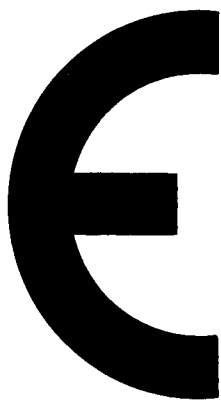


Bulletin

OF THE EUROPEAN
COMMUNITIES

Commission



No 11 1986

Volume 19

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.

Reproduction is authorized provided the source is acknowledged.

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 1-1986, 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 11
1986
Volume 19

contents

PART ONE SPECIAL FEATURES

1. Towards greater freedom of capital movements in the Community 7
2. The fight against drugs in the Community — The Commission's first proposals for action 8
3. Industrial cooperation — New approach towards certain countries in Latin America, Asia, the Gulf and the Mediterranean 9
4. Substantial strengthening of links between the Community and Latin America 11
5. Tenth anniversary of the European University Institute 12

PART TWO ACTIVITIES IN NOVEMBER 1986

1. Building the Community 18
 - Economic and monetary policy 18
 - Internal market and industrial affairs 19
 - Steel 23
 - Research and technology, industrial innovation and the information market 27
 - Customs union 36
 - Competition 38
 - Financial institutions and taxation 44
 - Employment, education and social policy 45
 - Culture 51
 - A people's Europe 54
 - Regional policy 55
 - Environment and consumers 55
 - Agriculture 62
 - Fisheries 71
 - Transport 75
 - Energy 76
 - Nuclear safety 77

2. External relations	79
— New round of multilateral trade negotiations	79
— Renewal of Multifibre Arrangement	79
— Commercial policy	79
— Relations with industrialized countries	80
— Relations with other countries and regions	82
— Development	84
— International organizations and conferences	92
— Diplomatic relations	93
3. Financing Community activities	94
4. Political and institutional matters	98
— Political cooperation	98
— European policy and relations between the institutions	99
— Institutions and organs of the Communities	100
• Parliament	100
• Council	104
• Commission	108
• Court of Justice	109
• Court of Auditors	118
• Economic and Social Committee	118
• European Investment Bank	121

PART THREE DOCUMENTATION

1. ECU	126
2. Additional references in the Official Journal	127
3. Infringement procedures	128

Supplements 1986

- 1/86 Programme of the Commission for 1986
- 2/86 Single European Act
- 3/86 Equal opportunities for women — Medium-term Community programme 1986-90
- 4/86 Community action in the field of tourism
- 5/86 The Community's broadcasting policy — Proposal for a Council Directive concerning broadcasting activities
- 6/86 A new impetus for consumer protection policy
- 7/86 Voting rights in local elections for Community nationals



PART ONE

SPECIAL FEATURES

Bulletin information service

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

London	222 8122
Belfast	240708
Cardiff	371631
Edinburgh	225 2058
Dublin	712244

Mme Teirlinck
M. Clairet

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
ESC	=	Escudo
FF	=	Franc français
HFL	=	Nederlandse gulden (Hollandse florijn)
IRL	=	Irish pound / punt
LFR	=	Franc luxembourgeois
LIT	=	Lira italiana
PTA	=	Peseta
UKL	=	Pound sterling
USD	=	United States dollar

1. Towards greater freedom of capital movements in the Community

Extension by the Council of existing liberalization obligations

1.1.1. On 17 November the Council, acting unanimously on a proposal from the Commission¹ after consulting Parliament,² adopted a Directive amending the first Directive of 11 May 1960 for the implementation of Article 67 of the Treaty and extending Community obligations relating to the liberalization of capital movements.³

Three categories of operation are concerned:

(i) long-term credits linked to commercial transactions;

(ii) transactions involving the acquisition of securities not dealt in on a stock exchange (shares, bonds or units of undertakings for collective investments in transferable securities (Ucits));

(iii) admission of securities of a company from one Member State on the capital market of another Member State: shares and bonds provided these are dealt in on or in the process of introduction to a stock exchange in the Community; units of Ucits covered by the coordination provisions laid down in the Council Directive of 20 December 1985.⁴

The Directive is to be given effect by 28 February 1987. Spain and Portugal will be allowed extra time to comply with the Directive (end of 1990 and end of 1992 respectively) as a transitional period has been laid down for capital movements in the Act of Accession.

Adoption of the Directive marks the first stage of the programme for liberalizing capital movements⁵ presented by the Commission to the Council in May 1986 with a

view to achieving complete liberalization of capital flows within the Community by 1992, the target date for completing the internal market. A second directive on the full liberalization of capital movements is announced for next year.

At the press conference he gave on the day the Directive was adopted, Mr Jacques Delors expressed his satisfaction at the speed with which the decision had been taken: '... I mentioned the matter for the first time in March 1986 to the Committee of Governors of Central Banks in Basle. The Committee reacted positively, as did the Monetary Committee and Parliament;² the Council then wasted no time with its deliberations and was able to come to a decision today.' He stressed that the decision should be seen as part of (i) the establishment of a large market for firms; (ii) the creation of a people's Europe, benefiting savers and borrowers alike; and (iii) the strengthening of monetary cooperation within the Community. Replying to questions from journalists, Mr Delors made the point that, even though the decision might appear a modest one since a number of Member States had been allowed to apply protective measures,⁶ it had great significance: '... This may be the impression, but it is an important sign and an element of clarity that may foster a new dynamism among those concerned in the same way that Eureka has alerted industrialists and scientists to the need for technological cooperation withing Europe ...'.

¹ OJ C 229, 10.9.1986; Bull. EC 6-1986, point 1.3.1 *et seq.*

² OJ C 297, 24.11.1986; Bull. EC 10-1986, point 2.1.3.

³ OJ L 332, 26.11.1986.

⁴ OJ L 375, 31.12.1975.

⁵ Bull. EC 5-1986, point 1.2.1 *et seq.*

⁶ Italy and Ireland until the end of 1987, Greece until the end of 1988, Spain until the end of 1990, and Portugal until the end of 1992.

2. The fight against drugs in the Community

The Commission's first proposals for action

1.2.1. On 26 November the Commission adopted a communication for transmittal to the Council containing a programme in preparation for a comprehensive proposal on the fight against drugs in the Community to be made at a later date.¹ This preparatory phase is to begin in 1988 and last for two years, providing a basis on which to decide what large-scale operations should then be considered. An appropriation of 2 250 000 ECU has been earmarked for the programme, which will initiate an ongoing dialogue between the Member States and the Commission aimed at identifying the priorities and areas in which cooperation is essential if the fight against drug addiction is to succeed.

Towards a comprehensive approach

A threat to society

1.2.2. Drugs, whose use is increasing rapidly, are a real threat to our society. There are already one and a half million regular users of heroin in the European Community, most of them aged between 17 and 25. New and increasingly harmful substances are making their appearance. Certain ways of consuming them can encourage the spread of deadly viruses such as AIDS and hepatitis B. Drug addiction and states of withdrawal or dependence can lead to delinquency and to criminal behaviour.

Need for Community action

1.2.3. The fight against this scourge is consequently becoming urgent, and to be fully effective it must be organized on a Community-wide basis. The Commission's proposal is the follow-up to a number of positions adopted at Community level — notably at the European Council in Milan in June 1985, in the report by the *ad hoc*

Committee on a People's Europe,² at the European Council in The Hague in June 1986³ and by the Ministers for Health meeting within the Council on 29 May 1986.⁴ More recently, drugs were the subject of conclusions drafted at an informal meeting of Ministers for the Interior of the Member States⁵ and of a European Parliament resolution in October.⁶

The action to be undertaken should be seen as supplementary to the Community's participation (proposed by the Commission on 6 August⁷) in an international conference to be held under UN auspices to study measures to be taken at international level against drug abuse and in the new annual programme in the field of medicine and health (1987-89) proposed by the Commission in October.⁸

Objectives of the Community programme

1.2.4. Far from replacing the numerous forms of action already taken at national and private level against drugs, the aim of Community action will be to supplement them by facilitating exchanges of experience, preventing futile and costly duplication of research and prevention efforts, and permitting more meaningful epidemiological studies and research to be carried out by giving access to a sufficiently wide sample of patients.

Areas of action

1.2.5. The action envisaged by the Commission is concerned mainly with prevention, treatment, rehabilitation and research.

(i) With a view to preventing drug addiction, training and information campaigns

¹ COM(86) 601 final.

² Bull. EC 6-1985, point 1.2.3.

³ Bull. EC 6-1986, point 1.1.16.

⁴ Bull. EC 5-1986, point 2.1.66.

⁵ Bull. EC 10-1986, point 2.4.10.

⁶ OJ C 283, 10.11.1986; Bull. EC 10-1986, point 2.4.17.

⁷ Bull. EC 7/8-1986, point 2.1.113.

⁸ Bull. EC 10-1986, point 2.1.49.

on drug abuse will be devised for parents, teachers, organizers of social and cultural activities and social workers, and education campaigns on drug abuse aimed at children and adolescents.

(ii) Given the need to carry out a critical assessment and comparison of all procedures so as to improve methods of treatment, rehabilitation and social reintegration of addicts, action will be taken with a view to:

(a) developing and improving the information available to drug addicts about opportunities for treatment, the services which provide such treatment and the social facilities available to them in the Community;

(b) exchanging experience and information on methods of treatment and social reintegration;

(c) promoting therapeutic and social pilot schemes;

(d) improving and coordinating treatment and rehabilitation programmes;

Comparative and basic statistical studies will be conducted with a view to clarifying the above action. This will involve:

(e) evaluating the actual quantities of drugs circulating within the Community and identifying the substances most frequently used and the ways in which they are used;

(f) assessing the actual number of addicts, distinguishing as far as possible between the various categories of user: occasional, habitual, dependent, dependent but treated, dependent but cured, dependent but having undergone treatment and relapsed;

(g) introducing a European information system on the drug problem backed up by a European data bank.

(iii) Medical research aimed at the prevention of drug abuse and the treatment of addicts will be stepped up and national efforts coordinated. In addition, epidemiological research covering several countries would present a more accurate picture of the proportion of addicts in given populations and permit easier identification of the groups at risk.

3. Industrial cooperation

New approach towards certain countries in Latin America, Asia, the Gulf and the Mediterranean

1.3.1. On 5 December the Commission transmitted to the Council and Parliament a communication proposing general guidelines for the development of industrial cooperation in certain parts of the world.¹ While maintaining that traditional forms of cooperation with non-ACP developing countries — trade cooperation and official

development assistance — should be pursued and stepped up, the Commission considers that the approach with regard to future relations with the more developed of these countries should be specifically geared to their needs. The countries in question are in Latin America, Asia, the Gulf and the Mediterranean.

It is obviously not the intention that the public authorities should take the place of

¹ COM(86) 603 final.

private business. The public sector's role is merely to provide an incentive, the final decision resting with the firms, which are after all supplying the capital and the technology and taking the risks.

The Commission identifies five areas in which the Community's role in support of firms should be broadened or strengthened. To this end, it proposes a number of objectives and the means by which these may be achieved.

Information on investment opportunities

1.3.2. There should be better cooperation between European chambers of commerce in these countries, wide distribution of information to the parties concerned, more and better data banks and joint investment committees in each country.

Scientific and technical cooperation

1.3.3. The Commission considers it vital to promote joint research between Community and non-Community teams. It has considerable experience in this field which should be strengthened and as far as possible directed towards suitable areas for joint industrial projects.

Training

1.3.4. Training should be encouraged, in particular in-service training of managerial

and technical staff. Information on the opportunities in this sphere must also be improved.

Financial engineering

1.3.5. The economic situation of certain non-Community countries calls for a new approach in terms of investment financing. The Commission accordingly proposed in the preliminary draft budget for 1987 a new heading to cover the provision of risk capital resources for joint ventures involving Community and non-Community firms. This assistance would be provided through investment banks and investment companies.

Additional mechanisms are also under consideration to complement these activities (creation of specialized local investment banks, subsidies, guarantees to cover possible losses, and coinvestment formulas).

Industrial standards

1.3.6. Where circumstances permit, the Commission wishes to encourage the countries concerned to apply internationally recognized industrial standards at regional level. The Community can provide appropriate technical assistance and in particular encourage cooperation between standards institutions in the Community and in the other countries.

4. Substantial strengthening of links between the Community and Latin America

1.4.1. At its meeting in The Hague in June the European Council asked the Commission to prepare a paper on the strengthening and development of relations between the Community and Latin America, in accordance with the objectives set out in the declaration annexed to the Treaty of Accession of Spain and Portugal.¹

In response to this request, the Commission adopted on 19 November² a communication, for transmittal to the Council and Parliament, designed to initiate a dialogue within the Council on policies to strengthen relations between the Community and Latin America³ with a view to the adoption of practical measures at a later stage.

The Commission proposes a number of realistic measures suited to the capabilities of both parties:

Trade: identification of possible improvements in trade arrangements, and stepping-up of efforts to promote trade, especially with a view to greater diversification of the goods and services traded.

Regional integration: support for efforts already undertaken in the region, notably through the harmonization of industrial standards and cooperation in telecommunications, with an eye to introducing cumulative origin rules for regional groupings.

Industrial cooperation: more contact between businessmen on both sides, promotion of data banks and joint investment committees, cooperation between chambers of commerce, and training operations.

Development: continued official development assistance for eligible countries and

an improvement in the effectiveness of ODA by means of coordination with other sources of financing.

Finance: export credits for countries that have adopted satisfactory adjustment policies.

International economic environment: efforts to improve the international context so facilitating the solution of problems facing Latin America (debt, industrial change, etc.); to this end, dialogue with these countries has to be stepped up.

Political consultation: set in motion political consultations with the groupings of Latin American countries on major and regional problems.

What is at stake in relations between the Community and Latin America is whether a response can be made to the challenge that faces Latin America over the next decade: structural adjustment and faster industrialization.

Latin America has important factors in its favour, providing that it can preserve social cohesion and democratic consensus. Europe, by strengthening its links with the region, can contribute to the success of its efforts.

¹ Bull. EC 6-1986, point 1.1.17.

² COM(86) 720 final.

³ Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela.

5. Tenth anniversary of the European University Institute

1.5.1. The European University Institute, which was set up in Florence in March 1975¹ and received its first students and researchers in 1976, celebrated its 10th anniversary on 20 and 21 November. To mark the occasion, the annual Jean Monnet lecture was given by Mr Jacques Delors, President of the Commission, on the topic 'Europe and the Single Act: a moment of truth'. The ceremony was attended by the Ministers for Education of the Member States and a number of personalities from politics and the arts and was chaired by Mr Werner Maihofer, Principal of the Institute. The Commission was represented by Mr Carlo Ripa di Meana, Member with special responsibility for cultural activities. On the same day, the High Council appointed Mr E. Noël Principal of the Institute with effect from the 1987/88 academic year.

Speech given by Mr Delors

'... I more than anyone am aware of the failings of the reform of the Treaty of Rome, and aware that it may have dashed the hopes engendered in particular by Parliament's draft treaty on political union, a project pursued with such determination by Altiero Spinelli. Today, we must do everything in our power to ensure that the potential which exists is realized, and that we respond to the needs and challenges of the modern era and also to the frequently neglected aspirations of the citizens of Europe.

The key to revitalization

These needs and aspirations are today unleashing new forces and a new will. I would like to show you how these hold the key to European revitalization and demonstrate its potential.

People's expectations, I feel, revolve around the triad of economy, technology and defence.

The economy, as part of a broad plan for society, so that together we may rediscover the road to prosperity and full employment.

Technology, so that Europe, in the bitter struggle now being waged, may regain its rightful place and keep control over its destiny.

Finally, defence, in the interests of our security, which, unless Europe can stir itself, may well come under threat in the future.

The economy and society

If Europe could demonstrate that the combination of its policies and its economic forces is a key factor in reviving the economy and restoring full employment, would it not gain universal approval? This is precisely what we have proposed to the Council of Ministers.

The immediate symptoms of the problem will be tackled by the cooperative strategy for employment-oriented growth, proposed by the Commission and recently endorsed by the two sides of European industry in the context of the social dialogue. You will of course be familiar with the aim of this strategy: for each Member State to make use of its room for manoeuvre, with regard to interest rates and fiscal policy in particular, so that we can reduce unemployment by 30% within five years. Our plan is to underpin this strategy with measures relating to employment policy, with particular reference to long-term unemployment. This is the thrust of the proposals which I made to the European Council in The Hague and which — I hope — will be adopted in the form of practical guidelines by the London European Council. We must not forget that, while unemployment is showing signs of levelling out in Europe, the number of long-term unemployed continues to grow and is a major source of what has become known as 'new poverty'.

In structural terms, the proof of the importance of this combination — which, incidentally, has already been demonstrated — lies in the establishment of a large European economic and financial area which offers firms a market superior in terms of size, outlets and resources to what is available to their American and Japanese competitors. The very prospect of this large market without frontiers is already having a stimulating effect and encouraging exchanges and cooperation between firms. We must not let them down. You will recall how all the Community countries, benefited from the elimination of customs duties between them, and increased their trade fivefold. Since the 1970s, however, trade has levelled off in terms of Community GDP. But the next step must now be to remove the physical, technical and tax barriers which div-

¹ Bull. EC 3-1975, points 1401 to 1403.

ide up markets and thus to provide a powerful boost to our competitiveness and our development.

At the same time the free movement of capital as a result of improved distribution of resources and a stronger European Monetary System will play a major role in the convergence and integration of our economies. The dialectic relationship between monetary cooperation and economic cooperation is evident, and requires no detailed explanation on my part.

I would simply add that, with regard to the liberalization of capital movements, which is not an end in itself but part of the broader process of establishing the large market, a significant step was taken last Monday with the adoption of a directive extending the obligation of 'unconditional liberalization' to three new categories of capital transaction. When we recall that certain influential countries had made this a precondition for strengthening the EMS and promoting the ECU, we can see that the progress made this week opens up new horizons. And I must emphasize that this was achieved in record time, thus giving the lie to the accusations of bureaucracy which have been directed at the Community ...

Training, the key to success

But the ultimate purpose of this area without frontiers we are trying to create is to bring Europeans together by allowing them freedom of movement and giving them the opportunity to work and be creative together. Our efforts would not be worth while without the enrichment which will spring from the exchange of cultures and the feeling of belonging to a larger whole. Even now we are seeking to promote this, with an eye in particular to 'the people's Europe', by implementing the Comett and Erasmus exchange programmes, which should enable tens of thousands of young people to study or train for a time in a university or a firm in another Member State. Other schemes have already been implemented on a bilateral basis by several Member States and by various regions and *Länder*.

We need to go even further, more particularly by making use of Article 128 of the Treaty of Rome, which provides for general principles to be laid down for implementing a common vocational training policy, and by focusing attention on schools as well as universities and businesses.

This European vocational training policy would be inspired by the schemes which have already been successfully launched in some countries. It would help combat unemployment and contribute to the overhaul which our education systems need.

As I am regarded in France as the father, as it were, of the right to continuing education, I would like to draw on my experience to make a general proposal for the European Community which would enable everyone to learn the value of learning and possess both the knowledge and the competence to cope with professional and private problems and adapt to a rapidly changing world. In other words, I am proposing that each European should have the right to continuing education, in a form adapted to the legislative traditions and customs in each country.

I would also like to propose that, starting in primary school, at least one other European language be taught throughout the Community.

