 82/500/EEC (radio interference caused by lighting luminaries)	Article 169 EEC
399/85 Commission v Luxembourg	Commission Directive 82/499 (radio interference caused by electrical appliances)	Article 169 EEC
400/85 Commission v France	Article 30 EEC: barriers to imports of welded wire mesh	Article 169 EEC
404/85 Commission v Belgium	Council Directive 80/777/EEC (mineral waters)	Article 169 EEC
405/85 Commission v Greece	Council Directive 80/154/EEC (midwives)	Article 169 EEC
408/85 Commission v Belgium	Council Directives 80/1268/EEC, 80/1269/EEC, 83/276/EEC and 83/351/EEC (motor vehicles: fuel consumption, engine power, lighting, pollution)	Article 169 EEC
409/85 Commission v Belgium	Commission Directives 82/953/EEC and 83/190/EEC (tractors — roll-over protection structures, driver's seat)	Article 169 EEC
410/85 Commission v Italy	Commission Directives 81/957/EEC and 82/232/EEC (dangerous substances)	Article 169 EEC
412/85 Commission v Germany	Council Directive 79/409/EEC (conservation of wild birds)	Article 169 EEC
413/85 Commission v Ireland	Council Directive 80/1263/EEC (driving licences)	Article 169 EEC
414/85 Commission v Ireland	Council Directive 80/777/EEC (mineral waters)	Article 169 EEC
415/85 Commission v Ireland	Council Directive 77/388/EEC (sixth VAT Directive) (zero rating)	Article 169 EEC
416/85 Commission v United Kingdom	Council Directive 77/388/EEC (sixth VAT Directive) (zero rating)	Article 169 EEC
418/85 Commission v Luxembourg	Commission Directives 81/957/EEC and 82/232/EEC (dangerous substances)	Article 169 EEC
419/85 Commission v Italy	Council Directive 80/1263/EEC (driving licences)	Article 169 EEC
420/85 Commission v Italy	Council Directive 82/603/EEC (combined road/rail carriage of goods)	Article 169 EEC
421/85 Commission v Ireland	Council Directives 80/851/EEC and 81/852/EEC (veterinary medicinal products)	Article 169 EEC
423/85 Commission v Italy	Council Directive 81/1057/EEC (acquired rights)	Article 169 EEC
427/85 Commission v Germany	Council Directive 77/249/EEC (lawyers' freedom to provide services)	Article 169 EEC

Case	Subject	Basis
428/85 Commission v United Kingdom	Two prices for whole milk for processing into certain products according to their geographical destination: Council Regulation (EEC) No 1422/78 and Commission Regulation (EEC) No 1565/79 (milk marketing boards)	Article 169 EEC
429/85 Commission v Italy	Council Directive 79/831/EEC (dangerous substances)	Article 169 EEC
430/85/EEC Commission v Netherlands	Council Directive 79/267/EEC on the taking up and pursuit of the business of direct life assurance	Article 169 EEC

Disputes between the Community and its staff

v Commission

- 317/85, E. Pomar
- 393/85, P. Grassi
- 401/85, F. Schina
- 403/85, J.F. Ferrandi
- 432/85, T. Souana

v Court of Auditors

- 417/85, H. Maurissen

¹ OJ C 320, 12.12.1985.

² OJ C 347, 31.12.1985.

2.5.19. Judgments

Date and case	Held
<p>ECSC — Steel</p> <p>12.12.1985: 67/84 Sideradria v Commission¹</p>	<ol style="list-style-type: none"> 1. The amount of the fine imposed on the applicant is reduced 2. The remainder of the application is dismissed
<p>Free movement of goods</p> <p>10.12.1985: 247/84 Criminal proceedings against L. Motte</p>	

Date and case	Held
	<p>to a committee of experts in order to obtain an opinion on the harmfulness of the additive, the degree of tolerance of the human organism for it and the necessity, value and suitability of the use of the additive</p> <p>2. However, in applying such provisions to products imported from another Member State and lawfully marketed in that State the national authorities must authorize the colouring of the foodstuff if, having regard to the eating habits prevailing in the importing Member State, it corresponds to a real need, and in their appraisal of the general health risk which the colouring matter actually used may represent, those authorities must take into account the results of international scientific research, and in particular the work of the Community's Scientific Committee for Food</p>
<p>Customs union</p> <p>10.12.1985: 290/84 HZA Schweinfurt v Mainfrucht Obstverwertung²</p>	<p>Where a domestic buyer has paid the foreign seller, in addition to the price of the goods, a special amount in respect of 'intra-Community transport costs' on the basis of a separate invoice, the transaction value within the meaning of Article 3(1) of Regulation (EEC) No 1224/80 includes only the first of those amounts, but the competent customs authorities may, if the circumstances warrant it, check the invoice relating to the costs in question in order to verify that they are not fictitious</p>
<p>12.12.1985: 214/84 Stinnes v HZA Kassel¹</p>	<p>The term 'a given action for recovery' in Article 8 of Council Regulation (EEC) No 1697/79 must be interpreted as referring to each individual import or export transaction. That interpretation does not preclude the practice of combining several separate actions for recovery in a single recovery order, provided that the amount concerned in each action exceeds the amount fixed in the first paragraph of the aforesaid Article 8</p>
<p>Freedom of establishment and freedom to provide services</p> <p>11.12.1985: 110/84 Municipality of Hillegom v Hillenius</p>	<p>1. Article 12(1) of Directive 77/780/EEC, which states that the obligation to maintain professional secrecy imposed on persons now or in the past employed by the competent authorities means that the confidential information which they receive in the course of their duties may not be divulged to any person or authority except by virtue of provisions laid down by law, also applies to statements which such persons make as witnesses in civil actions</p> <p>2. The provisions laid down by law under which confidential information may be divulged</p>

Date and case	Held
	<p>in accordance with Article 12(1) cited above comprise general provisions not specifically intended to lay down derogations from the provision against divulging the kind of information envisaged by the Directive but which define the limits set by the maintenance of professional secrecy to the obligation to give evidence</p>
<p>Competition</p>	
<p>10.12.1985: 260/82 Nederlandse Sigarenwinkeliers Organisatie v Commission¹</p>	<p>The application is dismissed</p>
<p>10.12.1985: Joined Cases 240 to 242, 261, 262, 268 and 269/82 Stichting Sigarettenindustrie and Others v Commission</p>	<p>The applications are dismissed, except that the fine imposed on Reynolds is reduced in view of a particular extenuating circumstance</p>
<p>10.12.1985: 31/85 ETA Fabriques d'Ebauches v DK Investment and Others¹</p>	<p>A clause inserted in an exclusive distribution contract, whereby the manufacturer undertakes with his sole agent to grant, after sale to the consumer, a guarantee in respect of his products and by virtue of which he withholds the guarantee from the customers of parallel distributors, is incompatible with Article 85(1) EEC inasmuch as the restriction on competition which is likely to result therefrom affects trade between Member States</p>
<p>Agriculture</p>	
<p>5.12.1985: 124/83 Direktoratet for markedtsordningerne v Nicolas Corman et Fils SA³</p>	<p>1. The buyer of the butter who has given an undertaking to comply with the conditions referred to in Article 6(1)(c) of Regulation (EEC) No 232/75 of the Commission (the successful tenderer) is not released from his obligations solely because the processing security was released on the basis of a control copy referred to in Article 18(2) of the Regulation</p> <p>The successful tenderer may not rely on the lack of supervision by the customs authorities, his own good faith or on the administration's previous practice in order to be discharged from his obligations; those circumstances do not constitute <i>force majeure</i> within the meaning of Article 18(2) of Regulation (EEC) No 232/75</p> <p>2. If the butter sold at a reduced price is not used in accordance with Regulation (EEC) No 232/75, the Member States must require the successful tenderer to pay the difference between the reduced price which was paid and the market price</p> <p>3. The release of the security does not bar an action against the successful tenderer for failure to fulfil his obligations by application of the principle of legal certainty.</p>

Date and case	Held
12.12.1985: 165/84 Krohn v Bundesanstalt für Landwirtschaftliche Marktordnung ¹	<p>4. If the processing security was released as a result of an error in the control document, the burden of proving that error, in particular of proving that the butter was not used for its prescribed purpose, rests on the national authorities concerned</p> <p>1. Article 3(6) of Commission Regulation (EEC) No 2655/82, laying down rules for implementing the import arrangements for 1982 for products falling within CCT subheading 07.06 A originating in third countries other than Thailand must be interpreted as applying to the case of importers of products falling within the said tariff subheading and originating in Thailand as provided for by Commission Regulation (EEC) No 2029/82</p> <p>2. In the case of imported products falling within CCT subheading 07.06 A originating in Thailand, Article 3(6) of the abovementioned Regulation (EEC) No 2655/82 is to be applied subject to the time-limits and other procedural requirements therein laid down</p>
12.12.1985: 208/84 Vonk's Kass Inkoop en Productie Holland v Minister voor Landbouw en Visserij and Produktschap voor Zuivel	<p>Examination of the question referred to the Court for a preliminary ruling has disclosed no factor of such a nature as to affect the validity of Commission Regulation (EEC) No 3281/83 amending Regulation (EEC) No 1245/83 in respect of the MCAs applicable to cheese rinds and wastes, or Commission Regulation (EEC) No 270/84 amending the same as regards certain MCAs in the milk and milk products sectors</p>
12.12.1985: 276/84 Gebrüder Metelmann v HZA Hamburg-Jonas ¹	<p>1. Article 9(1) of Regulation (EEC) No 2730/79, which provides that the export refund is to be paid on condition that the goods have left the geographical territory of the Community 'unaltered', must be interpreted as meaning that any alteration in the presentation of the goods, where it is such as to render customs control more difficult, entails forfeiture of the refund</p> <p>2. Where, exceptionally, customs export formalities can still be completed after the date on which the goods have left the geographical territory of the Community, the refund is to be paid at the rate applicable on that date</p> <p>3. The answers given to the first two questions also apply to the payment of MCAs under Regulation (EEC) No 1371/81</p>
Infringements	
11.12.1985: 192/84 Commission v Greece ¹	<p>1. By not revoking until 23 September 1984 Memorandum No Ph 5. 3/42 of the Ministry of Industry and Energy of 31 March 1982, requesting the Agricultural Bank of Greece to ensure that its officers, before granting loans for the</p>

Date and case	Held
20.11.1985: 163/85 Commission v Ireland ³	purchase of centrifuges and settling-tanks for use in oil mills, required applicants to produce a certificate from the Ministry stating that such machinery was not manufactured in Greece, the Hellenic Republic has failed to fulfil its obligations under Article 30 EEC, in conjunction with Article 35 of the Act of Accession 2. The remainder of the application is dismissed
4.12.1985: 305/84: Commission v Belgium	Ordered removed from the Court Register (discriminatory postal tariffs for newspapers and periodicals) Ordered removed from the Court Register (Article 38 of Council Regulation (EEC) No 1736/75 on the external trade statistics of the Community and statistics of trade between Member States)

Disputes between the Community and its staff

v Commission

- 5.12.1985: 341/85 R, E. Van der Stijl — Application for the adoption of interim measures dismissed
26.11.1985: Joined Cases 285/83 and 120/84, D. Nobili — Ordered removed from the Court Register³

v Parliament

- 13.11.1985: 303/85 R, V.C. Löffler — Ordered removed from the Court Register
28.11.1985: 19/85, A. Grégoire-Foulon³
1. It is unnecessary for the Court to give a decision on the claims formulated in the application
2. The claims formulated in the reply are dismissed as inadmissible
3. Case 19/85 is ordered to be removed from the Court Register

¹ OJ C 348, 31.12.1985.
² OJ C 347, 31.12.1985.
³ OJ C 338, 31.12.1985.