This idea is already successfully put into practice in some Member States. The prospect of an area without frontiers, with more and more television channels and information networks, means that we must exploit our linguistic potential in order to promote communication, exchanges and common projects and foster our cultural development.

I would also like to plead the case for an approach to teaching European history which, without glossing over the mistakes and playing down the tragedies of the past, brings to light the factors which created the sense of continuity which binds Europeans together today. You may know that we have supported the production of a European history textbook, under the guidance of Professor Duroselle and a committee of top-level European historians. I would like to take this opportunity to announce officially that the book will be available for the beginning of the 1987 school year. We are convinced that the Ministers for Education will welcome it as a further means, alongside the traditional history books, of putting the past into a European perspective — an essential exercise, to my mind.

Our goal, then, is to work together to meet these challenges, within a large area embracing different, but neighbouring, cultures which form part of a single family, and to base our development on the exchange of ideas and cultures. This vision is already being responded to and worked out in the field of technology.

Technology

Our task here is particularly challenging and immediate. It is becoming clear that, although European firms are holding their own in low-growth industries, they play a secondary role in the advanced-technology industries, with the possible exception of telecommunications.

I have referred to technology as one of the major preoccupations of our citizens for two reasons.

First, because the opinion polls tell us that Europeans place mastery of these new technologies at the top of their list of priorities for Europe, given that the competitiveness of two thirds of the economy, and over half of our workforce, depend upon them. Second, because I want to tell you about the success that the initiatives we have launched is having with firms, universities and researchers.

One of the great merits of the Esprit programme on information technology and the intergovernmental Eureka project is that they bring home to European firms the fact it is both necessary and beneficial for them to work together on joint projects. Here too expectations have been raised which Europe must not disappoint. This is an essential factor in restoring growth and full employment. And, as President of the Commission, I expect the Council of Ministers to approve the reasonable, but vital, programme which we have proposed for the coming five years. This will be the first test of their willingness to apply the Single Act.

Europe's potential

I would like to return to the broad objectives which are our immediate concern. These are now officially enshrined in the Single Act, which contains a number of provisions designed to improve the decision-making process and make it more democratic by involving the European Parliament to a greater extent.

After years of stagnation, this reform of the Treaty of Rome, with its emphasis on the large market, technological cooperation, the EMS, economic and social cohesion and the social aspects of collective action, is set to become the economic and social cornerstone of European revival.

The process for which it provides will be assisted by some accelerating factors, but will also no doubt meet a number of obstacles, which can only be overcome by means of vigilance and determination on the part of the European institutions, the Commission, Parliament and public opinion.

First among these factors is the very powerful internal momentum set up by the process of creating an area without frontiers. The creation of the large market is to some extent an application of the domino theory in that the removal of one barrier leads to the removal of another and so on.

I would like to mention in particular the commitment of business managers to this objective. They are anxious to see the completion of the large market which, tomorrow, will form the natural framework for their activities, increasing their potential resources and opening new outlets to them.

The trade union movement also supports this aim. In 1985 the European Trade Union Confederation made it one of its prime objectives, alongside the creation of a European social area, within which the trade unions expect to see the spread of better systems for protecting workers and improving working conditions.

This is why the social dialogue which I set in motion on taking office, and which is already bearing fruit, is of such importance, and is actually referred to in the Single Act.

We dare not let our producers down. We will lose all credibility if decisive steps are not taken towards completing the large market. Should this happen it would mean, in the context of an increasingly interdependent world economy, that firms would no longer regard the European dimension as part of their strategy. European integration would lose its driving force and one of its objectives, namely economic and social progress.

This leads me to another test of our credibility: by the end of 1987, we must have made progress in five key areas — the liberalization of capital movements, the opening up of public procurement, the adoption of common standards, the strengthening of technological cooperation and the social dialogue.

But if the revitalization process is to have a firm base, we need institutions which operate more efficiently and in a less bureaucratic way ...

The need for better decision-making and more effective action was central to the proposals made by the Commission at the Intergovernmental Conference, which unfortunately were only partially adopted.

The Single Act has an important contribution to make in this area, as two thirds of the decisions concerning its centrepiece, the large internal market (the technology programmes, social measures relating to working conditions, and the structural policies) can in future be taken by a qualified majority in the Council, once unanimous agreement has been reached on the broader principles.

The necessary impetus seems to have been provided: even before the Single Act has come into effect, there is already more majority voting.

The Single European Act: a moment of truth

We have all the trump cards we need, then, if we are to realize Europe's potential and achieve our highest political objectives. But the game is not yet over. It has not yet been won. Let me finish by emphasizing how crucial 1987 will be for Europe.

As I have already said, our concern is to initiate the process leading to the achievement of our major objectives. But if the process is to be got off to a good start and our aims are to be achieved, a number of well-defined conditions must first be met.

The political will of the Member States

As I have said, the Single Act enables us to take certain decisions by a majority instead of unanimously. But, of course, the Member States cannot be forced into this. It is a question of political will, but also one of procedural technique.

In this context, the Council's rules of procedure ought to be amended. This may appear to be of secondary importance, but if the Council's rules made the use of the voting procedure automatic, that might be a way out of the graveyard of unimplemented resolutions, the final resting place of so many communiqués from European summits and Commission proposals for directives and regulations.

An increased role for Europe's elected representatives

A further aim of the Single Act is to involve the European Parliament to a greater extent in the legislative process. Rightly or wrongly, the election of the European Parliament by universal suffrage raised great hopes. In reality, however, Parliament has failed to make its mark — not in public debating, at which it frequently excels, but in the preparation of legislative instruments, the process of building a Community based on the rule of law. For this reason the Single Act provides for a so-called cooperation procedure which will enable Parliament, in the course of two readings, to have an active say in the creation of this Community, in the most important areas.

We have great hope for this procedure, and the Commission will spare no efforts to ensure its success. It is now up to Parliament to seize this opportunity and carve out a role for itself as an essential, but effective, partner in securing European integration — starting with the achievement by 1992 of the objectives set forth in the Single Act.

The Commission's executive powers

Our aim, then, is improved decision-making and more effective action. The Commission has the necessary executive powers, in theory at least. As someone who felt he knew the Community, I was

surprised to observe that even after the Council had taken the requisite decision, the Commission still had to go through something of an assault course to ensure that the decision taken was implemented.

This is what is at stake in the present confrontation — at the moment amicable but none the less real — between the Council and the Commission: the Commission wants to be able to act effectively in accordance with the spirit and the letter of the Single Act.

I have given you an outline of what must be done and how. It is essential — it is vital — for us to agree on this if we are to apply the Single Act and overcome the political obstacles which will arise as we try to reach our goals.

If we are serious about European Union, if we really want a Community and not merely a free trade area, we have to agree on the five criteria which must be the basis of Community action and of the policies to be implemented:

(i) We must give effect to decisions taken and enforce the rules of the game (directives, competition policy, harmonization of aids, etc.): that is what is meant by a Community based on the rule of law.

(ii) We must strengthen cooperation between the Member States, through the European Monetary System, technology programmes, the cooperative growth strategy, and so on; and we must adjust the common agricultural policy to the needs of modern society, without departing from its basic principles.

(iii) We must speak with one voice and act together in the international arena, in order not only to defend our legitimate interests, but to respond to the demands being made of Europe from all quarters, and to further the cause of peace, freedom and justice.

(iv) We must support regional development, for example by means of integrated programmes, grants for infrastructure projects and technical assistance for trading and for the labour market.

(v) We must promote innovation — by programmes to bring down unemployment, by encouraging the growth and modernization of small business, by applying the financial instruments. Also, in line with these measures, we must publicize initiatives which have worked — action to promote the development of a region, measures relating to employment and training, cross-fertilization between the business and financial communities and the education system.

The Community is faced with the choice between three different scenarios for the large market, which is the key element of our strategy:

- (i) a market whose unity is a sham, where different arrangements and requirements exist in the various countries and which in sum would be of little benefit to our economies;
- (ii) a free trade area which is not regulated and is subject to the vagaries of differing economic policies; or
- (iii) a true economic area which is in touch with reality and genuinely united, so that it can release the synergistic forces which will enable us to bring our economic and monetary policies more into line with each other.

It is this last option which, in our view, must be the target of the Single Act. It is the only one compatible with the stated ambition of the Twelve to work towards European Union.

This, then, is the three-point formula for Europe's future. The Single Act, the harmonization of Community policies and instruments, taking into account the new demands made on us by the Single Act, and the political will of the Community's institutions — all of them — to make full use of the new regulatory and decision-making machinery.

We for our part fully committed. We have staked our honour on realizing Europe's potential, and thus lending impetus to the political plans which reflect our deepest convictions. In doing this we are paying a well-deserved tribute to those eminent champions of a united Europe who today are calling upon us to look to the future with breadth of vision and greater determination. Those who created this vision of Europe to which we aspire are now urging us to remain true to them by taking action where action is possible.

PART TWO

**ACTIVITIES
IN NOVEMBER 1986**

1. Building the Community

Economic and monetary policy

Council

2.1.1. At its economic and financial affairs meeting on 17 November the Council unanimously adopted the proposal—presented by the Commission in June—for a Directive extending liberalization obligations in respect of capital movements (→ point 1.1.1 *et seq.*).

It then held an initial exchange of views on the annual economic report 1986-87. It will resume examination of the report at its next meeting in the light of the opinions from Parliament and the Economic and Social Committee.

It also reached agreement on a proposal relating to NCI IV (→ point 2.1.6).

It took note of a report from the Presidency on progress with indirect taxation proposals (→ point 2.1.10).

Lastly, as part of budgetary discipline, the Council adopted conclusions on the financial aspects of the Commission's proposals for a new framework programme of Community R&D activities (→ 2.1.39) and for fisheries structures (→ point 2.1.223).

Economic situation

Annual economic report 1986-87

2.1.2. On 14 November Parliament gave its opinion¹ on the annual economic report 1986-87.² It called on the Commission and Member States to implement as swiftly as possible specific measures to encourage the growth of productive investment in essential sectors, to foster the introduction of new technology and to ensure that the Community's budget was managed in such a way that budget resources were redeployed towards structural adjustment and the convergence of Member States' economies. In

addition, Parliament was very critical of the Japanese-American stabilization agreement, which was considered to pose a threat to monetary multilateralism and involve a shift to bilateral agreements which were imposed to a greater or lesser degree and in which Europe would play only a subsidiary part.

2.1.3. At its November session the Economic and Social Committee gave its opinion on the annual economic report 1986-87 (→ point 2.4.20).¹

European Monetary System

Medium-term financial assistance

2.1.4. On 11 November the Commission sent to the Council a new proposal for a Decision³ extending the validity of the machinery for medium-term financial assistance for a further two-year period and reducing by 2 000 million ECU the total of commitments underwritten by Member States; the reduction is in response to the statement made by the Council in December 1984, when it adopted the previous Decision to extend the machinery.⁴

A new instrument is needed because the Decision currently in force limits the machinery's validity to 31 December 1986; under the proposed new Decision the machinery will be operative until 1988, unless the final phase of the EMS is launched before that date.

Free movement of capital

2.1.5. On 17 November the Council, acting on a proposal from the Commission after consulting Parliament, adopted a

¹ OJ C 322, 15.12.1986.

² Bull. EC 10-1986, point 1.1.1 *et seq.*

³ COM(86) 663.

⁴ OJ L 341, 29.12.1984.

Directive extending Community obligations in respect of the liberalization of capital movements (→ point 1.1.1 *et seq.*).

Community borrowings

New Community Instruments (NCI IV)

2.1.6. On 17 November the Council reached agreement on a proposal for a Decision extending the activities of the New Community Instrument (NCI IV).¹ Borrowings of 1 500 million ECU intended for new loans to assist small and medium-sized businesses will be made in two tranches, one by the Commission and the other by the EIB.

Monetary Committee

2.1.7. The Monetary Committee held its 328th meeting in Brussels on 25 November, with Mr Tietmeyer in the chair. It examined the main monetary policy guidelines for 1987 and the intermediate quantitative adjustments and reviewed recent developments in the UK economy.

*

2.1.8. At its November session the Economic and Social Committee adopted an own-initiative opinion on financial integration in the Community (→ point 2.4.21).

Internal market and industrial affairs

Completing the internal market

Council

2.1.9. At its meeting on internal market issues on 3 November the Council approved in principle the proposal for a Directive on

commercial agents (→ point 2.1.14). The Council and the Representatives of the Governments of the Member States meeting within the Council adopted a resolution concerning the removal of customs signs at internal Community borders (→ point 2.1.134); this resolution is in keeping with the White Paper on completing the internal market.²

The Council was unable to reach agreement on the package of five proposals on pharmaceutical products.³

The proposals regarding right of residence⁴ and easing of border controls⁵ were also discussed.

Progress reports on the proposals concerning good laboratory practice,⁶ roll-over protection structures for narrow-track tractors⁷ and trade mark law were submitted to the Council. The Council agreed to a timetable for the continuation of work on the Community trade mark which should lead to adoption of the Commission's proposals by the end of 1987 (→ point 2.1.121).

2.1.10. At a meeting on economic and financial affairs on 17 November the Council took note of a report from the Presidency on progress with regard to indirect taxation proposals.⁸

It called on the Permanent Representatives Committee to expedite its examination of the Commission's proposals on VAT and excise duties. In this connection, the Council stressed the importance of speedy adoption of the proposal for a VAT Direc-

¹ OJ C 163, 3.7.1985; Bull. EC 5-1985, point 2.1.3.

² Bull. EC 6-1986, point 1.3.1 *et seq.*

³ OJ C 293, 5.11.1984; Bull. EC 10-1984, point 2.1.16; OJ C 122, 22.5.1986; Bull. EC 3-1986, point 2.1.18.

⁴ OJ C 207, 17.8.1979; Bull. EC 7/8-1979, point 2.1.14; OJ C 188, 25.7.1980; OJ C 171, 10.7.1985; Bull. EC 6-1985, point 2.1.15.

⁵ OJ C 47, 19.2.1985; Bull. EC 12-1984, point 2.1.9; OJ C 131, 30.5.1985; Bull. EC 5-1985, point 2.1.9.

⁶ OJ C 219, 28.8.1985; Bull. EC 7/8-1985, point 2.1.125.

⁷ OJ C 222, 2.9.1985; Bull. EC 11-1984, point 2.1.10.

⁸ Bull. EC 1-1986, point 2.1.5; Bull. EC 3-1986, point 2.1.7; Bull. EC 6-1986, point 2.1.9.

tive for small and medium-sized businesses.¹

The Council also discussed questions raised by several Member States regarding duty-free allowances for travellers in the context of the proposed seventh Directive.² The discussions showed that there was a will to seek an overall compromise on these problems without jeopardizing internal market objectives. The Permanent Representatives Committee was instructed to prepare a compromise with a view to its adoption at the next meeting in December.

*

2.1.11. On 17th November the Council adopted the 13th Directive on the harmonization of the laws of the Member States relating to turnover taxes concerning arrangements for the refund of value-added tax to taxable persons not established in Community territory (→ point 2.1.95). Adoption of this Directive was one of the measures scheduled in the White Paper on completing the internal market.³

2.1.12. In November the Commission sent to the Council a proposal for a Regulation on liberalizing road transport, as a step towards a unified transport market (→ point 2.1.228).

2.1.13. The Economic and Social Committee adopted an own-initiative opinion on financial integration in the Community at its November session (→ point 2.4.21).

Free movement of persons and freedom to provide services

Elimination of restrictions

Self-employed commercial agents

2.1.14. On 3 November the Council approved a Directive on the coordination of the laws of the Member States relating to self-employed commercial agents.⁴

Self-employed commercial agents play a very important role in market interpenetration and therefore in increasing intra-Community trade. The need to coordinate the laws involved became apparent when the restrictions on freedom of establishment and freedom to provide services in respect of activities of intermediaries in commerce, industry and small craft industries were removed by the Council Directive of 25 February 1964,⁵ because it emerged that differences between one legal system and another as regards commercial representation continued to create unequal conditions of competition within the Community.

This coordination is directed both at the relationships between principals and commercial agents subject to the jurisdiction of different Member States and the relationships within one Member State, so as to ensure that the conditions of their establishment are those of a single market.

The provisions of the Directive form a balanced set of rules covering the main aspects of the relationship between commercial agent and principal: definition of 'commercial agent'; rights and obligations of parties; remuneration of the commercial agent, including entitlement to commission; conclusion and termination of contract; indemnification for termination of contract; restraint of trade clause.

Member States are given three years to incorporate the Directive in their national law. In view of the special efforts to be made by the United Kingdom to adapt its national legislation to the requirements of the Directive and the close links between the Irish and British economies, the Council granted Ireland and the United Kingdom a further four years. Italy was given an extra three years solely with regard to indemnification for termination of contract.

¹ OJ C 272, 28.10.1986; Bull. EC 7/8-1986, point 2.1.89.

² OJ C 114, 28.4.1983; Bull. EC 4-1983, point 2.1.60; OJ C 72, 13.3.1984; Bull. EC 2-1984, point 2.1.62.

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

⁴ OJ C 13, 18.1.1977; OJ C 56, 2.3.1979.

⁵ OJ 56, 4.4.1964.

Mutual recognition of diplomas and access to occupations

Midwives

2.1.15. The Advisory Committee on the Training of Midwives, whose members have been newly appointed by the Council, met on 3 and 4 November and elected its Chairman for its new period of office, which extends from 7 October 1986 to 6 October 1989. It then continued its discussions on the training of midwives, in particular access to such training and the content and structure of theoretical and clinical training. The Committee is also drawing up an opinion aimed at achieving an improved concordance of the various language versions of the annex to the Directive on the practical training of midwives. Finally, the Committee exchanged information on the continuing training of midwives in Germany, the Netherlands and Spain.

Dentists

2.1.16. The Advisory Committee on the Training of Dental Practitioners met on 19 November and adopted a report on the definition of the standard professional profile for dental practitioners in the Member States of the Community and recommendations on achieving a comparably high level of basic training. The Committee heard a report on the continuing training of dentists in the United Kingdom. Finally, it had an initial exchange of views on the action taken in the Member States in response to its report and recommendations regarding general guidelines for a comparably high level of training of dental specialists.¹

Special rights of citizens and passport union

2.1.17. On 24 November the Commission sent to the Council a proposal for a rec-

ommendation relating to ratification by Member States of the Convention of 25 October 1980 designed to facilitate international access to the courts (→ point 2.1.135).

Free movement of goods

Removal of technical and administrative barriers to trade

Industrial products

2.1.18. On 25 November the Council reached agreement on all the substantive issues raised by the Directive on the permissible sound level and exhaust systems of motorcycles (→ point 2.1.158).

2.1.19. On 6 November the Commission approved² the adaptation to technical progress of the Council Directive of 1 March 1971 on the approximation of the laws of the Member States relating to the rear-view mirrors of motor vehicles.³

Foodstuffs

2.1.20. On 20 November the Commission adopted, for transmittal to the Council, a proposal⁴ to amend the Directive of 24 July 1979 on the approximation of the laws of the Member States relating to fruit jams, jellies and marmalades and chestnut purée.⁵

This proposal follows on from the Commission communication of November 1985 entitled 'Completion of the internal market: Community legislation on foodstuffs'.⁶ Its main purpose is to delegate to the Commission the responsibility for managing

¹ Bull. EC 11-1983, point 2.1.6.

² OJ L 327, 22.11.1986.