Court of Auditors

2.5.20. On 12 December the Court of Auditors adopted:

- (i) a special report on Community participation in projects of benefit to the developing countries implemented by non-governmental organizations;
- (ii) an opinion on the draft Financial Regulation applicable to the sixth EDF;
- (iii) an opinion on the proposal for a Council Regulation amending the Regulation of 21 October 1974 on Community financing of expenditure incurred in respect of the supply of agricultural products as food aid.¹

2.5.20a. On 19 December the Court gave its opinion on the draft Regulation laying down detailed rules for the implementation of certain provisions of the Financial Regulation of 21 December 1977,² which the Commission had sent to all the institutions in August 1980³ and updated last July.⁴

2.5.21. On 13 December Parliament adopted a resolution⁵ on the follow-up to

¹ OJ L 288, 25.10.1974.
² OJ L 356, 31.12.1977.
³ Bull. EC 7/8-1980, point 2.3.77.
⁴ Bull. EC 7/8-1985, point 2.4.6.
⁵ OJ C 352, 31.12.1985.

the special report of the Court of Auditors on the implementation of Directive 77/435/EEC of 27 June 1977 on scrutiny by the Member States of transactions forming part of the system of financing by the EAGGF (Guarantee Section)¹ (→ point 2.5.12).

Economic and Social Committee

232nd plenary session

2.5.22. The Economic and Social Committee held its 232nd plenary session on 18 and 19 December with Mr Gerd Muhr in the chair.

The Committee adopted opinions on several Commission proposals, including the new rules for the sugar sector, and heard a report by Mr Goebbels, President of the Council, on the Intergovernmental Conference and the Luxembourg European Council.²

Foodstuffs

2.5.23. The Committee unanimously adopted an opinion on the proposal for a Council Directive³ amending for the eighth time the Directive of 23 October 1962 on the colouring matters authorized for use in foodstuffs intended for human consumption.⁴

While it applauded the achievements on colorants, the Committee expressed concern at the excessive length of time needed by the Community to amend the list of authorized colorants, and recommended that this be made as short as possible. It drew attention to the need to do everything possible to provide the public with information, on the interpretation of the numbering and normal Community description of substances used as colouring agents. Finally, it noted with regret that the proposal for a Regulation failed to close a major loophole in the basic Directive, which allowed Member States to restrict the use of any colouring agent provided that a measure of this type did not amount to a

total prohibition. This provision had perpetuated the disparity between national laws and should be revised as quickly as possible.

Transfrontier shipment of hazardous waste

2.5.24. The Committee unanimously adopted an opinion on the proposal for a Council Directive⁵ amending the Directive of 6 December 1984 on the transfrontier shipment of hazardous waste within the Community.⁶

The Committee approved the Commission proposal but expressed doubts regarding the nature and form of the proof to be furnished by the holder of the waste, in addition to the transit and destination agreement, regarding the capacity and competence of the consignee to dispose of the waste adequately. The Committee felt that this proof, which is originally furnished by the factory responsible for the disposal, should be accompanied by a control certificate from the competent authorities in non-member countries to prevent excessive shipments of waste to these countries.

Dangerous substances and laboratory practice

2.5.25. The Committee unanimously adopted an opinion on the proposal for a Directive on the application of the principles of good laboratory practice and the verification of their application for tests on chemical substances.⁷

The Committee agreed with the Commission that it was necessary to apply the same principles of good laboratory practice in all the Member States in order to avoid repetition of tests caused by differing prac-

¹ OJ C 336, 17.12.1984; Bull. EC 10-1984, point 2.4.36.

² Bull. EC 11-1985, point 1.1.1 *et seq.*

³ OJ C 278, 30.10.1985; Bull. EC 9-1985, point 2.1.10.

⁴ OJ 115, 11.11.1962.

⁵ OJ C 284, 7.11.1985; Bull. EC 9-1985, point 2.1.86.

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

⁷ OJ C 219, 29.8.1985; Bull. EC 7/8-1985, point 2.1.125.

tices, reduce their cost and duration, and remove any obstacles to the free circulation of the products both nationally and throughout the Community. It also expressed its support for the proposal contained in the Directive that the Member States be instructed to ensure compliance with the principles of good laboratory practice by means of on-the-spot inspections and verifications of studies using procedures established by the Member States themselves.

Sugar

2.5.26. In an opinion adopted by a majority, with 3 votes against and 3 abstentions, the Committee endorsed the proposal for a Regulation¹ amending the Regulation of 30 June 1981 on the common organization of the markets in the sugar sector.²

The Committee felt that the system of sugar production quotas should be retained for the time being along with the self-financing principle under which the producers themselves cover the expenditure resulting from disposal of surplus sugar production. While stressing the need to comply with these principles, the Committee did not feel that this necessarily meant amending the Regulation of 30 June 1981² in the way proposed by the Commission. Since the Commission proposal was based almost exclusively on an increase in the levy which the Committee considered to be unacceptable to producers, it rejected the proposal on the following grounds. Firstly, the system of quotas in force since 1968 had limited production, but had the disadvantage of being inflexible and thus prevented rational development of production. The system should therefore be gradually phased out after a further five years. In addition, since producers must be able to sustain the cost of the self-financing system, the level of contributions proposed by the Commission was unacceptable for the following reasons:

- (i) for the A quota, because they discriminated against the producers and geographical areas mainly producing this quota;
- (ii) for the B quota, because they would reduce producers' earnings to well below production costs.

Veterinary and animal health legislation

2.5.27. The Committee unanimously adopted an opinion on the proposal for a Directive amending the Directive of 26 June 1964³ as regards the definitive arrangements made in relation to enzootic bovine leucosis.⁴

It endorsed the Commission proposal and recommended that proposals be drawn up for the implementation of an eradication programme for the disease using the Elisa method of diagnosis. In the meantime, the Member States should pursue their current policies on diagnosis and prevention of enzootic bovine leucosis with renewed vigour, both in the interests of livestock producers and breeders and in the interests of intra-Community trade and exports to non-member countries.

Research action programme on materials

2.5.28. The Committee unanimously adopted an opinion fully endorsing the proposal for a Decision adopting a multiannual research programme on materials (raw materials and advanced materials) (1986-89).⁵ The Committee considered the shared-cost method of financing to be appropriate in this case but pointed to the need to check the results of the expenditure allocated during previous and current programmes. It therefore called on the Council and the Commission to initiate studies to assess viability, to check whether the quality of the work maintained the credibility of the R&D programmes to examine whether the results were put into practical effect and to draw up recommendations for new programmes.

As for the four subprogrammes, the Committee considered that:

¹ OJ C 219, 29.8.1985; Bull. EC 7/8-1985, point 2.1.155.

² OJ L 177, 1.7.1981; OJ L 193, 16.7.1985.

³ OJ 121, 29.7.1964.

⁴ OJ 297, 20.11.1985; Bull. EC 11-1985, point 2.1.144.

⁵ OJ C 220, 30.8.1985; Bull. EC 7/8-1985, point 2.1.224.

- (i) the programme on primary raw materials (metals and minerals) was of strategic importance to the Community;
- (ii) the programme on secondary raw materials was important in the context of Community objectives in the field of environmental protection but should place greater emphasis on recycling and waste utilization;
- (iii) the operating and demonstration projects for the programme on wood as a renewable raw material should be carried out in collaboration with national research centres);
- (iv) the advanced materials programme should apply not only to metals but also to ceramics and composite materials.

Financial Regulation

2.5.29. The Committee unanimously adopted an opinion on the updating¹ of the draft Regulation laying down detailed rules for the implementation of certain provisions of the Financial Regulation of 21 December 1977.²

Given the central role of the budget and, by implication, of the rules for its implementation, it was essential to update and harmonize these two instruments as quickly as possible. The Committee was aware of the effects of the proposed amendments on the transparency of appropriations, particularly in relation to the presentation of the Community's borrowing and lending operations, the management of external aid and the presentation of the overall budget for research and technological development. Finally, it hoped that an overall solution could be found to the problems which inevitably arose between the Community institutions, particularly the two branches of the budgetary authority (the Council and Parliament), in negotiating the changes to the financial rules.

ECSC Consultative Committee

254th meeting

2.5.30. The ECSC Consultative Committee held its 254th meeting in Luxembourg on 13 December with Mr Bund in the chair.

The Commission representative gave a progress report on the steel negotiations with the United States (→ point 2.1.36). The Committee then considered the implementing provisions adopted by the Commission in connection with the organization of the steel market and State aids after 1985 (→ point 2.1.26). The Committee also gave its opinion, under Articles 19 and 46 of the ECSC Treaty, on the forward programme for steel for the first quarter of 1986 (→ point 2.5.31).

Finally, the Committee decided to amend its Rules of Procedure to take account of the accession of Spain and Portugal to the ECSC.

Forward programme for steel

2.5.31. The Committee approved the forward programme for steel for the first quarter of 1986.³ The discussions revealed a noteworthy consensus on the major trends in the main sectors of steel consumption, namely continuing growth generating buoyant consumption over the first three months of 1986, without undue fluctuations in order books or stocks. Analysis of the orders from the main user sectors confirms that the slack period in late 1983 has been followed by a steady recovery with no signs of wavering in the mechanical or electrical engineering industries or in the intermediate products sector; even in the building industry, more depressed than other sectors for some time now, there are signs that activity is picking up.

European Investment Bank

Operations in December

2.5.32. Loans totalling 948 million ECU⁴ for investments within the Community were

¹ Bull. EC 7/8-1985, point 2.4.6.

² OJ L 356, 31.12.1977.

³ Bull. EC 11-1985, point 2.1.28 *et seq.*

⁴ 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.

granted by the European Investment Bank in December — 610 million in Italy, 175.7 million in France, 64 million in Greece, 55.9 million in Ireland, 25.5 million in the United Kingdom and 16.9 million in Denmark. Of this total, 76.9 million ECU was provided from the resources of the new Community borrowing and lending instrument (NCI).¹ Outside the Community the Bank lent 85 million ECU to Spain and Portugal as the last of the pre-accession loans under the financial cooperation agreement and 71 million ECU for investment projects in ACP States under the second Lomé Convention.

Community

Italy

2.5.33. LIT 911 200 million was granted altogether, including LIT 115 000 million from NCI resources. Of this total, more than LIT 350 000 million was provided for projects in the Mezzogiorno.

LIT 313 000 million went to infrastructure development: LIT 100 000 million for the continuation of major Cassa per il Mezzogiorno projects to improve water supply networks in Campania (LIT 85 000 million) and Sardinia (LIT 15 000 million); LIT 176 000 million for a series of projects carried out by regional authorities under the Fondo investimento e occupazione (FIO); LIT 21 000 million from NCI resources to help repair railway lines damaged by the 1980 earthquake in Campania and Basilicata (an interest-rate subsidy of 3% from the Community budget was granted for this loan, under the heading of aid for reconstruction); and LIT 16 000 million for sewerage collection and treatment projects to reduce pollution in the River Tiber.

2.5.34. Financing for industry amounted to LIT 251 500 million with LIT 18 000 million going to advanced technologies (LIT 13 000 million to restructure a plant manufacturing space communications equipment and LIT 5 000 million to set up a biotechnological research centre near Varese).

2.5.35. However, most of the funds — LIT 233 500 million — were advanced in the form of global loans to credit institutes for small and medium-scale investments.

2.5.36. Energy projects accounted for loans worth a total of LIT 346 700 million: LIT 199 000 million to the Ente nazionale per l'energia elettrica (ENEL); LIT 70 000 million to two firms in the ENI group (Ente nazionale idrocarburi); LIT 10 000 million to help construct a district heating system in Reggio Emilia; LIT 7 700 million for biogas production facilities in Umbria; and LIT 60 000 million in global loans for financing small and medium-scale investments in connection with energy saving and the rational use of energy.