³ OJ L 68, 22.3.1971.

⁴ COM(86) 613.

⁵ OJ L 205, 13.8.1979.

⁶ Bull. EC 11-1985, point 2.1.18.

Community legislation in the field covered by the 1979 Directive.

Business law

Economic and commercial law

Trade marks

2.1.21. On 3 November the Council took note of a report on progress made on the proposals for a Regulation and a Directive on the Community trade mark.¹ It also approved a timetable for the continuation of work on this subject:

- (i) end 1986: Commission to present proposal on the seat and the language of proceedings of the future Trade Marks Office;
- (ii) end 1987: Council to adopt the Regulation, the Directive and the Regulation relating to the implementation of the basic Regulation;
- (iii) 1 January 1990: Community Trade Marks Office to open and Community trade mark system to become operational.

Small business — Business Cooperation Centre — Distributive trades

Small business

2.1.22. On the initiative of Mr Abel Matutes, the Member with special responsibility for small business, the Commission adopted a number of practical internal measures for implementing the small business action programme, which was formally adopted by the Council on 3 November after being approved on 20 October.²

The strategy to be implemented consists in creating a favourable legal, tax and administrative environment for firms. This environment is frequently perceived to be a burden on consumers and producers in the

Community, since it increases costs and prices and restricts firms' flexibility; in addition, the policies pursued hamper the normal working of markets by making it more difficult for supply and demand to adapt to changes.

The Commission has therefore authorized the new Small Business Task Force to establish contacts and exchange information with Member States on experiments in progress and on projects.

The Commission laid down guidelines on 26 November and instructed its staff to apply them. The Small Business Task Force is to be involved in drawing up proposals for legislation, and every proposal likely to affect small firms will be accompanied by a statement assessing its impact on business and on jobs.

Industry

Council

2.1.23. The Council held a meeting on industrial affairs on 18 November.³

It took decisions removing certain steel products from the quota system (→ point 2.1.24) and continued its examination of the proposal for a sixth Directive on State aids to shipbuilding (→ point 2.1.92).

The Council also approved in principle a recommendation on the coordinated introduction of the integrated services digital network in the Community (→ point 2.1.54).

¹ Supplement 5/80 — Bull. EC; OJ C 351, 31.12.1980; Bull. EC 11-1980, point 1.5.1 *et seq.*; OJ C 230, 31.8.1984; Bull. EC 7/8-1984, point 2.1.21; OJ C 351, 31.12.1985; Bull. EC 12-1985, point 2.1.24.

² Bull. EC 10-1986, point 1.3.1.

³ Previous meeting: Bull. EC 10-1986, point 2.1.16.

Steel

The Community steel industry

Market management

Crisis measures

Organization of the market in 1987

2.1.24. On 18 November the Council received a first report and analysis from the Commission in respect of the proposal to reduce production capacity recently made to it by Eurofer, the European steelmakers confederation. The Council welcomed this initiative but felt that it merited further consideration on the basis of more detailed proposals to be submitted by Eurofer by 1 March 1987. It was agreed that independent producers could be involved where appropriate.

The Council confirmed the position it had taken at its 20 October meeting¹ and gave its assent to the liberalization of galvanized sheet (category Ic) and the deletion of Article 15B from the Decision of 31 January 1984,² as last amended by the Decision of 27 November 1985,³ from 1 January 1987. It decided to postpone consideration of the other Commission proposals for liberalization of wire rod (category IV), merchant bars (category VI) and small sections in category III.

2.1.25. In view of the pending liberalization of category Ic the Commission decided that from 19 November Article 15 should apply to certain products only, in order to prevent undertakings from transferring reference quantities in this category to others still within the quota system.⁴

Production quotas

2.1.26. On 3 November the Commission adopted the final abatement rates for the fourth quarter of 1986⁵ which it had provisionally set in September.⁶ In view of

contracts recently concluded with non-Community countries the Commission decided to raise slightly production quotas for hot-rolled flat strip, cold-rolled thin plate and reversing-mill plate.

The adjusted abatement rates and corresponding production quotas for the fourth quarter are set out in Table 1.

Table 1 — *Abatement rates used for establishing the production quotas for the fourth quarter of 1986*

<i>(in 1 000 tonnes)</i>		
Product	Abatement rate	Relevant production quota ¹
Ia Hot-rolled flat strip, including hoop and sheet	52	3 537
Ib Cold-rolled sheet	50	2 992
II Reversing-mill plate	41	1 294

¹ Theoretical quotas excluding any additions or other adjustments.

Market situation

Production

2.1.27. Community crude steel production (excluding Greece) stood at 11.027 million tonnes in October, 2% higher than in September but 7.4% lower than in October 1985.

The following table shows the trend in crude steel production in the Member States in the closing months of the last two years.

¹ Bull. EC 10-1986, point 2.1.19.

² OJ L 29, 1.2.1984.

³ OJ L 340, 18.12.1985.

⁴ OJ L 325, 20.11.1986.

⁵ OJ L 309, 4.11.1986.

⁶ OJ L 264, 16.9.1986; Bull. EC 9-1986, point 2.1.19.

Table 2 — *Crude steel output, end 1985 and 1986**(in 1 000 tonnes)*

Countries	1985		1986		
	October	November	September	October	November
Belgium	909	921	833	804	827
Denmark	51	60	63	55	61
FR of Germany	3 611	3 516	3 129	3 171	3 032
Spain	1 278	1 247	1 060	1 050	1 070
France	1 651	1 515	1 547	1 657	1 516
Ireland	19	18	17	16	17
Italy	2 152	1 982	1 975	1 951	2 050
Luxembourg	368	337	311	354	307
Netherlands	440	459	432	440	460
Portugal	56	53	68	66	50
United Kingdom	1 376	1 340	1 372	1 463	1 344
Total (excluding Greece)	11 911	11 448	10 807	11 027	10 734

The continuing downward trend in production is due to the decline in exports and to a lesser degree to a rise in imports. The worsening trade balance in the industry has not been offset by the growth in domestic consumption.

A breakdown of production by Member State (excluding Greece and Ireland) for 1985 and 1986 is given in Table 3.

Table 3 — *Estimated annual crude steel production, by Member State, 1985 and 1986**(in 1 000 tonnes)*

Countries	1986	1985	% change
Belgium	7 386	8 016	- 7.9
Denmark	489	374	+ 30.7
FR of Germany	28 627	30 720	- 6.8
Spain	9 280	10 364	- 10.5
France	13 347	14 153	- 5.7
Italy	17 240	17 821	- 3.3
Luxembourg	2 786	2 930	- 4.9
Netherlands	3 983	4 158	- 4.2
Portugal	525	503	+ 4.4
United Kingdom	10 660	11 876	- 10.2
Total	94 323	100 915	- 6.5

Consumption

2.1.28. Total steel consumption in the OECD area has fallen slightly since the beginning of the year and might fall even further with the recent fresh slump in orders. The general trend has been for a decline in demand throughout the OECD area and in exports to the rest of the world.

Employment ¹

2.1.29. Table 4 shows employment trends from 1980 to 1985 and in the latter months of 1986.

¹ Bull. EC 11-1985, point 2.1.32.

Table 4 — *Employment in the steel industry, 1980 to October 1986*

	(in 1 000 tonnes)										
	Bel- gium	Den- mark	Germa- ny (FR)	Greece	France	Ireland	Italy	Luxem- bourg	Nether- lands	United Kingdom	EUR 9
1980	45.2	2.2	197.4	—	104.9	0.5	99.5	14.9	21.0	112.1	597.9
1981	44.1	1.7	186.7	—	97.3	0.7	95.7	13.4	20.9	88.2	548.7
1982	41.6	1.6	175.9	—	95.2	0.6	91.5	12.4	20.2	74.5	513.6
1983	39.6	1.6	163.7	—	90.7	0.7	87.1	12.9	19.2	63.7	479.2
1984	37.2	1.5	152.5	4.2	85.1	0.7	75.6	12.7	18.7	61.9	445.8
1985	34.5	1.8	150.8	4.2	76.1	0.5	67.4	12.6	18.8	59.1	421.7
1986 ¹											
July	32.6	1.8	147.5	4.3	72.3	0.5	68.4	12.5	18.9	56.5	411.0
August	32.6	1.7	147.6	—	71.4	0.5	68.4	12.5	18.9	56.4	410.0
September	32.4	1.8	148.6	—	70.6	0.5	68.0	12.4	19.0	56.4	409.7
October	32.1	1.8	145.3	—	69.5	0.5	68.0	12.4	19.0	56.1	404.8

¹ Provisional figures.

Social measures

Redeployment

2.1.30. Table 5 shows the total amount of aid granted to workers in ECSC industries in the Member States between 1980 and 1985 under Article 56 (2) (b) of the ECSC Treaty. These amounts include income support allowances in the event of early retirement, unemployment or re-employment elsewhere and vocational training.

Table 5 — *Aid granted under Article 56(2) (b) of the ECSC Treaty, 1980-85*
(ECU)

Member States	Grant value
Belgium	46 438 250
Denmark	3 775 500
FR of Germany	126 327 500
France	134 366 000
Ireland	1 126 000
Italy	77 742 000
Luxembourg	20 249 000
Netherlands	6 205 500
United Kingdom	367 537 500

Social measures for the steel and coal industries

2.1.31. On 5 November the Commission adopted an amended proposal on the fund-

ing of 1985 payments for social measures in the coal and steel industries for transmittal to the Council. The proposal allocates a total of 115 million ECU (85 million to be transferred from the general budget to the ECSC budget and 30 million to be drawn from ECSC reserves). The Commission had asked for the appropriations earmarked for these measures in the 1985 budget to be carried over to 1986 so that they would not lapse after the Council failed to adopt the Commission's proposal to transfer appropriations from the general budget to the ECSC budget.¹ An identical procedure has had to be used this year, since the Council seems to be taking the same line as last year.

The amount allocated to the steel industry remains the same, i.e. 62.5 million ECU. Following a recent estimate of expenditure in the coal industry the amount for it has been reduced by 11.5 million ECU. The remaining 4 million ECU will cover some of the costs of social measures adopted in 1984 under the restructuring programme for the steel industry in the two new Member States.

The Commission will suggest to the Council that it issue a statement undertaking to

¹ Bull. EC 7/8-1985, point 2.1.85.

carry out further social measures in the years to come without making any financial commitment instead of adopting a decision on the Commission's multiannual proposal for a total of 285 million ECU (225 million ECU for the 1986 and 1987 payments for social measures in the steel industry and 60 million ECU for 1986 payments for social measures in the coal industry).¹

Regional measures:

Three-frontiers European development pole

2.1.32. On 5 November the Commission adopted two decisions to help ease the problems of economic redevelopment faced by the Aubange, Longwy and Rodange steel-producing areas and to help the three countries concerned (Belgium, France and Luxembourg) to establish a 400-hectare business park which will have special customs procedures, a free-zone warehouse and inward processing arrangements. The project, which is known as the Three-frontiers European development pole (→ point 2.1.83), will also provide access to the site by developing the appropriate road and rail infrastructure, developing research and educational activities linked to technological innovation and reclaiming derelict industrial land.

The first of the two decisions makes an exception to the rules and allows the ceiling for investment aid in the development pole to be raised to 30% (this may in some cases be exceeded with the Commission's consent). In its second decision the Commission agrees in principle to the possibility of combining national regional aid with grants from the ERDF within the 30% ceiling.

Standardization

2.1.33. The European Committee on Iron and Steel Standards (Eciss), which works closely with the European Committee for Standardization (CEN), has taken over responsibility for European standardization of steel products from the Iron and Steel Nomenclature Coordination Committee

(Cocor). Cocor, which was administered and chaired first by the High Authority and then the Commission, had been responsible for this since 1953.

The Commission has made available a sum of 548 000 ECU for work on European standardization or harmonization documents which are adopted without modification as national standards. The 150 Euronorms adopted by Cocor will form the basis of the work to be done by Eciss.

Trade with non-member countries

Imports

External aspects of the crisis measures

Arrangements with non-member countries

2.1.34. Following its communication of October on external commercial policy in the steel sector,² on 12 November the Commission adopted, for transmittal to the Council, draft negotiating directives for arrangements with non-member countries in 1987.³ Few changes have been made compared with 1986, except that the Commission is not proposing the renewal of the arrangements with Australia (which exports very little steel to the Community) or with South Africa (following the ban on imports of South African steel).⁴ In the case of EFTA countries the Commission proposes that arrangements be confined to a simple exchange of letters. The ceiling on imports under these arrangements should be the same as in 1986.

Autonomous measures

2.1.35. On 7 November the Commission decided to terminate the anti-dumping proceeding concerning imports of certain tube

¹ Bull. EC 6-1986, point 2.1.33.

² Bull. EC 10-1986, point 2.1.29.

³ COM(86) 629 final.

⁴ OJ L 268, 19.9.1986; Bull. EC 9-1986, point 2.1.28.

and pipe fittings originating in Brazil, Taiwan, Yugoslavia and Japan in view of the improvement in the Community's industry and since the problems it had suffered could not be attributed to these imports alone.¹

2.1.36. On 18 November the Commission approved a proposal for a Council Decision establishing ceilings and Community supervision for imports of certain goods from Yugoslavia in 1987.²

2.1.37. On 25 November the Commission authorized, under Article 71(3) and 73(2) of the ECSC Treaty, the Belgian, Dutch and Luxembourg Governments until 31 December 1986 to make subject to licence imports of certain ECSC products from Bulgaria, Hungary, Poland, Romania, Czechoslovakia, the German Democratic Republic and the USSR placed in free circulation in other Member States.

Research and technology, industrial innovation and the information market

Community R & D policy

Framework programme

New framework programme (1987-91)

2.1.38. At its November session the Economic and Social Committee delivered an opinion (→ point 2.4.22) on a proposal for a Regulation concerning the framework programme of Community activities in the field of research and technological development.³

Council examination of financial aspects

2.1.39. At an economic and financial affairs meeting on 17 November the Council examined the Commission proposal concerning the framework programme of Com-

munity activities in the field of research and technological development (1987-91),³ in the light of the Council's conclusions of 4 December 1984 on budgetary discipline⁴ and of the agreement on research and development reached by the European Council in Brussels in March 1984.⁵ The Council adopted the following conclusions:

‘ ...

3. The Council notes the following general features of the Commission proposal:

(a) The Commission has proposed for the framework programme an overall budget of 7 735 million ECU.

(b) The figure of 7 735 million ECU is a figure set in cash terms, which will not be increased to take account of inflation. The figure includes all personnel costs attributable to the framework programme. The Council welcomes the fact that the Commission proposal enables the budgetary authority to form a complete picture, over the period concerned, of the total costs of the proposed new framework programme.

(c) The Commission has now made available its estimate of the breakdown, year by year, of commitments and payments under the proposed new framework programme. The Council welcomes the Commission's decision to provide this information as a valuable contribution to multiannual financial planning in the Community.

4. The Council notes that, at its meeting in March 1984, the European Council agreed that it was necessary to increase the proportion of Community resources devoted to financing priority Community R & D activities. The Council notes that this implies that agreement should be reached on a new framework programme which exceeds a threshold figure based on the present share of R & D expenditure in the Community budget. In view of the many competing claims on the available resources in the Community budget, the Council considers that Community finance can only be made available for measures which can be rigorously defended on grounds of cost-effectiveness and which are essential for achieving the Community's objectives. It therefore invites the

¹ OJ L 313, 8.11.1986.

² COM(86) 592 final.

³ OJ C 275, 31.10.1986; Bull. EC 7/8-1986, point 1.2.1 *et seq.*

⁴ Bull. EC 12-1984, point 1.3.1 *et seq.*

⁵ Bull. EC 3-1984, point 1.1.1 *et seq.*; Bull. EC 6-1984, point 1.1.6.

Research Council to scrutinize the present proposals in the light of these budgetary exigencies and to fix an overall financial framework with them in mind.

5. In any event the Council notes that the provision for these measures to be adopted in any particular year can only be considered in the context of the annual budget procedure and in the light of the available resources for all Community programmes.¹

2.1.40. At a foreign affairs meeting on 24 November the Council had an exchange of views on the R&TD framework programme¹ in the light of statements made by the Commission President, Mr Jacques Delors, and Mr Karl-Heinz Narjes, Vice-President with special responsibility for research and science.

The Council noted the political importance of the framework programme, which was stressed by Mr Delors and by other speakers. The Council also recognized the importance of R&TD for the industrial and economic future of Europe. Ministers for Research were asked to take account in their discussions of the various comments made at this Council meeting.

Revision of the JRC programme for 1987

2.1.41. At its November session the Economic and Social Committee adopted an opinion (→ point 2.4.23) on the proposal for a Decision revising the 1987 part of the JRC programme.²

Eureka and the European Technology Community

2.1.42. On 24 November the Commission transmitted to the Council and Parliament a communication³ setting out its views on the envisaged relationship between Community projects and Eureka research projects.⁴

Generally speaking, these two types of project are different and yet complementary in nature: precompetitive and prestandardization research in the case of the Community programmes, and development of new

products and services required by the market in the case of Eureka.

In practice, Commission support for Eureka will be within the framework of the institutional mechanisms and Community objectives and policies (notably the completion of the internal market by 1992). This support will take the following forms:

Participation in Eureka projects: carrying out of Eureka projects or certain phases of Eureka projects, particularly prestandardization projects; Commission participation will depend upon the projects' compatibility with Community rules for intervention in R&TD as laid down in the framework programme (1987-91) and will receive budgetary support to be decided case by case; contribution from Community financial instruments and Commission proposals in the field of financial engineering towards the financing of Eureka projects.

Environment for technological and industrial cooperation in Europe and its promotion: organizing industrial forums to identify the objectives and content of new technological and industrial cooperation schemes which may be carried out either in a Community or in a Eureka framework; setting up concertation between participants in certain Eureka projects and other parties involved such as manufacturers and users of new technologies (e.g. high-definition television); supporting the definition and harmonized implementation of common standards resulting from work under Eureka or indispensable for the technical and commercial success of a project carried out in this framework; constructive application of the Treaty rules concerning competition or State aid for research and development to Eureka projects in the same way as to other technological and industrial collaborative projects in Europe.

¹ OJ C 275, 31.10.1986: Bull. EC 7/8-1986, point 1.2.1 *et seq.*

² Bull. EC 7/8-1986, point 2.1.36.

³ COM(86) 664 final.

⁴ Bull. EC 7/8-1985, points 2.1.210 and 2.1.211; Bull. EC 11-1985, point 2.1.182; Bull. EC 6-1986, point 2.1.47.

Participation in the Eureka secretariat: secondment of a Commission official to the secretariat; financial contribution to the budget of the secretariat; passing on to Eureka of skills and experience in the field of transnational data bases and information networks.

Coordination of national policies

2.1.43. At its meeting in Brussels on 20 and 21 November the Scientific and Technical Research Committee delivered its opinion on the proposal for a Council Regulation concerning the framework programme of Community activities in the field of research and technological development (1987-91).¹ The Committee emphasized the importance of science and technology for economic growth in the Community and acknowledged the timeliness of the measures proposed by the Commission for the period under consideration. However, it advocated a different approach to the structure of the programme and the scientific and technical content of the courses of action envisaged.

The Committee also held an exchange of views on the Commission proposals for three Council Directives relating to medical and health research (1987-89),² telecommunications (RACE programme) (1987-91)³ and science and technology for development (1987-90).⁴

Lastly, the Committee was briefed on the Commission's intentions as regards the interlinking of Community activities and Eureka projects (→ point 2.1.42).