France

2.5.37. Loans totalling FF 1 280 000 million, including FF 340 million from NCI resources, were granted: FF 950 million for small and medium sized investment projects and more than FF 230 million for infrastructure and energy projects.

FF 500 million was granted to the Crédit national, the main agency for financing medium and long-term industrial investment in France. Of this total, FF 270 million drawn from NCI resources was allocated to small and medium-sized firms in manufacturing industry and related services throughout the country, FF 130 million to small and medium-sized investment projects in energy-related industries and services throughout the country and FF 100 million to small and medium-scale investment projects involving product development or manufacturing processes based on advanced technology.

2.5.38. A loan of FF 450 million was granted to the Crédit d'équipement des PME, the main agency specializing in financing the development of small and medium-sized firms in France: FF 70 million was drawn from NCI resources for industrial

¹ OJ L 298, 20.10.1978; Bull. EC 10-1979, point 2.1.10.

investment projects and for services in areas not given special regional development support and FF 380 million was allocated to small and medium-sized investment projects in regions with development or conversion problems.

2.5.39. A further FF 234 million was allotted to infrastructure projects in the form of a loan to the Caisse d'aide à l'équipement des collectivités locales (CAECL) for onlending to the towns, departments, regions and local authority groupings promoting the projects.

Of this total, FF 80.6 million was granted to improve Lorraine's road and motorway system; the European Regional Development Fund (ERDF) is also contributing towards some of these improvements.

In addition, FF 30 million was lent for road infrastructure and water and sewerage schemes in and around Nancy.

FF 50 million is for Toulouse's eastern bypass, which will provide a continuous motorway link between the A62 (Toulouse-Bordeaux) and the A61 (Toulouse-Narbonne) motorways, the main route between the Atlantic and the Mediterranean.

Finally, some FF 73.7 million will go towards tapping geothermal sources for district heating and hot water supplies for more than 10 000 housing units in Val-de-Marne.

Greece

2.5.40. DR 6 850 million was granted for developing infrastructure and energy production: DR 4 000 million to the State for improving the road network in the centre and north of the country; DR 200 million for the provision of sprinkler irrigation on over 2 200 hectares at Ierapetra in Crete to allow the cultivation of early crops and crops grown under glass DR 250 million for air traffic control facilities to improve radar cover, extend air-to-ground radio communications and reinforce navigational aids; and DR 2 500 million to the Public Power Corporation as further aid for the

construction of a hydroelectric power station on the Achelos river, near Stratos.

Ireland

2.5.41. In all, IRL 40 million was granted (IRL 26 million for infrastructure development and IRL 14 million for industrial development): IRL 13.5 million for water supply and sewerage improvements in Counties Clare, Cork, Galway, Limerick, Mayo and Westmeath. IRL 7.5 million for the construction or widening of sections of the northern and southern bypass around Cork, the eastern approach road at Galway and a new bridge over the Corrib; IRL 5 million for the first stage of a new bypass to reduce congestion in the town of Athlone and shorten the journey time between east and west; IRL 9 million for the construction or extension of buildings and the improvement of facilities in technical training centres in Dublin, Tralee and Cork; and IRL 5 million for the construction, extension or modification of factory buildings involving job creation.

United Kingdom

2.5.42. UKL 15 million was granted: UKL 6 million for the construction of a modern oil-seed processing plant to replace an obsolete plant in Liverpool; UKL 5 million to expand Felixstowe's port terminal facilities; and UKL 4 million to improve road networks to prevent bottlenecks on major tourist routes in the County of Gwynedd in Wales and to build the new link road connecting Llandudno with the main North Wales coast road.

Denmark

2.5.43. DKR 136 million was granted: 100 million for a heat transmission network in the Little Belt region and DKR 36 million to expand a plasterboard factory by building a new production hall and installing new machinery to increase productivity.

Acceding countries

2.5.44. On the eve of Spanish and Portuguese accession the EIB granted 45 million

ECU for investment projects in Portugal and 40 million ECU in Spain, thus completing the pre-accession arrangements for financial cooperation. As full members of the Community from 1986, these countries will be able to benefit from EIB loans without the limitations on value and duration which apply to loans granted outside the Community.

Portugal

2.5.45. A loan of 45 million ECU was granted to Portugal: 30 million ECU to Electricidade de Portugal for the installation of a fourth coal-fired generating unit at Sines power station and a global loan (line of credit) of 15 million ECU to Caixa Geral de Depositos to help finance small and medium-sized investment projects in industry, tourism and allied services throughout the country, in particular where energy-saving or environmental protection is involved.

Following the exceptional aid granted between 1975 and 1977 and the 1976-81 financial protocol, EIB loans to Portugal continued under the terms of the pre-accession agreement (1981 to July 1983), extended from August 1983 to July 1984 and then to the end of 1985. A total of 725 million ECU has thus been loaned, mainly for energy (190 million ECU), small and medium-sized businesses (174 million ECU), roads and motorways (114 million ECU), port infrastructure (54 million ECU), major industries (cement, fertilizer, chemicals and glass fibre) (70 million ECU), a railway bridge over the Douro (32 million ECU), irrigation (27 million ECU), and forestry plantations (18 million ECU).

Spain

2.5.46. In Spain, a loan of 40 million ECU from the EIB was granted for a pumped-storage hydroelectric power scheme in central-eastern Spain to reduce dependence on oil imports.

Since 1981, the EIB has loaned a total of 550 million ECU to Spain under the pre-

accession financial cooperation arrangements: 160 million ECU for road infrastructure, 185 million ECU for industry, particularly for small and medium-sized firms, 160 million ECU for roads, rural electrification and water supply, especially small and medium-sized projects, 115 million ECU for energy and 90 million ECU for modernizing the railway network.

ACP States and OCTs

2.5.47. Under the second Lomé Convention, the EIB lent a total of 62.3 million ECU to countries in Africa, the Caribbean and the Pacific and 8.7 million to one of the overseas countries and territories to benefit from aid in accordance with the Council Decision of December 1980. Of this amount 18.7 million ECU was provided from risk capital resources managed by the EIB for the European Development Fund.

In Cameroon, 22 million ECU was lent to construct a storage dam on the river Mapé. The borrower is the Société nationale d'électricité du Cameroun (Sonel), in which the State has the majority shareholding.

In Kenya, the EIB granted 22 million ECU to the Kenya Posts and Telecommunications Corporation (KPTC) for a programme of investment to improve and extend telecommunications throughout the country.

In the Fiji Islands, 18 million ECU was advanced for the construction of a saw-mill complex to promote the development of forestry resources. This integrated plant, situated on the northern coast of Viti Levu, comprises a sawmill, a wood-chip unit and a power plant. The financing package consists of:

(i) a loan to the State of 12 million ECU from EIB own resources for onlending to the Joint Venture Company (JVC), which is to carry out the project;

(ii) a global loan of 3.6 million ECU from risk capital resources to the Fiji Pine Commission (FPC) which will use the funds to acquire a shareholding in the JVC;

(iii) also from risk capital resources, a 2.4 million ECU equity participation in the JVC on behalf of the European Community.

In Sudan, the Bank made two conditional loans totalling 10 million ECU from risk capital resources, one to expand a hydroelectric complex and the other to develop a goldmine. Of this total, 6 million ECU loaned to the State will boost the National Electricity Corporation funds financing the installation of a seventh generating unit (40 MW) at the Roseires hydroelectric dam and power station on the Blue Nile, 500 km upstream from Khartoum, increasing generating capacity to 250 MW.

A loan of 4 million ECU was also granted to the State to help finance its participation (51%) in the capital of the Sudan Minex Gold Mining Venture, the remaining capital being held by Minex Minerals Ltd of the British-based Greenwich Resources Group. This loan will be used to finance prospecting and the installation of an ore-processing plant at the Gebeit gold mine.

In Barbados, 5.6 million ECU was granted to help finance harbour works in Bridgetown where the authorities have undertaken to equip the port with purpose-built installations to accommodate container vessels, which have emerged as one of the most efficient ways of handling island freight traffic.

In Central Africa, the EIB advanced 2.6 million ECU to expand the river port of Brazzaville to facilitate handling and help cope with future increases in container traffic. This project is of regional interest not just to Congo but also to the Central African Republic, Chad and eastern Cameroon. The loan has been granted through the Banque de développement des Etats de l'Afrique Centrale (BDEAC).

As part of a programme of measures to rehabilitate the electricity generating capacity of Equatorial Guinea, the government is constructing a hydroelectric power station with an installed capacity of 3.6 MW on the river Riaba in the south of the country and building the necessary transmission line to the capital Malabo. The Bank approved a loan of 2 million ECU from risk capital resources to help the State subscribe to the capital of the national electricity company (Energie), which is now being created, and to make the company a shareholder's advance to put it on a better footing to develop its activities. The Bank is expecting to grant a further 4 million ECU for this project — also drawn from risk capital resources — in a few months under the third Lomé Convention.

In Saint Vincent and the Grenadines, 100 000 ECU was granted from risk capital resources to finance a feasibility study on the construction of a landing strip or improvements to the port facilities on Bequia, the largest island in the Grenadines, which is currently served only by an inadequate ferry; the development of the island's economy is being held up as a result.

Finally, the EIB granted a loan of 8.7 million ECU to Curaçao under the Council Decision on the overseas countries and territories (OCTs): 7.1 million ECU from own resources will help replace obsolete electricity-generating equipment by more efficient machinery to increase production capacity and to reduce operating costs in a water desalination and electrical power plant; the other 1.6 million ECU will be used to install fly ash precipitation equipment and burners in the power station to reduce nitrogen oxide emissions and improve the quality of the environment.



PART THREE
DOCUMENTATION

1. ECU

Values in national currencies of one ECU

30 December 1985 ¹	
Belgian franc and Luxembourg franc (convertible)	44.5966
Belgian franc and Luxembourg franc (financial)	45.0026
German mark	2.18402
Dutch guilder	2.46081
Pound sterling	0.616285
Danish krone	7.96176
French franc	6.70025
Italian lira	1 489.59
Irish pound	0.713672
Greek drachma	131.405
United States dollar	0.887451
Swiss franc	1.84102
Spanish peseta	136.889
Swedish krona	6.74019
Norwegian krone	6.71933
Canadian dollar	1.24110
Portuguese escudo	140.661
Austrian schilling	15.3618
Finnish mark	4.81176
Japanese yen	178.289
Australian dollar	1.30125
New Zealand dollar	1.76959

¹ OJ C 338, 31.12.1985

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

December 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 ¹ 2.41047 ² 2.38516 ³
Greek drachma	77.2479 ⁴ 102.345 ³
French franc	7.00089 ³ 6.49211 ⁴ 7.10590 ⁵
Irish pound	0.725690 ⁴ 0.750110 ³
Italian lira	1 341.00 ⁴ 1 482.00 ³
Dutch guilder	2.70178 ¹ 2.71620 ² 2.68749 ³
Pound sterling	0.618655

¹ For cereals and durum wheat.

² For milk and milk products.

³ For other products.

⁴ For seeds.