Horizontal activities

Evaluation of Community R & D activities

2.1.44. On 24 November the Commission transmitted to the Council and Parliament a communication concerning a new Community plan of action relating to the evaluation of Community research and development activities for the years 1987 to 1991.⁵ The implementation of this plan will coincide with that of the future framework

programme in the field of research and technological development (1987-91), under which evaluation is to play a key role.

Based on a tried and tested formula, the new plan of action will rely on a dual system of internal evaluation by the competent Commission departments, assisted by a number of advisory bodies, and external evaluation by panels of independent experts or outside consultants whose impartiality provides a guarantee for the credibility of the process.

These external evaluations, based on methods adapted to the various programmes being analysed (hearings, questionnaire surveys, etc.), will cover numerous aspects of the research activities such as: scientific and technical achievements of the programme; quality and relevance of the results (including, where applicable, the commercial dimension); effectiveness of management and of the use of resources; the programme's contribution to the various Community policies and to the social and economic development of the Community as a whole. Whenever possible, these evaluations will be based on quantitative indicators.

At the same time, under a research programme in respect of which the Commission expects to transmit a proposal to the Council once the framework programme has been adopted, studies will be conducted with a view to improving existing evaluation methodologies and evolving new ones. As part of this programme the Commission will also set up a network linking its departments to the national evaluation bodies. Within this network it will be possible to circulate the most successful methodologies.

The new plan proposed by the Commission is intended as a sequel to the first evaluation

¹ OJ C 275, 31.10.1986; Bull. EC 7/8-1986, point 1.2.1 *et seq.*

² Bull. EC 10-1986, point 2.1.49.

³ Bull. EC 10-1986, point 2.1.44.

⁴ Bull. EC 10-1986; point 2.1.50.

⁵ COM(86) 660 final.

plan (1983-85),¹ under which panels of independent experts carried out evaluations of 18 different programmes. The experts' recommendations profoundly influenced the course of the current programmes and the formulation of new ones.

International cooperation

EFTA countries

2.1.45. On 4 November the Joint Committee set up under the framework agreement between the European Communities and Norway, signed in June,² held its first meeting in Brussels. The Committee reviewed both the Community's and Norway's guidelines and priorities in science and technology and took stock of the existing cooperation. The Norwegian delegation expressed its interest in cooperating in several areas covered by certain Community programmes, e.g. Esprit, RACE, Brite, Euram, research and technology programmes, the environmental sector and medical research. The Committee held an initial exchange of views on the various ways and means of implementing such cooperation.

The Committee also noted with satisfaction the conclusion of the negotiations on a draft cooperation agreement under the plan to stimulate European scientific and technical cooperation and interchange and agreed to go ahead with the establishment of a permanent information link between those in charge of research programmes in the Community and Norway.

COST cooperation

2.1.46. On 21 November Yugoslavia signed the agreements laying the foundations for its participation in two Category II COST projects (Community concerted-action projects) — COST 11 (Teleinformatics) and COST 13 (Artificial intelligence and pattern recognition).

2.1.47. In the course of the month memoranda of understanding were signed in

respect of the following COST projects: 219 (Future telecommunications and teleinformatics facilities for disabled people) — by the Netherlands on 6 November; 217 (Optical measurement techniques for advanced optical fibre devices and systems) — by Denmark on 13 November; 88 (Methods for the early detection and identification of plant diseases)— by the United Kingdom, France, Finland and Sweden on 27 November.

Sectoral R&D

Energy

Nuclear fusion energy

Latest achievements of JET

2.1.48. At the 11th international conference on plasma physics and research in the field of controlled nuclear fusion, which was held in Kyoto, Japan, from 13 to 20 November, details were given of the latest achievements with the JET experimental reactor under the Community fusion programme.

These achievements represent a major step forward. Temperatures well in excess of 100 million °C were obtained during periods of confinement of 0.5 second and at relatively high densities, with only a third of the additional heating capacity provided for. In the last two years the current in the JET plasma has been increased from 3.7 million amperes to a record level of 5.1 million,³ and two additional heat sources (radio frequency heating and neutral particle injection heating) have been successfully installed.⁴

Nuclear fission energy

2.1.49. On 7 November the Commission approved for transmittal to the Council and

¹ OJ C 213, 9.8.1983; Bull. EC 6-1983, point 2.1.258.

² Bull. EC 6-1986, point 2.1.52.

³ Bull. EC 6-1985, point 2.1.168.

⁴ Bull. EC 2-1986, point 2.1.32.

Parliament a communication on the Chernobyl nuclear power station accident and its consequences (→ point 2.1.237).

2.1.50. From 10 to 12 November the Commission held a seminar in Brussels in order to take stock of the knowledge acquired internationally from studies on the risks of serious accidents in nuclear installations equipped with light-water reactors. More than 60 experts from the Community, other European countries and the United States attended the seminar, where the Chernobyl accident was alluded to several times. However, since reactors of the type which caused the disaster are not used in the Community, the participants agreed that there were few technical lessons to be drawn from the events. Such lessons as could be inferred lay in the area of human intervention and operational management of power stations.

2.1.51. The second and final call for research proposals issued in August¹ under the third Community research programme on the management and storage of radioactive waste (1985-89)² lapsed on 31 October. Altogether, 150 proposals from 70 different research bodies totalling 45 million ECU were submitted to the Commission. Nevertheless, the ceiling on the Community contribution in respect of the projects ultimately selected (50% of the cost) is set at 8 million ECU.

Non-nuclear energy

2.1.52. From 27 to 31 October, under the third multiannual research programme in the field of non-nuclear energy (1985-88),² the Commission held a major international conference in Seville, Spain, on photovoltaic solar energy. This conference, the seventh of its kind since the Luxembourg conference of 1977,³ was attended by more than 500 experts from 39 countries who were able to take stock of the latest developments in this field and to review progress to date in increasing photovoltaic conversion efficiency and reducing system manufacturing costs. One of the particular points to emerge was that the two competing technol-

ogies currently employed (crystalline silicon and amorphous silicon) both warranted continued research.

Industry

New technologies

Telecommunications

Direct television broadcasting by satellite

2.1.53. On 3 November, after Parliament had delivered its opinion,⁴ the Council formally adopted a Directive on the adoption of common technical specifications of the MAC/packet family of standards for direct satellite television broadcasting.⁵ The Council had reached a consensus on this in June.⁶ Under the terms of the Directive, Member States are to take all measures by law or administrative action to ensure the use of only the following systems:

(i) in the case of direct broadcasting by satellite of television programmes, the MAC/packet systems referred to in the first indent and Note 2 of CCIR Recommendation AE/650 entitled 'Television standard for satellite broadcasting in the channels defined by WARC BS-77 and RARC SAT-83' approved at the 16th plenary assembly at Dubrovnik in May 1986 (i.e. the C-MAC/packet system or the D2-MAC/packet system);

(ii) in the case of redistribution by cable of these programmes, the MAC cable system corresponding to the satellite broadcasting system should be preferred; however, television redistribution by cable may continue to use existing techniques, conversion from the MAC/packet system used for the satellite broadcast link being made at the

¹ OJ C 194, 1.8.1986; Bull. EC 7/8-1986, point 2.1.42.

² OJ L 83, 25.3.1985; Bull. EC 3-1985, point 2.1.141.

³ Bull. EC 9-1977, point 2.1.78.

⁴ OJ C 297, 24.11.1986; Bull. EC 10-1986, point 2.1.46.

⁵ OJ L 311, 6.11.1986.

⁶ Bull. EC 6, 1986, point 2.1.60.

receiver terminal incorporated in the cable network;

(iii) any systems which evolve from those MAC/packet systems referred to above, which are subsequently defined by the European standardization bodies and/or the competent international bodies and which are operationally compatible with them.

Member States are to select the system or systems of the MAC/packet family which is or are more appropriate to the present or future structure of their direct broadcasting by satellite or cable distribution networks and are to inform the Commission of their selection.

For the purposes of the Directive, 'direct broadcasting by satellite' means a broadcasting satellite service as defined in the radio regulations of the International Telecommunications Union, i.e. using channels assigned to Member States in the 11.7 to 12.5 GHz band at the World Satellite Broadcasting Administrative Radio Conference (Geneva, 1977) and intended for display on 625-line domestic TV receivers.

The Directive is to apply until 31 December 1991 at the latest. The Commission is invited to submit to the Council, in advance of that date, proposals for measures to be adopted for the replacement of the Directive.

Coordinated introduction of the integrated services digital network

2.1.54. The Council, pending receipt of Parliament's opinion, signified its agreement in principle to a proposal for a recommendation on the coordinated introduction of the integrated services digital network (ISDN) in the Community.¹

This recommendation constitutes a significant step towards a common harmonized approach in the field of telecommunications as recommended by the Council in 1984.² It aims to utilize to the full, for the economic development of the Community, the resources offered by the ISDN, which will make it possible to provide a wide range of

harmonized and compatible services for all Community users and to create new means of communication using sound, the written word and images.

Starting from the premise that the current situation in the Member States is particularly favourable for the coordinated development of the ISDN, the recommendation seeks to contribute to the establishment of a European market in telephone and data-processing terminals capable of creating, by virtue of its size, the indispensable development conditions which will enable the European telecommunications industries to maintain and increase their role in world markets.

The recommendation calls on the telecommunications administrations to implement the detailed recommendations concerning the coordinated introduction of the ISDN in the Community drawn up by the Analysis and Forecasting Group.

Implementation of these recommendations focuses particularly on:

- (i) standardization and implementation of the S/T interface;
- (ii) the timetable set out;
- (iii) the network penetration objectives, as compatible with commercial strategies.

The detailed recommendations addressed to the telecommunications administrations concern the following matters:

- (i) recommendations established for the rapid convergence of European activity on the introduction of the ISDN;
- (ii) services to be defined and specified in detail by the end of 1986 in order to be provided in all Member States starting from 1988;
- (iii) services to be specified by the end of 1987 and which might be implemented during the period 1988-93;

¹ OJ C 157, 24.6.1986; Bull. EC 4-1986, point 2.1.27.

² OJ L 298, 16.11.1984; Bull. EC 10-1984, point 1.3.1.

- (iv) services to be specified by the end of 1990;
- (v) numbering, addressing and signalling;
- (vi) tariff considerations;
- (vii) interworking between national ISDN trials;
- (viii) level of penetration.

Biotechnology

2.1.55. On 6 November the Commission sent to the Council a communication on a Community framework for the regulation of biotechnology.¹ In this document the Commission indicated the priority areas in which Community legislation might be appropriate, while at the same time announcing its intention of transmitting to the Council in the summer of 1987 new proposals in the following two areas: industrial containment and deliberate release of micro-organisms. In drawing up these proposals, the Commission will take account of existing regulations and of the negotiations currently in progress (at OECD, with the United States, etc.).

Traditional industries

Technical coal research

2.1.56. On 11 November the Commission decided to grant financial aid totalling 383 700 ECU to two further projects (in addition to the 60 projects approved in June)² under the ECSC technical coal research programme (Article 55 (2) (c) of the ECSC Treaty) and to set aside a further sum of 60 000 ECU to cover support costs (dissemination of information). The additional projects will be carried out by Steinkohlenbergbauverein and British Coal.

Raw materials

2.1.57. From 19 to 21 November the Commission held a seminar in Brussels to examine the findings of the wood as a renewable raw material subprogramme under the

1982-85 raw materials R&D programme.³ At the seminar, which was attended by 60 European experts, numerous developments were demonstrated, such as processes for enhanced efficiency and reduced pollution levels in the production of pulp for the paper industry, and new techniques for the recycling of paper. The relevant research can be pursued further as part of the wood subprogramme under the new 1986-89 raw materials programme.⁴

Environment

2.1.58. From 3 to 5 November, under the fourth series of R&D programmes in the field of the environment (1986-90)⁵ (climatology and major natural hazards programme), the Commission held a symposium in Brussels on the subject of future climatic changes caused by the presence of an increased quantity of CO₂ and other 'greenhouse-effect' gases in the atmosphere. The 60 European and American experts attending the symposium reviewed the current state of knowledge on this problem. Apparently, the accumulation in the atmosphere of CO₂ (attributable to the massive use of fossil fuels) and of other gases (methane and chlorofluorocarbons, as used in refrigeration systems and as propellants for aerosols) will lead ineluctably, on a planetary scale, to an increase in the mean temperature, a rise in the level of the oceans and a displacement of climatic zones ... and hence of cultivation zones. The participants stressed the need to step up research designed to permit more accurate forecasts of regional climatic variations and identification of the most vulnerable ecological zones. They also highlighted the importance of developing other forms of energy as an alternative to fossil fuels and of replacing chlorofluorocarbons in their various applications.

¹ COM(86) 573 final.

² Bull. EC 6-1986, point 2.1.64.

³ OJ L 174, 21.6.1982.

⁴ OJ L 159, 14.6.1986; Bull. FC 6-1986, point 2.1.65.

⁵ OJ L 159, 14.6.1986; Bull. EC 6-1986, point 2.1.67.

Innovation and the information market

Transnational measures to promote innovation

2.1.59. The 12th meeting¹ of the Consultative Committee for Innovation and Technology Transfer (CIT) was held in Luxembourg on 6 and 7 November. This was the last meeting of CIT under the plan for the transnational development of the supporting infrastructure for innovation and technology transfer,² which expires at the end of 1986.

The Committee devoted the bulk of its discussions to a critical review of the results of the plan during the three years of its existence, and against this background considered the Commission's proposal for a two-year prolongation of the plan (under the new designation 'Strategic programme for innovation and technology transfer' — Sprint I)³ and its intention to propose a subsequent five-year programme (Sprint II).

The members of the Committee expressed support for a continuation of the plan, including its extension to training in the areas of technology transfer and innovation management. Some argued for an immediate start to the five-year programme (Sprint II). Most, however, shared the Commission's view that it was necessary to evaluate carefully the results of previous activity as an important first step in consolidating past achievements and in drawing up a well-founded and coherent proposal for Sprint II.

The Committee also endorsed a Commission proposal for the granting of subsidies to selected projects of transnational collaboration between industrial research associations (Action 26 of the plan). A total of 67 projects were considered, 11 being selected and 5 placed on a reserve list. The total value of the subsidies granted to the 11 projects selected will not exceed 882 000 ECU.

Development of a European information market

Electronic publishing

2.1.60. Over 300 participants gathered at the symposium and exhibition on 'Electronic publishing — the new way to communicate', held by the Commission from 5 to 7 November in Luxembourg. Five sessions, each chaired by a major international body, were offered. They covered current worldwide developments, Commission-funded activities and market prospects for the next decade. Mr Jacques Santer, Prime Minister of Luxembourg, referred to electronic publishing as a fast-growing industry which embraces many technological advances such as computerized telecommunications, telecopying and optical storage media. These developments will pave the way for new employment opportunities to offset job losses in more traditional areas.

The Commission representative pointed to approximately 100 000 jobs already created in Europe in a market which is expected to grow from 1 000 million to 10 000 million ECU in the next 10 years. New information technologies will bring about great changes in publishing, although their impact is at present uneven. A lack of comprehensive standards, fragmentation of the European market and technical and economic uncertainties still hinder progress in this area.

*

2.1.61. The first meeting of the Senior Officials Advisory Group for the Information Market (SOAG) took place in Brussels on 25 November. After an introduction by the Commission representative on the major problems that beset the creation of a common market for information services, SOAG members expressed the Member States' views and the main priorities. There

¹ Ninth meeting: Bull. EC 3-1986, point 2.1.51. The 10th and 11th meetings were held on 1-2 July and 9-10 September respectively.

² OJ L 353, 15.12.1983; Bull. EC 10-1983, point 2.1.32.

³ Bull. EC 10-1986, point 2.1.53.

was agreement in principle on the approach proposed by the Commission, the principal points of agreement being as follows:

- (i) it is necessary to obtain improved statistics on the economic data of the information services market through the Member States themselves and through Commission studies; the Commission has a coordination role to play here;
- (ii) coherence of Commission activities in this field will be ensured through systematic contacts with the various advisory bodies concerned (SOAG, the Senior Officials Groups on Telecommunications and on IT Standards, etc.);
- (iii) Member States will send in, by the end of the year, written suggestions for specific priority actions aimed at reducing the number of obstacles that hamper the information services market, e.g. legal, language and other barriers;
- (iv) problems relating to the tax and commercial environment will be examined in accordance with the priorities to be set by the parties concerned, while at the same time account will be taken of the interests of small information-supply companies;
- (v) the role of the public sector in developing the information services market should be examined with a view to laying down rules in relation to the private sector;
- (vi) convergence of national and Community policies should be sought, with due regard to the specific problems of the less-favoured regions and the international dimensions of the issues concerned;
- (vii) pilot projects designed to stimulate the improvement of electronic information services for non-expert users will be discussed with groups representing suppliers and users of such services, in order to identify practical problems and the approaches to be adopted.

Utilization of research results

2.1.62. Design work on the pilot plants for testing the Community's 'Ispra Mark

XIIIA' desulphurization process¹ has been completed on time and construction will begin almost immediately.

Specialized information

2.1.63. The Scientific and Technical Information and Documentation Committee, meeting on 13 and 14 November,² unanimously approved the following projects:

- (i) evaluation plan: evaluation of the implementation and results of the third plan of action in the field of information and documentation³ and of the first two years of the programme for the development of the specialized information market in Europe (1984-88);⁴
- (ii) Doc transfer: transfer and utilization of the results of the 10 pilot projects conducted three years ago with a view to improving document delivery through the application of new technologies and to carrying out experiments on the electronic publishing of documents;
- (iii) Docmix: study on the current situation and market requirements in the field of image banks;
- (iv) Pat train and pat portfolio: projects covering training and the development of portfolio display techniques in connection with the presentation of information on patents.

The work plan for the priority area covering information on biotechnology and the programme of demonstration projects concerning data banks on materials were approved.

In order to help reduce regional disparities in the development of the information market, the Committee recommended that the Commission extend the videotex application experiment to take in Spain and Portugal.

¹ Bull. EC 12-1985, point 2.1.43.

² Previous meeting: Bull. EC 11-1985, point 2.1.46.

³ OJ L 220, 6.8.1981; Bull. EC 7/8-1981, point 2.1.24.

⁴ OJ L 314, 4.12.1984, Bull. EC 11-1984, point 2.1.25.

Multilingual projects

2.1.64. On 26 November the Council adopted a Decision extending to Spain and Portugal the research and development programme for a machine translation system of advanced design (Eurotra).¹ The programme has been extended by 18 months and is thus due to finish in November 1989. The financial allocation for the second phase, which is currently in progress, has been increased by 4.5 million ECU (from 16 million to 20.5 million). The decision to extend the programme had been approved by the Council on 21 October.²

2.1.65. The Commission has launched a pilot project designed to provide European firms with tropical information on industrial development in Japan. The documents are gathered in Japan under the supervision of the Tokyo Delegation, and translations are produced under contract by two companies that have developed machine translation systems. The task of disseminating the information in the Member States has been entrusted to a consortium of four specialized companies. It is planned to carry out an evaluation of the project in mid-1987.

Customs union

Simplification of customs formalities

Removal of customs signs at frontiers

2.1.66. On 13 November the Council and the Representatives of the Governments of the Member States meeting within the Council adopted a resolution concerning suitable signs at the Community's internal and external frontiers (→ point 2.1.134).