⁵ For milk and milk products, 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 6-1985

Point 2.1.175

Fifth ECSC research programme on 'technical control of nuisances and pollution at the place of work and in the environment of iron and steel works'
OJ No C 338, 31.12.1985

Bull. EC 7/8-1985

Point 2.1.58

Commission Decision of 31 July 1985 amending Decision 82/740/EEC on the designation of devel-

opment areas pursuant to Article 11 of the Belgian Law of 30 December 1970

OJ No L 341, 19.12.1985

Bull. EC 10-1985

Point 2.1.112

Amendment of the proposal for a Council Directive amending Directive 81/602/EEC concerning the prohibition of certain substances having a hormonal action and of any substances having a thyrostatic action

OJ No C 313, 4.12.1985

Points 2.5.51 to 2.5.59

Opinions adopted by the Economic and Social Committee during its session on 30 and 31 October 1985

OJ No C 330, 20.12.1985

3. Infringement procedures

Initiation of proceedings for failure to implement directives

3.3.1. In December the Commission sent letters of formal notice for failure to incorporate directives into national law (the Commission not having been informed of national implementing measures) in the following cases:

Internal market and industrial affairs

Council Directive of 26 October 1983¹ amending the Council Directive of 26 July 1971 on the approximation of the laws of the Member States relating to common provisions for both measuring instruments and methods of metrological control² (Belgium, Italy, Ireland, Luxembourg, Netherlands, United Kingdom).

Commission Directive of 16 January 1984³ adapting to technical progress the Council Directive of 6 February 1979 on the approximation of the laws of the Member States concerning electrical equipment for use in potentially explosive atmospheres employing certain types of protection⁴ (Ireland, Luxembourg, United Kingdom).

Council Directive of 3 September 1984⁵ amending 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 vehicles⁶ (Belgium, Luxembourg).

¹ OJ L 332, 28.11.1983.

² OJ L 202, 6.9.1971.

³ OJ L 31, 2.2.1984.

⁴ OJ L 43, 20.2.1979.

⁵ OJ L 238, 6.9.1984.

⁶ OJ L 42, 23.2.1970.

Council Directive of 25 April 1983 on the approximation of the laws of the Member States relating to materials and articles made of regenerated cellulose film intended to come into contact with food-stuffs¹ (Denmark, France, Germany, Greece, Ireland, Netherlands, United Kingdom).

Council Directive of 16 May 1983² amending for the fourth time the Directive of 27 July 1976 on the approximation of the laws, regulations and administrative provisions of the Member States relating to restrictions on the marketing and use of certain dangerous substances and preparations,³ (Belgium, Luxembourg, Netherlands).

Energy

Council Directive of 10 December 1982⁴ amending the Council Directive of 13 February 1978 on the performance of heat generators for space heating and the production of hot water in new or existing non-industrial buildings and on the insulation of heat and domestic hot-water distribution on new non-industrial buildings⁵ (France, Greece, Italy, Luxembourg, Netherlands).

Reasoned opinions

3.3.2. The Commission delivered reasoned opinions in the following cases:

Internal market and industrial affairs

Import procedures and formalities (Greece).

Agriculture

Failure to inform the Commission of national measures to give effect to the Council Directive of 21 December 1976 on health problems affecting intra-Community trade in meat products⁶ (Italy).

Failure to inform the Commission of national measures to give effect to the Council Directive of 24 January 1979⁷ amending the Council Directive of 26 June 1964⁸ as regards brucellosis (Italy).

Acceptance of a new anabolic; breach of the standstill (France).

¹ OJ L 123, 11.5.1983.

² OJ L 147, 6.6.1983.

³ OJ L 262, 27.9.1976.

⁴ OJ L 378, 31.12.1982.

⁵ OJ L 52, 23.2.1978.

⁶ OJ L 26, 31.1.1977.

⁷ OJ L 29, 3.2.1979.

⁸ OJ L 121, 29.7.1964.

4. The Bulletin in 1985: special features, supplements and documentation

Economic and monetary policy

Commission memorandum to the Brussels European Council (29 and 30 March) on the economic and social situation in the Community: Bull. EC 3, point 3.4.2.

Western Economic Summit — Declarations by the seven Heads of State or Government and representatives of the European Communities (Bonn, 2 to 4 May): Bull. EC 5, point 3.4.1.

Annual economic report 1985-86: Bull. EC 10, point 1.3.1 *et seq.*

Economic situation in Greece: Bull. EC 11, point 1.3.1 *et seq.*

Internal market and industrial affairs

Technical harmonization and standards—a new approach: Bull. EC 1, point 1.3.1 *et seq.*; Council resolution: Bull. EC 5, point 1.3.1 *et seq.*

Commission memorandum to the Brussels European Council (29 and 30 March) on strengthening the technological base and competitiveness of Community industry: Bull. EC 3, point 3.4.3.

Report from the *ad hoc* Committee on a People's Europe to the Brussels European Council (29 and 30 March): Bull. EC 3, point 3.6.1. Final report submitted to the Milan European Council (28 and 29 June): Bull. EC 6, point 1.4.1 *et seq.*; Supplement 7 — Bull. EC.

Advanced manufacturing equipment in the Community: Bull. EC 4, point 1.1.1 *et seq.*; Supplement 6 — Bull. EC.

The completion of the internal market by 1992 — Commission White Paper: Bull. EC 6, point 1.3.1 *et seq.*

Commission memorandum to the Milan European Council (28 and 29 June) entitled 'Towards a

European Technology Community': Bull. EC 6, point 1.5.1 *et seq*; implementation of the Commission's memorandum: Bull. 9, point 1.2.1 *et seq*.

General system for the recognition of higher education diplomas: Bull. EC 7/8, point 1.4.1 *et seq*; Supplement 8 Bull. EC.

The European steel industry after 1985: Bull. EC 7/8, point 1.7.1 *et seq*; Bull. EC 9, point 1.2.1 *et seq*.

Cross-border mergers of public limited companies: Supplement 3 — Bull. EC.

Employment, education and social policy

Guidelines for a Community migration policy: Bull. EC 2, point 1.3.1 *et seq*.

University-industry cooperation in training for the new technologies (Comett): Bull. EC 7/8, point 1.6.1 *et seq*.

Culture

Community aid scheme for non-documentary cinema and television co-productions: Bull. EC 4, point 1.3.1 *et seq*.

Madrid manifesto: Bull. EC 10, point 3.4.1.