Customs procedures with economic impact

Inward processing

2.1.67. On 24 November the Council adopted, on a proposal from the Com-

mission,³ a Regulation⁴ laying down provisions for the implementation of Regulation (EEC) No 1999/85 of 16 July 1985 on inward processing relief arrangements.⁵ The new rules and the basic Regulation are to apply from 1 January 1987.

Common Customs Tariff

Annual updating

2.1.68. On 24 November the Council adopted, on a proposal from the Commission, a Regulation updating the Common Customs Tariff, to apply from 1 January 1987.⁶ To this end it amended Regulation (EEC) No 3331/85 of 5 December 1985,⁷ which suspended the new conventional duties for two years pending the conclusion of negotiations with the Community's partners in GATT. The two years were not yet up, but the annex to Regulation No 3331/85 had to be replaced by a new one to take account of changes in duties and the tariff nomenclature adopted by the Council in the mean time.

Nomenclature

2.1.69. For the purpose of ensuring uniform application of the CCT nomenclature, the Committee on CCT Nomenclature adopted an explanatory note on subheading 22.05 B.⁸

Economic tariff matters

Suspensions

2.1.70. During November the Council adopted two Regulations temporarily suspending the autonomous CCT duties on:

¹ OJ L 341, 4.12.1986.

² Bull. EC 10-1986, point 2.1.55.

³ Bull. EC 9-1986, point 2.1.47.

⁴ OJ L 351, 12.12.1986.

⁵ OJ L 188, 20.7.1985; Bull. EC 7/8-1985, point 2.1.40.

⁶ OJ L 354, 8.12.1986.

⁷ OJ L 331, 9.12.1985; Bull. EC 12-1985, point 2.1.51.

⁸ OJ L 281, 7.11.1986.

- (i) a number of agricultural products;¹
- (ii) certain products for use in the construction, maintenance and repair of aircraft.²

Tariff quotas

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

certain wines having a registered designation of origin, falling within CCT subheading ex 22.05 C, originating in Tunisia (1986/87);³

dried figs falling within subheading ex 08.03 B, originating in Spain (1987);⁴

dried grapes falling within subheading 08.04 B I, originating in Spain (1987);⁴ table cherries, excluding Morello cherries, falling within subheading ex 08.07 C originating in Switzerland (1987);¹

concentrated pear juice falling within subheading ex 20.07 A II, originating in Austria (1987);¹

raw silk (not thrown), falling within heading No 50.02 (1987);⁵ yarn, entirely of silk, not put up for retail sale, falling within heading No ex 50.04 (1987);⁵

yarn, spun entirely from waste silk, not put up for retail sale, falling within subheading 50.05 A (1987);⁵

certain oils and fats of marine animals falling within subheading 15.12 B, originating in Norway (1987);¹

certain fishery products originating in Sweden (1987);⁶

certain prepared or preserved sardines, tuna and mackerel falling within heading No ex 16.04 from Portugal (1987);⁷

certain hand-made products (1987);⁷

silver hake (*Merluccius bilinearis*) falling within subheading ex 03.01 B I t) (1987);⁸

frozen cod (*Gadus morhua*) fillets falling within subheading ex 03.01 B II b) 1 (1987);⁸

ferro-silicon falling within subheading 73.02 C (1987);⁴

ferro-silico-manganese falling within subheading 73.02 D (1987);⁴

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 (1987);⁴

certain plywoods of coniferous species falling within heading No ex 44.15. (1987);⁴

certain handwoven fabrics, pile and chenille, falling within heading Nos ex 50.09, ex 55.07, ex 55.09 and ex 58.04 (1987).⁴

2.1.72. On 28 November the Council adopted a Regulation⁹ increasing the Community tariff quota opened by Regulation (EEC) No 2377/86¹⁰ of 24 July 1986 for certain polyethylene terephthalate films falling within CCT subheading ex 39.01 C III a). The quota was increased from 430 to 590 tonnes.

2.1.73. On 13 November the Council adopted a Regulation opening for 1986, as an autonomous measure, a special import tariff quota for high-quality, fresh, chilled or frozen beef falling within CCT subheadings 02.01 A II a) and 02.01 A II b).¹¹ The total amount of the quota is 8 000 tonnes expressed in weight of the product and the CCT duty for this quota is 20% (→ point 2.1.191).

¹ OJ L 319, 14.11.1986.

² OJ L 343, 5.12.1986.

³ OJ L 311, 6.11.1986.

⁴ OJ L 353, 13.12.1986.

⁵ OJ L 320, 15.11.1986.

⁶ OJ L 325, 20.11.1986.

⁷ OJ L 329, 22.11.1986.

⁸ OJ L 327, 22.11.1986.

⁹ OJ L 340, 3.12.1986.

¹⁰ OJ L 206, 30.7.1986; Bull. EC 7/8-1986, point 2.1.56.

¹¹ OJ L 323, 18.11.1986.

Origin

2.1.74. In order to take account of the special situation of Saint Pierre and Miquelon with regard to certain fishery products, the Commission sent the Council on 24 November a proposal¹ for a Regulation derogating from the rules of origin of the Council Decision of 30 June on the association of the OCTs with the Community.²

The current preferential origin rules state that only fish caught in the OCTs (or Community or ACP) territorial waters, or by OCT (or Community or ACP) fishing vessels, shall be deemed to have originating status and therefore be entitled to duty-free access to the Community. As neither condition can at present be satisfied by Saint Pierre and Miquelon, the proposed derogation would allow for other fish to qualify, provided that it undergoes appropriate processing in Saint Pierre and Miquelon.

Competition

Fifteenth Report on Competition Policy

2.1.75. On 14 November Parliament adopted a resolution³ on the Commission's *Fifteenth Report on Competition Policy*.⁴

Parliament emphasized 'the continuing vital role of Community competition policy in establishing fair competition between individual undertakings'. It also believed that this was the best way of protecting the consumer, creating long-term employment and ensuring a stronger European economy.

It therefore deplored the lack of progress at Council level on the merger control proposals presented by the Commission in 1973 and 1981.⁵

Restrictive practices, mergers and dominant positions: specific cases

Prohibited horizontal agreements

2.1.76. On 26 November the Commission adopted a Decision declaring illegal under

Article 85 of the EEC Treaty the Meldoc cartel operated between five Dutch dairies.⁶

The cartel agreement provided for the parties collectively to determine their policy on prices and conditions of sale for liquid milk and certain dairy products, both fresh and long-life.

One of the original objectives of the Meldoc cartel was to protect the home market against imports from other Member States which posed a threat to their market share and margins on pasteurized milk. The parties to the cartel took specific measures against imports from Germany and Belgium and shared the costs of such operations.

The infringements of Community competition rules by Meldoc are serious and merit substantial fines. However, the Commission took into account certain mitigating factors such as the particular circumstances of the dairy industry, the fact that four of the five companies are cooperatives, the concentration of market power in the hands of the big retailers and the vulnerability of the industry to imports because of the relatively high minimum price for fresh milk of Dutch origin.

The Commission considered it appropriate to impose fines totalling 6 565 000 ECU.

Distribution

2.1.77. The Commission warned manufacturers against failure to honour consumer guarantees. After-sales guarantees must be valid throughout the Community, irrespective of the Member State in which a product is purchased. The Commission defined its policy in this area as long ago as 1977⁷ when it emphasized that the guaran-

¹ COM(86) 611 final.

² OJ L 175, 1.7.1986; Bull. EC 6-1986, point 2.2.43.

³ OJ C 322, 15.12.1986.

⁴ Bull. EC 6-1986, point 2.1.79.

⁵ OJ C 92, 31.10.1973; OJ C 36, 12.2.1982; OJ C 51, 23.2.1984.

⁶ OJ L 348, 10.12.1986.

⁷ Seventh Competition Report, points 17 to 20.

tee offered as part of after-sales service by manufacturers of consumer durables is an important factor—sometimes a decisive factor—in the consumer's choice. Refusal of a guarantee for products which have not been exported through the manufacturer's own network may be a substantial barrier to the normal development of trade within the Community. This barrier is particularly harmful to the consumer's interest where there are appreciable differences in the price for a given product from one Member State to another.

In authorizing distribution agreements in which manufacturers confine the sale of their products to dealers authorized selectively (selective distribution), the Commission has at all times insisted upon the availability of Community-wide product guarantees. In a series of decisions covering clocks and watches,¹ motor vehicles,² consumer electronics,³ electrical appliances⁴ and personal computers,⁵ the Commission ensured that where the manufacturer gave a guarantee on branded goods, the guarantee remained valid even if the product had been bought from another dealer. The Commission's position was confirmed in two judgments given by the Court of Justice concerning cameras⁶ and watches.⁷

The Commission Regulation concerning exclusive and selective distribution agreements for motor vehicles⁸ stipulates that the block exemption granted by the Regulation applies only provided that the dealer honours guarantees and performs free services and vehicle recall work in respect of motor vehicles which have been supplied in the common market by another undertaking within the distribution network.

The Commission has been informed by the European Bureau of Consumers' Unions (BEUC) that certain distribution networks allegedly still systematically refuse to honour guarantees for equipment purchased in another Member State. The Commission has begun an investigation into each case highlighted by BEUC and considers it necessary to warn manufacturers that unless consumers can obtain a Community-wide guarantee on products purchased in any

part of the Community, their distribution agreements covering the distribution of such products in the Community may be declared incompatible with Community law.

Joint ventures.

Gekanor

2.1.78. On 25 November the Commission authorized Acenor SA, Bilbao, and United Engineering Steels Ltd, Rotherham, to set up a joint venture to be called Gekanor SA, with headquarters in Madrid, for the purpose of financial participation in certain Spanish companies which make steel drop forgings.

Acenor is a group of five Spanish which produce engineering steels—SA Echevarria, Aceros de Llodio SA, Aceros y Fundiciones del Norte Pedro Orbegozo, Forjas Alavesas and Olarra. UES, which is owned jointly by the British Steel Corporation and GKN, is the main producer of engineering steels in the United Kingdom.

It is intended that Gekanor will enable progress to be made with rationalization in the Spanish drop forging industry, having first brought up to six drop forging producers under unified ownership and control. The companies to be included initially in the Gekanor proposals are Forjas de Basauri SA (Vizcaya), which as a subsidiary of Echevarria is already part of the Acenor group, Forjas de Asua SA (Vizcaya), currently a subsidiary of Motor Iberia, and Forjas de

¹ Decision of 28.10.1970, *Omega*; OJ L 242, 5.11.1970; First Competition Report, point 56.

² Decision of 13.12.1974, *Bayerische Motoren Werke AG*; OJ L 29, 3.2.1975; Fourth Competition Report, point 86.

³ Decision of 15.12.1975, *SABA*; OJ L 28, 3.2.1976; Fifth Competition Report, point 54.

⁴ Decision of 23.10.1978, *Zanussi*; OJ L 322, 16.11.1978; Eighth Competition Report, point 116.

⁵ Decision of 18.4.1984, *IBM personal computer*; OJ L 118, 4.5.1984; Fourteenth Competition Report, point 63.

⁶ Case 86/82 *Husselblad* (1984) ECR 883.

⁷ Case 31/85 *Swatch* (not yet reported).

⁸ OJ L 15, 18.1.1985.

Villalba SA (Forvisa), owned by Instituto Nacional de Industria.

The examination of the Gekanor project under the competition rules of the ECSC Treaty was mainly concerned with the question of the supply of steel forging billets and bars (which are ECSC Treaty products) for the manufacture of drop forgings (which are an EEC Treaty product). It was concluded that the formation of Gekanor would not place Acenor and UES in an artificially privileged position involving a substantial advantage in access to supplies or markets for ECSC Treaty products. The Commission's assessment on this point took account of the considerable size of certain other Community producers of engineering steels which are vertically integrated with drop forging companies, such as Finsider/Teksid, Sacilor/Usinor, Thyssen and Krupp/Gerlach.

The Commission concluded, therefore, that the tests of Article 66(2) of the ECSC Treaty were satisfied and authorized the project under Article 66(1).

Since steel drop forgings are an EEC Treaty product and since both UES and Gekanor will make drop forgings, the Commission checked whether Article 86 of the EEC Treaty might not be applicable, since a concentration of that kind could in certain circumstances constitute an abuse of a dominant position for the relevant product in a substantial part of the common market. The examination concluded that, given the considerable strength of certain Community competitors, the merger will not have any such effect.

Mergers

Coalite/Hargreaves

2.1.79. On 12 November the Commission authorized the acquisition of Hargreaves Group by Coalite Group.

Coalite's main activities comprise solid smokeless fuel manufacture, oil and chemicals processing, fuel distribution, vehicle

building and distribution, transport, warehousing, builders merchanting and shipping services. Hargreaves is an industrial holding company whose subsidiaries are likewise engaged in solid and liquid fuel trading, processing and distribution, but also in construction materials, waste disposal, transport and shipping services and the distribution of commercial vehicles. The principal effect of the merger on competition will be an increase in Coalite's solid fuel distribution business in the United Kingdom. Coalite will become one of the largest distributors in the United Kingdom. However, British Coal will still be the main supplier of solid fuels on the UK market, and the merger will tend to contribute towards counterbalancing British Coal's market strength. The Commission has concluded, therefore, that the transaction is unlikely to give Coalite the power to determine prices, control or restrict distribution or hinder effective competition within the terms of Article 66(2) of the ECSC Treaty.

State aids

General aids

Federal Republic of Germany

2.1.80. On 5 November the Commission decided not to raise any objections to the introduction of an aid scheme by the *Land* government of Baden-Württemberg designed to promote environmental-protection-related investment that exceeds the most recent air pollution standards. The annual budget set aside for the introduction of the programme is 4 700 000 ECU for a three-year period. The aid may cover up to 20% of the additional investment costs entailed in going beyond current pollution requirements.

2.1.81. On the same date the Commission initiated the Article 93(2) procedure in respect of the aid schemes provided for in Baden-Württemberg's economic development programme, under which aid may be granted to firms in difficulty.

The Commission believes that bailing out firms in economic difficulty is liable to distort the conditions of competition and to endanger the survival of healthy firms. It is for this reason that it requests that the grant of aid to such firms should be restricted to exceptional cases and monitored closely. The Commission initiated the procedure since it did not receive prior notification of significant cases from the Federal German Government.

Belgium

2.1.82. On 5 November the Commission adopted its position on the aid measures contained in the Belgian Recovery Act of 31 July 1984.

It raised no objection to partial exemption from profits tax being granted for a period of six years to firms which, before 31 December 1987, cut their working week by at least 8%, bringing it down to a maximum of 34 hours, without any deduction in wages, and at the same time increase their workforce by a significant amount at least matching the reduction in working hours.

In view of the current crisis in employment, the Commission took into account the fact that the measure will promote the creation of additional jobs.

Similarly, the Commission did not oppose a measure designed to promote the setting up of 'innovatory companies' engaged solely in the application and marketing of one or more innovatory high-technology processes. Provided that they do not have more than 49 employees at the end of their first year of operation and 99 employees in subsequent years, such companies will be eligible for partial exemption from profits tax for a period of 10 years. The Commission felt that the business of such companies fitted in with its encouragement of new technology and that the aid was not liable to distort intra-Community competition to an extent contrary to the common interest.

However, the Commission did decide to initiate the Article 93(2) procedure in

respect of Sections 50 to 62 of the Act, which provide that companies newly set up in the areas eligible for regional aid may receive temporary public backing in the form of a shareholding or be granted tax exemption on distributed profits.

Since either of these benefits may be granted simultaneously with other types of regional aid, the total aid intensity may exceed the ceilings set by the Commission for Belgium.¹

The Commission therefore took the view that, since the Recovery Act did not make provision to prevent the ceilings being exceeded, the granting of the benefits was liable to distort competition to an extent that would no longer be justified by regional development requirements.

Regional aids

France/Belgium/Luxembourg

European development pole

2.1.83. On 5 November the Commission decided to grant derogations in the case of the European development pole (Longwy, Aubange, Rodange) (→ point 2.1.32) that would bring the ceiling for investment aid up to 30% net grant equivalent (NGE), namely:

- (i) derogation from the intensity ceiling laid down in the principles of coordination of regional aid systems;
- (ii) derogation from the threshold for prior notification of significant cases of cumulation of aids for different purposes.

It also agreed in principle to the possible combination of national regional aids and ERDF financing provided that the 30% NGE ceiling is complied with.

The Member States may still notify to the Commission significant cases of cumulation of aids for different purposes exceeding the

¹ OJ L 312, 9.11.1982.

30% NGE ceiling, and the Commission will examine these carefully.

Industry aids

Mineral water and packaging glass

France

2.1.84. On 12 November the Commission adopted a final decision in the Article 93(2) procedure¹ finding against a subsidized loan of FF 70 million from the Fonds industriel de modernisation (FIM) for a FF 266 million investment project carried out by the Société générale des grandes sources d'eaux minérales françaises. The main purpose of the investment project is automation of the glass-bottle manufacturing process and an increase in bottling capacity. Energy savings are also achieved.

The Commission took the view that the investment is modernization investment needed to allow the firm to meet growing demand for its products. It is natural that in carrying out such investment the firm should make use of the most efficient technology and equipment, enabling it to reduce its administrative costs and energy consumption. The Commission therefore considered that the proposed aid did not qualify for exemption under Article 92(3)(c) (the only exemption that might have been applicable), since the aid adversely affected tradings conditions to an extent contrary to the common interest. In 1982 the Commission likewise objected to aid in support of similar investment which the Belgian Government wanted to grant to three firms producing mineral water and soft drinks.²

Domestic electrical appliances

France

2.1.85. On 19 November the Commission decided to terminate the Article 93(2) procedure initiated on 18 December 1985¹ in respect of an FF 86 million loan from the FIM granted by the French Government to

La Radiotechnique, an electrical appliance manufacturer.

During the course of the procedure, the French Government pointed out that the grant of the loan would help in the development of really innovatory products. Most of the planned investment related to the development of a flat-square TV tube. The product would replace imports from Japan without any increase in capacity.

On the basis of this information and of the comments submitted by other parties concerned, the Commission considered that the aid qualified for exemption under Article 92(3)(c).

Electronics

France

2.1.86. On 19 November the Commission decided not to raise any objections to the aid scheme for the electronics industry notified by the French Government on 28 June 1985.

On the information available to it, it took the view that the scheme included aspects that allowed it to qualify for exemption under Article 92.

2.1.87. On 19 November the Commission decided to terminate the Article 93(2) procedure initiated on 26 January 1983 in respect of the French aid scheme for micro-electronics.

On the information available to it, it took the view that the scheme included aspects that allowed it to qualify for exemption under Article 92.

Building materials

France

2.1.88. On 5 November the Commission initiated the Article 93(2) procedure in

¹ Bull. EC 12-1985, point 2.1.71.

² Bull. EC 9-1982, point 2.1.22.

respect of an aid scheme, financed by a parafiscal charge, to assist the building materials and components industry. The scheme was extended by the French Government on 4 February (Decree 86-161).

The charge levied is based on sales by producers of hydraulic binders, concrete products and terracotta products; products imported from other Member States are not expressly excluded. In 1986 the charge yielded an estimated FF 60 million, allocated to industrial technical centres.

Since the scheme was not notified in advance and since its objectives are not defined or the measures involved and the conditions of transfer to firms in the industry set out, the Commission took the view that there was failure to comply with Article 93(3), that the scheme had been in breach of Community law since it was first introduced and that it could be considered to be incompatible with the common market.

Wood processing

France

2.1.89. On 19 November the Commission initiated the Article 93(2) procedure in respect of aid granted by the French Government in the form of a FF 200 million subsidy and participatory loans amounting to FF 50 million to assist the takeover of the wood-processing firm Isoroy by the Pinault group.

Isoroy had a turnover of FF 2 000 million in 1985 and exports some 20% of its production, which consists of plywood, boards, panels and packing. The firm, which has shown a deficit since it was set up in 1983, has already received aid on several occasions in the form of FF 80 million in subsidies, FF 180 million in participatory loans and a FF 150 million tax deferral, without prior notification to the Commission.

The Commission considers that the aid in question could distort competition and affect trade between Member States within

the meaning of Article 92 of the EEC Treaty. It has no information to suggest that any of the exemptions in Article 92 might be allowable.

Hollow glass

France

2.1.90. On 5 November the Commission decided to terminate the Article 93(2) procedure initiated in respect of a FF 30 million subsidy, not notified in advance, which the French Government had decided to grant for the restructuring of the bottle-manufacturing cooperative Verrerie ouvrière d'Albi.¹

During the course of the procedure, the French Government pointed out that the firm's output, mainly standard wine bottles, represented some 6% of French production and that it exported no more than 4-5% of its output. The firm's restructuring plan provides for a substantial cut in the workforce and in output and for more effective organization. The French Government also stressed that the firm was situated in a conversion area.

The Commission examined the plan and the associated aid, taking account of comments made by three other Member States. It decided that the subsidy qualifies for exemption under Article 92(3)(c).

Non-ferrous metals

United Kingdom

2.1.91. On 19 November the Commission decided not to raise any objections in respect of the United Kingdom Government's plan to provide some UKL 25 million in assistance to Carnon Consolidated Ltd, which is operating the last two tin mines in Cornwall. The aid, in the form of loans and loan guarantees, is to be granted under Section 8 of the Industrial Development Act

¹ Bull. EC 2-1986, point 2.1.67.

1982 and paid back from the firm's profits between 1995 and 2000.

The Commission took the view that the aid qualifies for exemption under Article 92(3)(c) in view of the restructuring measures already taken in the industry, the common interest in maintaining the last major tin mines in Europe, the fact that trading conditions will not be distorted and the possibility of a recovery in tin prices in a few years once current stocks have been used up. The Commission also took account of the importance of the project for the development of the area.

Shipbuilding

2.1.92. When it sent its proposal for a sixth Directive on aid to shipbuilding¹ to the Council on 2 October, the Commission stated that production aid would be subject to a uniform Community ceiling. On 5 November it set the ceiling at 26% of the value of a ship (sale value before the grant of aid).

On 18 November the Council continued the examination of the Commission's proposal it had begun on 20 October.² A substantial majority of Member States supported the Commission's view that there should be a single ceiling, at 26% of contract value before aid.

The Council instructed the Permanent Representatives Committee to continue discussions with a view to preparing for adoption of the Directive in December.

Financial institutions and taxation

Financial institutions

Financial services

2.1.93. From 5 to 7 November the Commission held a symposium in Brussels on Europe and the future of financial services.

Organized under the FAST programme (1983-87),³ and designed to stimulate expert discussion and analysis among members of the financial community in Europe, the symposium provided a forum for examining the factors behind the change in financial services in Europe over the long term.

The main themes discussed were:

- (i) the process of change and innovation in financial services, triggered especially by technological developments;
- (ii) the possible responses of those concerned (financial institutions, public authorities, unions, consumers, etc.) to such changes and to their implications for financial service markets.

The symposium's findings, which are now being assessed, will be taken into account by the Commission in its future work on financial integration in the Community and in the framing of policy on research and technology in the relevant fields.

Stock exchanges and other institutions in the securities field

2.1.94. At its November session the Economic and Social Committee gave its opinion (→ point 2.4.25) on the proposal for a Council Directive⁴ amending the Directive of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (Ucits)⁵ as far as concerns the investment policy of certain Ucits.

¹ OJ C 281, 7.11.1986; Bull. EC 10-1986, point 1.2.1 *et seq.*

² Bull. EC 10-1986, point 1.2.6.

³ OJ L 293, 25.10.1983; Bull. EC 6-1983, point 2.1.257.

⁴ OJ C 155, 21.6.1986; Bull. EC 5-1986, point 2.1.61.

⁵ OJ L 375, 31.12.1985; Bull. EC 12-1985, point 2.1.82.

Taxation

Indirect taxes

Turnover taxes

2.1.95. The Council, acting on a proposal from the Commission,¹ adopted a 13th Directive on the harmonization of the laws of the Member States relating to turnover taxes,² as regards arrangements for the refund to taxable persons not established in Community territory of value-added tax charged on their purchases of goods or services in a Member State or on their imports of goods into a Member State.

Employment, education and social policy

Council

2.1.96. At a meeting on 28 November the Council and the Ministers for Education meeting within the Council engaged in a long and detailed examination of the proposal for a Decision adopting a Community action scheme for the mobility of university students (Erasmus) (→ point 2.1.106).

The Council and the Ministers also took note of an interim report on the proposal for a Decision adopting an action programme for the promotion of youth exchanges in the Community³ and of the Commission's intention to amend its proposal in the light of the opinions delivered by Parliament (→ point 2.1.108) and the Economic and Social Committee.⁴

Lastly, note was taken of an interim report on progress achieved in respect of the programme for the introduction of new information technologies in education (1985-87).⁵

Employment

Standing Committee on Employment

2.1.97. The Standing Committee on Employment held its 32nd meeting⁶ on 7

November with Mr Kenneth Clarke, the United Kingdom Paymaster-General and Minister for Employment, in the chair. Discussions at the meeting were devoted to the growth of employment and priority actions in the fight against unemployment, based on a Commission staff paper.

At the close of the meeting the Chairman drew the following conclusions:

'The Committee held a wide-ranging discussion on the basis of the Commission paper "the growth of employment and priority actions in the fight against unemployment". The discussion covered aspects of the labour market which were causing particular concern and lines of action to follow in order to promote the growth of employment and intensify the fight against unemployment.

There was recognition that the persistence of large-scale unemployment had reinforced and encouraged rigidities on the labour market and that this had worked against the greater labour market dynamism and adaptability which are necessary if economic and technological progress is to be made.

The Committee took the view that economic growth was an essential condition for creating a much more dynamic demand for labour. The Committee noted that the cooperative strategy for growth and employment, proposed for the first time by the Commission in its 1985-86 annual economic report,⁷ had been supported by the Council and by the two sides of industry. The Committee also noted that in its 1986-87 report the Commission had stated that the strategy had not yet been implemented to such an extent that the objectives could be attained.⁸

That was why the specific proposals made by the Commission in its latest report sought greater cooperation at Community level as well as greater consistency in economic policies including the mobility of capital. The results of discussions between the two sides of industry formed part of this cooperation exercise. The Committee noted that the Council would be considering the latest report before the end of 1986,

¹ OJ C 223, 27.8.1982; Bull. EC 7/8-1982, point 2.1.54; OJ C 196, 23.7.1983; Bull. EC 7/8-1983, point 2.1.49.

² OJ L 326, 21.11.1986.

³ OJ C 72, 27.3.1986; Bull. EC 2-1986, point 2.1.73.

⁴ Bull. EC 9-1986, point 2.4.34.

⁵ Bull. EC 1-1985, point 2.1.22.

⁶ Previous meeting: Bull. EC 4-1986, point 2.1.62.

⁷ OJ L 377, 31.12.1985; Bull. EC 10-1985, point 1.3.1 *et seq.*

⁸ Bull. EC 10-1986, point 1.1.1 *et seq.*

The participants, while expressing differences of views concerning some of the issues for discussion, underlined the imperative need for stronger action and closer cooperation with a view to accelerating the creation of new jobs and reducing unemployment substantially.

The Committee considered that the Community's commitments concerning specific employment and training measures, as set out in various Council resolutions, should be brought up to date and strengthened, not least to assist structural and socio-economic change and competitiveness and to restore employment opportunities for workers whose opportunities have deteriorated.

The Committee noted that the Council, in cooperation with the Commission, intended to identify priorities for action concerning specific employment and labour market matters.

The discussions on new priorities for action concerning the labour market were aimed *inter alia* at an effective response to the process of restructuring and adaptation to change, in response to increased international competition and the need for new technologies. Against this background, the following lines of action were identified:

(i) When priorities for action are being decided they should respond as effectively as possible to the need for change observed on the labour market and should facilitate a more dynamic development of employment. Accordingly, job creation potential should be stimulated at all levels and a spirit of enterprise developed. Cooperatives and the self-employed should be encouraged. The Committee noted with approval the programme for small and medium-sized enterprises, presented recently by the Commission¹ and endorsed by the Council,² and invited the Commission in particular to put into effect those proposals which would have a positive effect on employment and training.

(ii) The content and provision of training throughout the Community should be improved. This implied improvement of occupational qualifications by widening their scope and aligning them more closely on the current needs of the labour market. It also implied comprehensive systems of vocational training for young people and systematic development of opportunities for adult training and retraining. It was emphasized that the mutual recognition of qualifications would have a positive effect on increasing the mobility of workers, which was more and more desirable. The Committee also recalled the conclusions reached on 14 May 1986 concerning forward-looking labour market management.³

(iii) New forms of work activities which offer opportunities for real employment should be ident-

ified and examined. This might include possibilities offered by work which is only partially paid or voluntary.

There should be a substantial immediate attack on long-term unemployment with a view to a substantial reduction in its current rate and with particular emphasis on those who have been unemployed for a very long period and who are in areas where the general rate of unemployment is very high. This would include improving the employment services and systematic and effective follow-up intended to help unemployed people. This also implied a greater emphasis on the problem of long-term unemployment in the guidelines of the European Social Fund.

In order to achieve a more effective labour market, the Committee agreed on the need for more adaptable patterns of work and at the same time to increase access to the labour market for all those seeking a job. Those present recognized that the need for greater adaptability, both internal and external to the enterprise, should not put at risk hard-won fundamental rights in the areas of social security, social protection and conditions of work.

It was felt that social dialogue — cooperation between the two sides of industry — at all appropriate levels should be encouraged with a view to finding satisfactory solutions to current problems such as working conditions, working time and its organization and other matters connected with new forms of production and the introduction of new technologies.

The Committee emphasized the importance of identifying, over the longer term, key elements and problems in social security systems as addressed in the Commission's recent memorandum on this subject.⁴

Some of the participants underlined that certain other specific actions were needed, as follows:

- (i) large-scale infrastructure projects of Europe-wide interest;
- (ii) increased public investment;
- (iii) reduction and reorganization of working time;
- (iv) reorganization of the labour market based on regional and local structures of forward-looking labour market management;
- (v) creation of work of value to the community;

¹ Bull. EC 7/8-1986, point 1.3.1 *et seq.*

² OJ C 287, 14.11.1986; Bull. EC 10-1986, point 1.3.1.

³ Bull. EC 4-1986, point 2.1.62.

⁴ Bull. EC 7/8-1986, point 2.1.106.

(vi) local employment initiatives.

The Committee noted that the internal market would bring about significant growth potential. The achievement of the internal market should go hand in hand with taking into account social policies and with the development of structural policies in order to strengthen the cohesion of the Community as defined in the Single European Act.¹

Finally, the Committee noted the important results recently achieved by the Val Duchesse macro-economics working party in the framework of the social dialogue (→ point 2.4.14) and expressed the hope that it might achieve further practical results.²

Employment and the labour market

Meeting of the Directors-General for Employment and the Directors of Employment Services in the Member States

2.1.98. The Directors-General for Employment and the Directors of Employment Services in the Member States met on 26 and 27 November. The main items on the agenda were the Commission reports on the follow up to the Council resolutions of 23 January 1984 on the promotion of employment for young people,² of 7 June 1984 on the contribution of local employment initiatives³ in the effort to combat unemployment³ and of 19 December 1984 on Community action to combat long-term unemployment.⁴

The Directors-General endorsed the content of the Commission report and set out general guidelines for future policies in this area.

They went on to express their satisfaction with the mutual information system on employment policy (Misep) and emphasized the need to extend its base. They expressed their agreement with the new general guidelines on exchanges of placement-service officials and with the report on the European system for the international clearing of vacancies and applications for employment Sedoc, and approved the integration of frontier labour markets. Finally, they exchanged views on the social aspects of

shipbuilding in connection with the Commission communication on aid measures for this industry.⁵

Exchange of national placement-service officials

2.1.99. A further joint meeting⁶ of the Sedoc group and the group on exchanges of placement-service officials took place on 17 November, when the 1987 work programme on the integration of frontier labour markets was approved. The programme provides for 12 seminars in frontier regions of the Community and a European seminar to sum up the findings of the regional seminars. The seminars would mainly seek to identify areas where cooperation seems to be necessary and to outline proposals for action.

In the course of the month the Commission developed a technical assistance programme for Greece with regard to the organization of the labour market.⁷ The programme would be partly financed by the Commission and would benefit from the cooperation of certain Member States.

Labour force sample survey

2.1.100. On 24 November the Council adopted a Regulation⁸ on the organization of a labour force sample survey to be carried out in the spring of 1987.⁹

Relations with the two sides of industry

2.1.101. On 6 November the macro-economics working party set up following the Val Duchesse meeting between the Commission and representatives of the European employers' and workers' organiz-

¹ Supplement 2/86 — Bull. EC.

² OJ L 29, 4.2.1984; Bull. EC 1-1986, point 2.1.40.

³ OJ C 161, 21.6.1984; Bull. EC 6-1986, point 2.1.45.

⁴ OJ C 2, 4.1.1985; Bull. EC 12-1984.

⁵ Bull. EC 10-1986, point 1.2.4.

⁶ Bull. EC 5-1986, point 2.1.69.

⁷ Previous meeting: Bull. EC 2-1986, point 2.1.70.

⁸ OJ L 335, 28.11.1986.

⁹ Commission proposal: Bull. EC 6-1986, point 2.1.109.

ations (12 November 1985) met for the third time (→ point 2.4.14).

*

2.1.102. The Commission was represented by Mr Manuel Marín, Vice-President with special responsibility for employment, social affairs and education, at the ministerial-level meeting of the OECD Manpower and Social Affairs Committee which took place in Paris on 18 and 19 November. The employment and unemployment situation was reviewed and conclusions adopted on job creation and more flexibility in labour markets.

A declaration on the social aspects of technological change was agreed.

2.1.103. On 11 November Parliament adopted a number of resolutions on employment in which it sought to define the main lines for action to combat unemployment (→ point 2.4.10.).¹

Financial instruments

European Social Fund

Annual report

2.1.104. On 11 November the Commission transmitted to the Council and Parliament the 14th report on the activities of the European Social Fund, covering 1985.² The Fund's operations took place against the background of a slight upward trend in employment (about 0.4%) which had already begun in 1984.

However, the economic recovery which accounted for this reversal of the trend encouraged more people to come onto the labour market, thus swelling the labour force, so that the number of job-seekers continued to rise — by about 3% (365 000), giving an average rate of over 11%.

There was therefore a steady increase in applications for Fund assistance, totalling 4 986 million ECU in 1985 — 48% up on the previous year. With respect to young

people under 25, applications amounted to 3 502 million ECU (about 70% of the total); for persons over 25, they amounted to 1 387 million ECU (28%). Applications in respect of specific operations totalled 97 million ECU (2%).

The total commitment appropriations available amounted to 2 536.25 million ECU, an increase of 25.27% over 1984. Given the greater increase in applications (48%), the gap between applications and resources widened once again from 166% in 1984 to 197% in 1985.

The appropriations granted totalled 2 218.79 million ECU, of which 858.27 million ECU went to operations in disadvantaged areas receiving the higher intervention rate (Greece, French overseas departments, Ireland, the Mezzogiorno and Northern Ireland).

There were 2 740 000 beneficiaries of Fund assistance, of whom 1 046 000 were women (38% of the total, an increase of about 5% over 1984).

Education and vocational training

Cooperation in education

2.1.105. A meeting of the Eudised Thesaurus³ Management Group took place on 18 and 19 November. This is the joint Commission/Council of Europe body responsible for management of the multilingual education thesaurus. A new list of descriptors and new management systems were approved.

2.1.106. At their 28 November meeting the Council and the Ministers for Education meeting within the Council failed to agree on the proposal for a Decision adopting the action scheme for the mobility of university students within the Community (Eras-

¹ OJ C 322, 15.12.1986.

² COM(86) 583 final. Previous report: Bull. EC 10-1985, point 2.1.58.

³ European documentation and information system on education.

mus).¹ At the European Council meeting in London on 5 and 6 December the Heads of State or Government called for further consideration of Erasmus with a view to an early decision being reached.² The Commission therefore presented its proposal to the Council anew, pointing out that the Economic and Social Committee needed to be consulted again under Article 128 of the EEC Treaty.

At a foreign affairs meeting of the Council on 15 and 16 December the Belgian delegation stated its intention of working for a rapid decision on this matter after taking the chair in January. Belgium's commitment gives reason to hope that a final decision may soon be taken.

Transition from school to working life

2.1.107. In the context of the Commission's policy for youth and the programme concerning the transition of young people from school to adult and working life,³ a meeting of the *ad hoc* group on initiatives for young people took place on 30 and 31 October; it was attended by young people, members of the profession and representatives of the national ministries of education and youth. The group selected 77 projects concerning information, training and cooperatives or youth enterprises which would receive Community aid totalling about 500 000 ECU.

Youth exchanges

2.1.108. On 13 November Parliament delivered its opinion⁴ on the Commission proposal for the YES for Europe programme transmitted to the Council last February.⁵ It supported the proposal and asked that the age limit applied to young people taking part in the programme be raised and the budgetary resources increased from 30 to 50 million ECU over three years.

New technologies

2.1.109. The Comett Committee, set up by the Council Decision of 24 July adopting

the programme on cooperation between universities and enterprises regarding training in the field of technology,⁶ held its first meeting on 11 and 12 November. The Committee, which is composed of two representatives from each Member State, appointed by the national authorities, and chaired by the Commission, examined the procedures for implementing Comett, which is due to become operational in January 1987.

2.1.110. As part of the work programme on new information technologies and vocational training (Eurotecnet),⁷ the Commission and the UK Manpower Services Commission jointly sponsored a major conference on 'People and technology: investing in training for Europe's future'. At the conference, which took place in London from 25 to 27 November, Ideas and experiences were compared with regard to training in new technologies, with particular reference to some of the results of the Eurotecnet programme.

2.1.111. On 11 November Parliament adopted a resolution⁴ calling on the Commission to launch a five year priority programme, to be known as Neptune,⁸ providing for the widespread introduction of vocational training in new technologies (→ point 2.4.10).

European Centre for the Development of Vocational Training

2.1.112. The Management Board of the European Centre for the Development of Vocational Training met in Berlin on 27 and 28 November. The main item of business was the Centre's 1987 work pro-

¹ OJ C 73, 2.4.1986; Bull. EC 1-1986, point 2.1.63.

² The conclusions of the European Council will be reported in Bull. EC 12-1986.

³ OJ C 193, 28.7.1982; Bull. EC 5-1982, point 2.1.35.