Regional policy

Integrated Mediterranean programmes — Commission communication: Bull. EC 2, point 1.2.1 *et seq*.

Environment and consumers

Consumer redress: Supplement 2 — Bull. EC.

Commission memorandum to the Brussels European Council (29 and 30 March) on a Europe-wide environment policy: Bull. EC 3, point 3.4.4.

Product liability: Bull. EC 7/8, point 1.5.1 *et seq*.

Agriculture

Proposals for agricultural prices and related measures for 1985/86 — Commission proposals: Bull. EC 1, point 1.2.1 *et seq*; agreement in the Council: Bull. EC 5, point 1.2.1 *et seq*.

Council agreement: control of wine sector and changes in milk quota system: Bull. EC 2, point 1.1.1 *et seq*.

Perspectives for the common agricultural policy — Commission Green Paper: Bull. EC 7/8, point 1.2.1 *et seq*.

The future for European agriculture — Commission guidelines following the consultations in connection with the Green Paper: Bull. EC 12, point 1.2.1 *et seq*.

Transport

Progress towards a common transport policy — Maritime transport: Bull. EC 4, point 1.2.1 *et seq*; Supplement 5 — Bull. EC.

Parliament's action against the Council concerning the common transport policy—Judgment of the Court of Justice of 22 May: Bull. EC 5, point 1.1.1 *et seq*; Bull. EC 9, point 3.4.1.

Energy

New Community rules for State aids to the coal industry: Bull. EC 9, point 1.4.1 *et seq*.

Research and development

Commission memorandum to the Brussels European Council (29 and 30 March) on strengthening the technological base and competitiveness of Community industry: Bull. EC 3, point 3.4.3.

Commission memorandum to the Milan European Council (28 and 29 June) entitled 'Towards a European Technology Community': Bull. EC 6, point 1.5.1 *et seq*; implementation of the Commission's memorandum: Bull. EC 9, point 1.2.1 *et seq*.

Enlargement and bilateral relations with applicant countries

A fresh start for the Community — A green light for the accession of Spain and Portugal: Bull. EC 3, point 1.1.2 *et seq*.

Spain and Portugal—Signing of the instruments of accession: Bull. EC 6, point 1.1.1 *et seq*.

Industrialized countries

EFTA celebrates its 25th anniversary: Bull. EC 5, point 1.6.1 *et seq*.

Western Economic Summit—Declarations by the seven Heads of State or Government and representatives of the European Communities (Bonn, 2 to 4 May): Bull. EC 5, point 3.4.1.

Relations with other countries and regions

Signing of the Community-China Cooperation Agreement: Bull. EC 5, point 1.5.1 *et seq.*

Mediterranean policy of the enlarged Community—Maintenance of traditional agricultural trade: Bull. EC 7/8, point 1.3.1 *et seq.*; guidelines for economic cooperation: Bull. EC 9, point 1.3.1 *et seq.*

Community-Latin America dialogue: Bull. EC 11, point 1.2.1 *et seq.*

Development

Plan for the rehabilitation and revival of the African countries worst affected by the drought: Bull. EC 10, point 1.4.1 *et seq.*

International organizations

The Community at the United Nations: Bull. EC 9, point 3.4.1.

Financing Community activities

A fresh start for the Community—New own resources and financing the 1985 budget: Bull. EC 3, point 1.1.5 *et seq.*

Adoption of 1985 budget and 1986 preliminary draft budget: Bull. EC 6, point 1.6.1 *et seq.*

European political cooperation

Code of conduct for companies from the European Community with subsidiaries, branches or representation in South Africa: Bull. EC 11, point 3.4.1.

Institutions and organs of the Communities

Statement by Mr Delors on the thrust of Commission policy: Bull. EC 1, point 1.1.1 *et seq.*; Supplement 1 — Bull. EC.

Statement on Italy's term as Council President: Bull. EC 1, point 3.4.1.

The Commission's programme for 1985: Bull. EC 3, point 1.3.1 *et seq.*; Supplement 4 — Bull. EC.

Report from the *ad hoc* Committee on Institutional Affairs to the Brussels European Council (29 and 30 March): Bull. EC 3, point 3.5.1.

Pope John Paul II visits the European Communities: Bull. EC 5, point 1.4.1 *et seq.*

Statement on Luxembourg's term as Council President: Bull. EC 7/8, point 3.4.1.

The Community of Twelve — the new Members of the Commission: Bull. EC 12, point 1.3.1 *et seq.*

European policy

Greenland leaves the Community: Bull. EC 2, point 1.4.1 *et seq.*

A fresh start for the Community—Putting the Stuttgart and Fontainebleau decisions into effect: Bull. EC 3, point 1.1.1 *et seq.*

European Council in Brussels and March Council meetings: Bull. EC 3, point 1.2.1 *et seq.*

Report from the *ad hoc* Committee on Institutional Affairs to the Brussels European Council (29 and 30 March): Bull. EC 3, point 3.5.1.

Report from the *ad hoc* Committee on a People's Europe to the Brussels European Council (29 and 30 March): Bull. EC 3, point 3.6.1; final report of the *ad hoc* Committee to the Milan European Council (28 and 29 June): Bull. EC 6, point 1.4.1 *et seq.*; Supplement 7/8 — Bull. EC.

Milan European Council: Bull. EC 6, point 1.2.1 *et seq.*

Institutional reform — Convening of the inter-governmental conference: Bull. EC 7/8, point 1.1.1 *et seq.*; opening of the intergovernmental conference: Bull. EC 9, point 1.1.1 *et seq.*; second meeting of the intergovernmental conference: Bull. EC 10, point 1.1.1 *et seq.*; Luxembourg European Council: Bull. EC 11, point 1.1.1 *et seq.*; meeting of the intergovernmental conference on 16 and 17 December: Bull. EC 12, point 1.1.1 *et seq.*

Luxembourg European Council (2 and 3 December): Bull. EC 12, point 1.1.1 *et seq.*