⁴ OJ C 322, 15.12.1986.

⁵ OJ C 72, 27.3.1986; Bull. EC 2-1986, point 2.1.73.

⁶ OJ L 222, 8.8.1986; Bull. EC 7/8-1986, point 2.1.95.

⁷ Bull. EC 4-1985, point 2.1.57.

⁸ New European programme for technology utilization in education.

gramme and the need to ensure that its activities complemented those of the Commission as far as possible.

European University Institute

2.1.113. On 20 and 21 November the European University Institute in Florence celebrated its 10th anniversary.¹ To mark the occasion, Mr Jacques Delors, President of the Commission, gave the ninth annual Jean Monnet lecture on the subject of the significance of the Single European Act. The High Council of the Institute appointed Mr Emile Noël, Secretary-General of the Commission, Principal from the beginning of the 1987/88 academic year (→ point 1.5.1).

Living and working conditions and social protection

Labour law and industrial relations

2.1.114. The Joint Committee on Social Problems of Agricultural Workers held a plenary meeting on 24 November and unanimously adopted the following:

(i) an opinion on the socio-structural measures for agriculture, supplementing the annual farm price review, presented by the Commission to the Council;² the Committee was in favour of extending the early retirement measures proposed by the Commission for certain farmers and farm workers, assisting young farmers, and providing training, advisory services and agricultural research;

(ii) an opinion on Community action in the forestry sector;³ the Committee suggested certain goals but regretted that no cost-benefit analysis had been made of the proposed measures and that insufficient account had been taken of certain issues (employment, vocational training, health and safety);

(iii) a report concerning employment in forestry, in which the Committee analysed the significance of forestry in the rural environment, described occupations in for-

estry and proposed specific measures to develop employment and improve training and safety.

The Committee also considered what the Commission had done by way of following up opinions adopted at previous plenary meetings.

2.1.115. The Joint Committee on Social Problems in Sea Fishing met on 28 November. The working parties on vocational training and safety discussed many development projects, such as exchanges of instructors and the installation of fishing and navigation simulators. With respect to safety, the Committee had received the report on training for safety modules which had now reached the stage of practical use in the centres.

2.1.116. The computerized maritime medical advice centre—the most recent achievement of the Commission's MAC-NET programme⁴—was inaugurated in Rome on 21 November. Its aim is to ensure a high degree of cooperation between the Member States in providing medical treatment on board ship, as nearly as possible the same as treatment that would be received on land. The other centres, where cooperation and coordination are well under way, are the medical advice centre in Toulouse, France, and the maritime social institute in Madrid, Spain.

Equal opportunities for men and women

2.1.117. The Expert Network on the Application of the Equal Treatment Directives met in Brussels on 18 November. The group considered an evaluation report on the legal situation in the Member States over the period 1982-86 and agreed the priorities for action over the next year. Subjects which will receive particular attention

¹ Bull. EC 3-1975, points 1401 to 1403.

² OJ C 273, 29.10.1986; Bull. EC 4-1986, point 1.3.1 *et seq.*

³ Bull. EC 12-1985, points 2.1.171 and 2.1.172; Bull. EC 2-1986, point 2.1.128 *et seq.*

⁴ Medical advice centres network.

include reversal of the burden of proof, indirect discrimination, the legal aspects of positive action, and the concept of 'equal value'.

The Network on Women and Employment met in Brussels on 13 November and concentrated its work on two main issues: coherence of economic and social policies in general and equality policies, and migrant women workers.

Social protection

2.1.118. On 11 November Parliament adopted a resolution calling on the Commission to present practical proposals within the next two years for the improvement and approximation of national social security systems (→ point 2.4.10).¹

Social integration of disabled people

2.1.119. From 3 to 5 November there were meetings of the working group on educational integration and the liaison group on disability. Discussions concentrated mainly on guidelines for the second action programme to be launched in 1988.

2.1.120. On 17 and 19 November the Commission held a plenary meeting and an annual seminar of the Community network of rehabilitation centres at the Mulhouse centre in France.² The main topic of the seminar was the authentication of skills acquired.

Health and safety

Public health

2.1.121. On 26 November the Commission adopted its first proposals for action against drug abuse in the Community (→ point 1.2.1 *et seq.*), for transmittal to the Council and Parliament.

Health and safety at work

2.1.122. The Advisory Committee on Safety, Hygiene and Health Protection at

Work held its 19th plenary meeting in Luxembourg on 4 and 5 November. The Committee agreed that its activities could be expanded to cover the radiation protection of workers. It heard the report on the activities of the various *ad hoc* groups⁴ and decided to set up a group to be responsible for the problem of individual protection.

Health and safety (ECSC)

2.1.123. On 14 November an international seminar on safety and health protection in quarries was held in Sienna, Italy. It was decided to initiate a campaign to promote safety awareness in the quarrying industry in Tuscany with the support of the Commission and the Mines Safety and Health Commission.

Health and safety (Euratom)

2.1.124. On 24 November the Council discussed the environmental aspects of nuclear safety and radiation protection (→ point 2.1.236).

2.1.125. On 20 and 21 November the Commission, in conjunction with the European Trade Union Confederation, held an information meeting on radiation protection for the benefit of trade union representatives. The Spanish and Portuguese representatives talked about radiation protection problems in their respective countries. The meeting was briefed on the Commission's activities in the field of radiation protection and its communication to the Council on the development of Community measures for the application of Chapter III of the Euratom Treaty.⁵

Culture

Council

2.1.126. At their meeting on 13 November the Council and the Ministers responsible

¹ OJ C 322, 15.12.1986.

² Bull. EC 10-1985, points 2.1.66 and 2.1.67.

³ Previous meeting: Bull. EC 5-1986, point 2.1.92.

⁴ Bull. EC 6-1986, point 2.1.126; Bull. EC 9-1986, point 2.1.72; Bull. EC 10-1986, point 2.1.96.

⁵ Bull. EC 7/8-1986, point 2.1.220 *et seq.*

for cultural affairs meeting within the Council adopted a resolution concerning European Cinema and Television Year (1988) (→ point 2.1.127). This was a 'mixed' formula resolution (Council and Ministers responsible for cultural affairs), which means that the Commission is enabled to implement the planned measure and Community funds can be made available.

Three other resolutions adopted—concerning Europe's architectural heritage (→ point 2.1.128), business sponsorship of cultural activities (→ point 2.1.129) and conservation of works of art and artefacts (→ point 2.1.130)—are of the 'intergovernmental' type (Ministers responsible for cultural affairs meeting within the Council).

Ministers failed, however, to adopt a resolution on the translation of literary works. Nevertheless, Mr Carlo Ripa di Meana, the Member of the Commission with special responsibility for cultural affairs, confirmed that the Commission would continue to promote the translation of literary works to and from the less-used Community languages with the means it has at its disposal.

Mr Ripa di Meana also made a statement on privacy in the audiovisual sector. This problem is both economic (because of the scale of the fraud and the damage it causes to the industry) and cultural (because it affects copyright and, consequently, artistic creation in many sectors). Ministers noted the seriousness of the problem and decided to place it on the agenda of a forthcoming meeting in order to examine what measures could be taken.

European Cinema and Television Year (1988)

2.1.127. Acting on a proposal from the Commission,¹ the Council and the Ministers responsible for cultural affairs meeting within the Council adopted the following resolution on European Cinema and Television Year:²

'Whereas the audiovisual media are among the chief means of conveying information and culture

to the European citizen and contribute to the strengthening of the individual European cultures, as well as the European identity;

Whereas Europe must be strongly represented in the making and distribution of audiovisual products, thus contributing to laying the foundations of an ever-closer union among the peoples of Europe;

Whereas the European Council, at its meeting held in Milan on 28 and 29 June 1985,³ approved the proposal contained in the report by the *ad hoc* Committee on a People's Europe (paragraph 3.7)⁴ that 1988 be declared European Cinema and Television Year;

Whereas the European Parliament has underlined the importance of European initiatives in this field, notably in its resolution of 10 October 1985;⁵

Whereas the Commission informed the Council in its communication COM(86) 320 final⁶ of the aims to be pursued in the course of the 1988 European Cinema and Television Year;

Whereas the Commission has already proposed a set of audiovisual actions;

Whereas the Council of Europe has been actively working on audiovisual questions for many years;

Note that activities are to be carried out consistently with the constitutional arrangements in each Member State;

Welcome the agreement of the European Council that 1988 should be declared European Cinema and Television Year;

Support the objectives and guidelines of the European Cinema and Television Year ...;

Welcome the participation of the Council of Europe, as well as the Contracting Parties to the European Cultural Convention which are not members of the Council of Europe, in the Year and stress the importance of mutual cooperation;

Note, in regard to organization, that:

(i) the activities will be prepared and implemented through national agencies in each Member State and a European Steering Committee;

(ii) the Commission will be responsible for action at Community level in accordance with the Treaty,

¹ Bull. EC 10-1986, point 2.1.102.

² OJ C 320, 13.12.1986.

³ Bull. EC 6-1985, point 1.2.3.

⁴ Supplement 7/85 — Bull. EC.

⁵ OJ C 288, 11.11.1985; Bull. EC 10-1985, point 2.5.25.

⁶ Bull. EC 6-1986, point 2.1.129.

in particular to secure the free movement of persons and products related to audiovisual activities;

Note the Commission's intention to propose an appropriate credit in the 1988 provisional draft budget;

Stress the importance of adequate financial participation by the audiovisual industry as well as contributions as appropriate from other national and international sources;

Call on the relevant authorities in the Member States to take appropriate steps to support the Cinema and Television Year;

Request the Commission to keep it regularly informed on the progress made in implementing the Year and to submit to it, and to the European Parliament, a final report on the implementation.'

Europe's architectural heritage

2.1.128. The Ministers for Cultural Affairs meeting within the Council adopted a resolution concerning Europe's architectural heritage.¹ The aim is to develop effective cooperation on conserving Europe's architectural heritage, to encourage the exchange of information and to promote awareness among private and public institutions and the general public.

This resolution follows on from the Solemn Declaration on European Union of 19 June 1983, in particular the paragraph concerning 'the advisability of undertaking joint action to protect, promote and safeguard the cultural heritage.'² It is also a response to Parliament's wishes for this sector.³

Business sponsorship of cultural activities

2.1.129. The Ministers for Cultural Affairs meeting within the Council adopted a resolution on business sponsorship of cultural activities.¹ Strengthened support from a plurality of sources is the best guarantee for safeguarding and developing the cultural heritage and cultural activities. The aim of the resolution is therefore to encourage private financial support for cultural events, in particular in the form of patronage and sponsorship, and to promote incentive measures by Member States.

Conservation of works of art and artefacts

2.1.130. The Ministers responsible for cultural affairs meeting within the Council adopted a resolution on the conservation of works of art and artefacts which aims to encourage training and documentation in order to facilitate conservation activities.¹

European city of culture

2.1.131. The Ministers responsible for cultural affairs agreed at their meeting on 22 November 1984⁴ to designate a European city of culture every year. They have now agreed on Glasgow for 1990. On 28 May 1985 Florence was designated for 1986, Amsterdam for 1987, Berlin for 1988 and Paris for 1989.⁵

Europa-TV

2.1.132. The satellite television broadcasts by the Europa-TV consortium, with which the Commission signed an agreement in October,⁶ were suspended on 27 November after NOS, the Dutch member of the consortium,⁷ decided to stop supplying technical services. Programmes had been broadcast since 5 October 1985 from the NOS studios in Hilversum over the Dutch channel of the ECS-1 satellite. This decision by NOS was prompted by financial difficulties which the consortium was unable to resolve. The Commission is now investigating the effects that this interruption will have on the attainment of the objectives set in the agreement. It will decide later what course of action to take.

Cooperation between European universities

2.1.133. The Vice-Chancellors of the Community's oldest universities have asked

¹ OJ C 320, 13.12.1986.

² Bull. EC 6-1983, point 1.6.1 (paragraph 3.3).

³ OJ C 267, 11.10.1982; Bull. EC 9-1982, point 2.1.114.

⁴ Bull. EC 11-1984, point 2.1.75.

⁵ OJ C 153, 22.6.1985; Bull. EC 5-1985, point 2.1.61.

⁶ Bull. EC 10-1986, point 2.1.101.

⁷ The other members are ARD (Germany), RAI (Italy), RTE (Ireland) and RTP (Portugal).

for the Commission's help with a plan to link European universities in a cooperation and reciprocal operational unity pact. The intention is that this pact should be the culmination of the celebrations marking the ninth centenary of the University of Bologna in 1988. The celebrations will be an occasion to give thought to the common roots of European culture and a starting point for new forms of cooperation between the universities.

Mr Ripa di Meana has assured the Vice-Chancellors of his interest in and support for their initiative.

A people's Europe

Easing of restrictions on Community nationals which undermine the Community's credibility

Free movement of citizens

Removal of 'customs' signs at frontiers

2.1.134. On 13 November, acting on a proposal from the Commission,¹ the Council and the Representatives of the Governments of the Member States meeting within the Council adopted a resolution on the introduction of appropriate signboards at the Community's external frontiers and internal borders.² This measure, which belongs to the action to be taken in the context of a people's Europe³ in order to promote the Community's identity and image, will involve the removal of road signs bearing the word 'customs', at the Community's internal borders from 1 January 1988. The plan is to replace these signs at the approach to border crossing-points and, where appropriate, at the point of entry into a Member State, with new signs representing the Community flag (a circle of 12 gold stars against a blue background) bearing the name of the Member State which the traveller is entering.

Tourism

2.1.135. On 24 November the Commission sent the Council a proposal for a recommendation relating to ratification by Member States of the Convention of 25 October 1980 designed to facilitate international access to the courts.⁴

The purpose of the Convention is to grant the nationals of a contracting State and to persons habitually resident in a contracting State legal aid for civil and commercial proceedings in each contracting State on the same conditions as if they were nationals of that State and were habitually resident there. This would be very useful for citizens of the Member States travelling in other Member States who become entangled with the law, in particular as a result of an accident or a driving offence.

Free movement of goods

Exchange control

2.1.136. On 17 November the Council adopted a Directive broadening the scope of the obligation on the Community to liberalize capital movements (→ point 1.1.1 *et seq.*).

Health, social security and drugs

Narcotics

2.1.137. On 26 November the Commission adopted a communication for transmission to the Council and Parliament on a Community programme to combat drug abuse (→ point 1.2.1. *et seq.*).

¹ Bull. EC 7/8-1985, point 2.1.9.

² OJ C 303, 27.11.1986.

³ Supplement 7/85 — Bull. EC.

⁴ OJ C 320, 13.12.1986; COM(86) 610 final.

Regional policy

Coordination and programmes

Regional Policy Committee

2.1.138. The Regional Policy Committee, which met on 18 and 19 November under the chairmanship of Mr Sallois, was informed of the Commission's internal procedures for coordinating the Community's financial instruments and of the progress made so far in implementing the integrated Mediterranean programmes.

It continued¹ its discussion of the implementation of Article 130 D of the EEC Treaty (as amended by the Single European Act²) and adopted an opinion on the reform of Community regional policy. Finally, the Committee adopted three opinions on the 'third-generation' regional development programmes for Flanders, Wallonia and Ireland covering the period 1986-90.

Financial instruments

European Regional Development Fund

Fund Committee

2.1.139. The European Regional Development Fund Committee met on 26 and 27 November to give its opinion on the draft grant decisions under the 10th 1986 allocation.

It also gave its opinion on 25 programmes (non-quota programmes, national programmes of Community interest and integrated development operations) and on a programme and two draft decisions under Article 15 of the ERDF Regulation.

*

2.1.140. On 11 November Parliament adopted a resolution on the contribution of the ERDF to job creation in the Community (→ point 2.4.10).³

Business and innovation centres

2.1.141. On 13 November the Commission decided to make financial contributions under Item 7731 of the 1986 budget to two conversion projects in areas with declining industries: 62 500 ECU to the Aalborg area in Denmark and 150 000 ECU to the Clwyd area in the United Kingdom.

The aim of these projects is to finance measures to facilitate the promotion and development of a network of professionally managed and ultimately profitable business and innovation centres. The proposed measures involve the preparation, starting up or completion of two business and innovation centres providing a full range of support services for small and medium-sized firms or new innovative activities in the areas in question.

Aid for disaster victims

2.1.142. In November the Commission decided to make two emergency aid grants: the first, amounting to 150 000 ECU, to the inhabitants of the regions of Ireland affected by the rainstorms last August; the second, amounting to 300 000 ECU, to the families of victims in the Spanish regions affected by flooding in September and October.

Environment and consumers

Environment

Council

2.1.143. Significant results were achieved at the Council meeting on 24 and 25 November. The Council adopted a package of measures to protect animals used in experiments (→ point 2.1.162); amended the 1977 procedure on the exchange of

¹ Bull. EC 9-1986, point 2.1.76.

² Supplement 2/86 — Bull. EC.

³ OJ C 322, 15.12.1986.

information on the quality of surface fresh water (→ point 2.1.148); tightened up the rules on noise emissions by all categories of motorcycle (→ point 2.1.158); strengthened the provisions already in force in two sectors of industry to reduce the risks of using asbestos (→ point 2.1.151) and waste oil (→ point 2.1.152); and adopted conclusions on pollution of the Rhine (→ point 2.1.146), the environmental aspects of nuclear safety (→ point 2.1.236), chloro-fluorocarbons (→ point 2.1.159) and the fourth action programme (→ point 2.1.144).

The Council was unable to agree a timetable for reducing emissions from large combustion plants of sulphur dioxide and nitrogen oxides, the two main causes of acid rain (→ point 2.1.153). Nor was agreement reached on the limits on emissions from motor vehicles and heavy commercial vehicles (→ point 2.1.155).

Fourth action programme

2.1.144. The Council approved this resolution on the fourth action programme:¹

‘...’

Whereas it is desirable that a new Community environmental action programme should follow on from the third action programme (1982-86);²

Welcomes the submission by the Commission of detailed proposals for a fourth environmental action programme¹ and considers that such a programme provides an opportunity to strengthen decisively Community action on the environment, building on the achievements of the past, and to determine a coherent framework within which specific Community actions can be formulated, coordinated and implemented over the period 1987 to 1992.

Recalls in this connection that the Single European Act,³ which will constitute a new legal basis for the Community's environment policy, provides that Community actions in this field should have as their objectives:

(i) to preserve, protect and improve the quality of the environment,

(ii) to contribute towards protecting human health,

(iii) to ensure a prudent and rational utilization of natural resources;

Recognizes that, if these objectives are to be achieved, it will be necessary to take action to combat pollution wherever it may occur, while ensuring that preventive measures in one part of the environment do not produce damaging effects in another; and to take measures to protect and enhance Europe's natural heritage;

Reaffirms furthermore its conviction that environmental protection has to become an essential component of the economic, industrial, agricultural and social policies implemented by the Community and its Member States; and acknowledges that it can contribute to better economic growth and help create jobs;

Underlines in particular the need for environmental education and training and for greater public awareness of, and public participation in, environmental issues, recalling that these are central themes of the European Year of the Environment 1987;

Stresses the importance of ensuring that measures adopted are implemented in the most effective manner, and that both existing and proposed activities are subject to regular evaluation, taking particular account of the potential benefits and costs of action or lack of action;

Calls upon the European Parliament and the Economic and Social Committee to furnish their opinions on the Commission proposals as a matter of priority;

Undertakes to consider further the Commission proposals with a view to identifying, if possible before 30 June 1987, guidelines and priorities for strengthening Community action in favour of the environment.’

Action by the Community relating to the environment (ACE) and financial support

2.1.145. On 27 November the Commission decided to grant from Item B 6681 of the 1986 budget support totalling 150 000 ECU backdated to 31 October plus a financial contribution of 135 240 ECU towards nine projects to protect animals used in

¹ Bull. EC 9-1986, point 1.1.1 *et seq.*

² OJ C 46, 17.2.1983.

³ Supplement 2/86 — Bull. EC.

experiments, animals for slaughter, wild animals and pets.

Prevention and reduction of pollution and nuisances

Protection of the aquatic environment

Protection of the Rhine

2.1.146. The Council welcomed the speedy reaction of the governments concerned to combat the pollution caused by the recent industrial accidents and to protect the Rhine against pollution more effectively in the future.

It stressed that the key to more effective bilateral, Community or multilateral action to protect the Rhine and other major Community waterways lay in:

- (i) improvement of the alarm and information system in the event of accidental discharges;
- (ii) closer harmonization of legislation on the handling of dangerous chemicals;
- (iii) prompt clean-up and restoration, coupled with equitable arrangements for liability and compensation by the polluters for any damage caused.

The Council recalled that the Community was leading the way in accident prevention and damage limitation, notably with the 1982 Directive on the major-accident hazards of certain industrial activities.¹

The Council called on the Commission:

- (i) to review existing Community preventive and remedial measures and the scale of their use, and if necessary to submit appropriate proposals; and
- (ii) to explore the prospects of negotiating bilateral or multilateral agreements with non-Community countries in Europe with a view to extending the scope of the 1982 Directive and of the 1981 Decision establishing a Community information system for the control and reduction of pollution caused by hydrocarbons discharged at sea.²

2.1.147. Still on the same incident, on 12 November Mr Stanley Clinton Davis, the Member of the Commission with special responsibility for the environment, represented the Commission at a meeting in Zurich between ministers from each of the countries on the Rhine, convened by the Swiss Government.

Mr Clinton Davis made a statement about the disaster, on behalf of the Commission, in Parliament on 13 November. Parliament expressed satisfaction at Mr Clinton Davis having informed the House promptly of the steps taken or envisaged by the Commission. Action needed to be taken to set up a Community monitoring system, improve enforcement of existing legislation and increase the funds available to deal with catastrophes of this kind.

Surface water quality

2.1.148. On 24 November the Council formally adopted³ the Commission proposal⁴ for a decision to update and improve in the light of experience the common procedure introduced in 1977 for the exchange of information on the quality of surface fresh water in the Community.⁵

It had approved this proposal in June.⁶

Paris Convention

2.1.149. At its November part-session Parliament endorsed⁷ the proposal for a Council Decision⁸ concluding on behalf of the Community the Protocol (adopted in Paris on 26 March⁹) amending the Convention for the Prevention of Marine Pollution from Land-based Sources.¹⁰

¹ OJ L 230, 5.8.1982; Bull. EC 6-1982, point 2.1.92.

² OJ L 355, 10.12.1981; Bull. EC 12-1981, point 2.1.81.

³ OJ L 335, 28.11.1986.

⁴ OJ C 321, 13.12.1985; Bull. EC 11-1985, point 2.1.111.

⁵ OJ L 334, 24.12.1977; OJ L 237, 5.9.1984.

⁶ Bull. EC 6-1986, point 2.1.148.

⁷ OJ C 322, 15.12.1986.

⁸ Bull. EC 9-1986; point 2.1.91.

⁹ Bull. EC 3-1986, point 2.1.102.

¹⁰ OJ L 194, 25.7.1975.

Dumping at sea

2.1.150. The Economic and Social Committee adopted an opinion on the proposal for a Directive on the dumping of waste at sea (→ point 2.4.26).¹

Air pollution

Asbestos

2.1.151. The Council adopted a common position on the proposal for a Directive on the prevention of pollution by asbestos.² It recalled that asbestos was already covered by a number of Community Directives on the management of toxic and dangerous waste, on the combating of air pollution from industrial plant and, more specifically, on limit values for asbestos in the air to protect workers exposed to the substance. The latest proposal supplements the Community legislation on this subject. It is designed to prevent or reduce asbestos emissions which pollute the environment in general (whether air, water or soil) and ultimately endanger human health. It will apply in particular to production of raw asbestos, to the manufacture and industrial finishing of a series of products containing the substance (processes liable to release it into the environment) and to the transport or dumping of waste containing asbestos. The Council will return to this matter with a view to adopting the Directive once it receives Parliament's opinion.

Disposal of waste oils

2.1.152. The Council reached agreement on the proposal³ to amend the 1975 Directive on the disposal of waste oils.⁴ The new Directive is intended to strengthen the existing rules. As regards combustion of waste oils:

(i) plant above 3 MW will be subject to Community emission limits;

(ii) plant below 3 MW will be subject to national checks subject to review by the Council after five years;

(iii) Member States may introduce a system for prior checks on pollutants contained in waste oils as a means of ensuring observance of the limit values.

Waste oils may be regenerated only under specific conditions imposed to protect the environment. In addition, the PCB/PCT content authorized in waste oils under the existing Community legislation⁵ will be significantly reduced.

Finally, the Member States will be free to adopt more stringent measures than those in the Directive provided they are in line with the rules set out in the Treaty. For example, they could set tighter limit values on the combustion of waste oils or ban the practice.

Emissions from large combustion plants

2.1.153. On the basis of proposals drafted by the Presidency, the Council continued its deliberations on the proposal for a Directive on the limitation of emissions of pollutants into the air from large combustion plants.⁶ It concluded that the proposals were a positive contribution but needed further examination. It therefore instructed the Permanent Representatives Committee to continue examining the proposal.

Sulphur content of gas oil

2.1.154. The Council made considerable progress towards agreement on the proposal for a Directive⁷ amending the November 1975 Directive on the approximation of the laws of the Member States relating to the sulphur content of certain liquid fuels (gas oil).⁸ It instructed the Per-

¹ OJ C 245, 26.9.1985; Bull. EC 7/8-1985, point 2.1.112.

² OJ C 349, 31.12.1985; Bull. EC 11-1985, point 2.1.119.

³ OJ C 58, 6.3.1985; Bull. EC 1-1985, point 2.1.31.

⁴ OJ L 194, 25.7.1975.

⁵ OJ L 108, 26.4.1976; OJ L 269, 11.10.1985.

⁶ OJ C 49, 21.2.1984; Bull. EC 12-1983, point 2.1.118; OJ C 76, 22.3.1985; Bull. EC 2-1985, point 2.1.62; Bull. EC 11-1985, point 2.1.113; Bull. EC 3-1986, point 2.1.107; Bull. EC 6-1986, point 2.1.155.

⁷ OJ C 205, 14.8.1985; Bull. EC 7/8-1985, point 2.1.119.

⁸ OJ L 307, 27.11.1975.

manent Representatives Committee to work towards agreement on the outstanding issues so that the Directive can be adopted as soon as possible.

Exhaust emissions from motor vehicles

2.1.155. The Council noted that Denmark and Greece maintained their reservations about the solution outlined in June 1985 on the proposal for a Directive on gaseous emissions from private cars.¹ It held a wide-ranging debate on a compromise tabled by the Presidency on particulate emissions from diesel-engined private cars² and on gaseous emissions from diesel-engined heavy commercial vehicles.³ It noted that some progress had been made, particularly on the second of these points, and instructed the Permanent Representatives Committee to continue its work, in the light of this debate, in preparation for the next meeting. Finally, the Council noted that the Commission was preparing a communication on the harmonization of speed limits in the Community and approved a German memorandum calling on the Commission to leave Member States the option of withdrawing leaded regular petrol from the market.

2.1.156. The Economic and Social Committee adopted an opinion (→ point 2.4.27) on the proposals for Directives on the approximation of the laws of the Member States on the measures to be taken against particulate emissions from diesel-engined private cars² and emissions of gaseous pollutants from diesel-engined commercial vehicles.³

Long-range transboundary air pollution

2.1.157. The Executive Body for the 1979 Geneva Convention on Long-range Transboundary Air Pollution⁴ (signed under the auspices of the United Nations Economic Commission for Europe and in force since March 1983⁵) held its fourth session from 11 to 14 November.⁶ The Commission attended on behalf of the Community, which is a contracting party. The Executive

Body made its first thorough review of progress on the objectives and principles set out in the Convention and approved an ambitious programme to implement the Convention, including considerably stepping up activities under the cooperative programme for monitoring and evaluation of the long-range transmission of air pollutants in Europe. Finally, it agreed a detailed mandate for drafting a protocol to the Convention on measures to combat and in particular reduce emissions or transfrontier movements of oxides of nitrogen.

Noise

Motorcycles

2.1.158. The Council reached agreement on all the substantive issues raised by the proposal for a Directive relating to the permissible sound levels and exhaust systems of motorcycles.⁷ Under the terms of this agreement, the maximum permissible levels are to be reduced in two stages, as shown in Table 6.

Table 6 — *Permissible sound levels from motorcycles*

Category of motorcycle	Maximum permissible sound level in dB(A)	
	Stage I	Stage II
Under 80 cc	77	75
80 to 175 cc	79	77
Over 175 cc	82	80

For the largest and smallest categories of motorcycles:

¹ Bull. EC 6-1985; points 2.1.97 and 2.1.98.

² OJ C 193, 31.7.1986; Bull. EC 5-1986, point 2.1.108 *et seq.*

³ OJ C 174, 12.7.1986; Bull. EC 5-1986, point 2.1.108 *et seq.*

⁴ OJ L 171, 27.6.1981; Bull. EC 6-1981, point 2.1.72.

⁵ Bull. EC 3-1983, point 2.1.80.

⁶ Third session: Bull. EC 7/8-1985, point 2.1.122.

⁷ OJ C 263, 2.10.1984; Bull. EC 9-1984, point 2.1.12; OJ C 139, 7.6.1985; Bull. EC 5-1985, point 2.1.72.

(i) the Stage I limits will come into force on 1 October 1988 for newly approved types and will be extended to all new motorcycles on 1 October 1990;

(ii) the Stage II limits will come into force on 1 October 1993 for newly approved types and will be extended to all new motorcycles on 1 October 1995.

For the middle category:

(iii) the Stage I limits will enter into force on 1 October 1989 for newly approved types and will be extended to all new motorcycles on 1 October 1990;

(iv) the Stage II limits will enter into force at the end of 1994, unless the Council, acting on a proposal from the Commission, decides on another date before then.

Chemicals

Chlorofluorocarbons

2.1.159. On 21 November the Commission sent the Council a communication reviewing the latest scientific, technical and economic information on the use of chlorofluorocarbons, their capacity to deplete the ozone layer and the alternatives available.¹ This follows up the communication sent on 19 November 1985.² It ends with a proposal for a Decision authorizing the Commission to participate in the negotiations for a protocol on chlorofluorocarbons to the Vienna Convention for the Protection of the Ozone Layer, to be held under the auspices of the United Nations Environment Programme.

The Commission concludes that the present Community measures to limit production capacity and the use of chlorofluorocarbons in aerosols are soundly based. Certain details, however, may have to be changed in the light of advancing scientific knowledge and of progress made in the forthcoming negotiations. For example, one possible change would be to set a limit on production lower than the existing capacity. On 24 November the Council took note of the conclusions set out in the communi-

cation and authorized the Commission to participate in the negotiations, due to start on 1 December.

Dangerous substances

2.1.160. On 17 November the Commission organized an extraordinary joint meeting of the national contact points and national authorities responsible for implementing the September 1979 Directive,³ amending for the sixth time the 1967 Directive on dangerous substances.⁴

Each Member State was given a copy of the final English version of the European inventory of commercial chemical substances on magnetic, storage medium. The inventory catalogues just over 100 000 chemical substances on the Community market between 1971 and 1981. This marks the end of the central phase in the project, and of five years' work by the Commission with the aid of the Member States, to prepare the way for publication of EICCS in the *Official Journal*. To complete the job, the Commission is now having this highly complex document translated into the other Community languages. Pending publication, the English version of the inventory will soon be available to the public in print, from the Office for Official Publications.

Protection and use of resources

Land

Coastal areas

2.1.161. In response to a request made by Portugal in March, on 14 November the Commission sent the Council a communication on integrated planning of coastal areas.⁵ This paper recalls the reasons which prompted the peripheral maritime regions in the Community to adopt the European

¹ COM(86) 602 final.

² Bull. EC 11-1985, point 2.1.120.

³ OJ L 259, 15.10.1979.

⁴ OJ 196, 16.8.1967.

⁵ COM(86) 571 final.

Coastal Charter and the interest shown in this initiative by Parliament and the Commission alike. It places the special case of coastal areas in the broader context of the Community's environmental protection¹ and regional development policies and explains the importance for the Charter's aims of the machinery for coordinating the Community's structural Funds. It concludes with a series of measures which the Commission is planning to continue or launch under the policies in question.

Flora and fauna

Protection of vertebrates

2.1.162. The Council adopted a package of measures² proposed by the Commission³ with a view to introducing tight controls throughout the Community on the use of animals in experiments. These measures include a Directive on the approximation of the laws, regulations and administrative provisions of the Member States regarding the protection of animals used for experimental and other scientific purposes. The Directive contains a series of key additional safeguards for animals. In particular, it contains rules on prior notification and authorization of all experiments, the prohibition of experiments on endangered species, provisions for avoiding the infliction of unnecessary pain and suffering, the avoidance of all unnecessary duplication of tests, and use of alternative methods wherever possible.

The Council had agreed a common position on the proposal in June.⁴

2.1.163. The Council also approved a resolution in which the Member States undertake to apply measures no less severe than those set out in the Directive to any experiment not covered by the Directive. Finally, it approved a Decision authorizing the signature of the Council of Europe Convention on this subject on the Community's behalf and a resolution calling on Member States which had not yet done so to sign the Convention.

Natural resources

Forests

2.1.164. On 19 November the Council adopted two Regulations to provide forests with increased protection, one against fire, the other against atmospheric pollution (→ point 2.1.203). Both were proposed by the Commission in June 1983.

International cooperation

2.1.165. On 2 December the Commission asked the Council for authorization to negotiate and approve on behalf of the Community, under specified conditions, certain measures as part of the implementation of international agreements of a regional nature relating to environmental protection to which the Community is a contracting party.⁵

Past experience has shown how useful and effective it would be if the Commission could negotiate regional environmental measures, particularly environmental limit values or quality objectives, on behalf of the Community. Depending on the individual case, the measures may be equivalent to, less stringent than or more stringent than those already in force in the Community.

Consumers

Physical protection and product safety

2.1.166. A European conference on home safety research and accident prevention was held in London on 4 and 5 November and contributed to the identification of requirements in this new research area. The conference was sponsored by the Commission and marked the 10th anniversary of the UK

¹ Bull. EC 2-1986, point 2.1.94.

² OJ L 358, 18.12.1986.

³ OJ C 351, 31.12.1985; Bull. EC 12-1985, point 2.1.146; OJ C 323, 16.12.1986; COM(86) 643 final.

⁴ Bull. EC 6-1986, point 2.1.163.

⁵ OJ C 324, 17.12.1986; COM(86) 563 final.

home accident surveillance system and the start of a European home and leisure accident surveillance system (Ehlass), based on experience gained in the UK and the Netherlands.¹

2.1.167. A European conference on the prevention of burns and scalds, sponsored by the Commission, was held in Brussels on 27 and 28 November. It attracted some 100 participants (research workers, doctors, manufacturers, consumer associations) and gave an insight into the causes of and responsibilities for these types of accident and means of preventing them. At the end of the conference, four recommendations in particular were adopted from among the suggestions put forward: the vital need to promote the compilation of statistics (epidemiological and technical); the need to improve the design of consumer products; promotion of preventive measures at both national and European levels through legislation and common standards; the crucial role that education (of parents, among others) and information have to play in this respect.

The Commission will take these recommendations into account when introducing further measures in this field.

International cooperation

2.1.168. Informal talks between the Community and Finland were held in Helsinki on 5 and 7 November.² The discussions covered a number of areas of mutual interest and current concern, both bilateral (product safety, product liability, consumer credit, package tours) and international.

Agriculture

Council

2.1.169. At a meeting on agriculture, held on 17 and 18 November, the Council adopted two Regulations on Community schemes to protect forests against fire and

atmospheric pollution (acid rain). Over the next five years, these schemes will aim to prevent and to repair such damage (→ point 2.1.203).

The Council decided to continue in December its discussions on emergency action to be taken in the milk sector,³ with the purpose of reaching a political agreement at that time.

Further discussion on the question of adjustments to the common organization of the market in beef and veal enabled the Council to make definite progress.⁴ It announced its intention to continue examining this matter at its December meeting, at which time a decision should be possible.

It also considered some important aspects of the proposals on socio-structural measures⁵ to supplement the restrictive measures already being applied in the context of the prices policy.⁶ This matter will be carried forward to the agenda for the next Council meeting.

The Council was not able to reach agreement on the Commission proposal for altering the green rates applicable to the pound sterling and French franc in the beef/veal sheepmeat sectors.

It did, however, adopt the revised Commission proposal for a 25% reduction in the levy applicable to imports of an annual quantity of 10 000 tonnes of basmati rice from India and Pakistan (→ point 2.2.20).

It also adopted, with Parliament's endorsement,⁷ the Commission proposal⁸ establishing a special emergency measure to assist the less-favoured areas in the West of Ireland affected by the particularly poor weather conditions in 1985 and 1986.⁹

¹ OJ L 109, 26.4.1986; Bull. EC 4-1986, point 2.1.100.

² Bull. EC 10-1985, point 2.1.96.

³ OJ C 254, 11.10.1986; Bull. EC 9-1986, point 2.1.103 *et seq.*; Bull. EC 10-1986, point 2.1.134.

⁴ Bull. EC 12-1985, point 2.1.155 *et seq.*

⁵ OJ C 273, 29.10.1986; Bull. EC 4-1986, point 1.3.1 *et seq.*

⁶ Bull. EC 4-1986, points 1.4.1 and 2.1.106 *et seq.*

⁷ OJ C 322, 15.12.1986.

⁸ OJ C 287, 14.11.1986; COM(86) 560 final.

⁹ OJ L 335, 28.11.1986.

The Council also adopted a Directive making certain technical changes to the existing rules on intra-Community trade in fresh meat (→ point 2.1.196).

Finally, an agreement in principle was reached on financing a programme for the eradication of African swine fever in Spain and Portugal (→ point 2.1.197).

Market organizations

Milk and milk products

Emergency action in the milk sector

2.1.170. Further to its September communication on emergency action in the milk sector,¹ the Commission transmitted to the Council on 14 November an interim report concerning the application of the additional levy system in the milk sector.² This report provides general information on the application of the milk quota system, on development in milk deliveries and in the production of butter and skimmed-milk powder since the introduction of the quota system in 1984 and on the current situation with regard to surpluses. In its conclusions the Commission states its conviction that the application of the quota system should be strengthened in 1987/88 and 1988/89 in order to restore market balance in the milk sector. For this purpose, it proposes a package of additional measures to be adopted immediately in order to bring the volume of production back into line with market outlets. These measures aim to reduce quotas and to apply existing quotas more effectively. They should enter into force at the start of the next milk year (1 April 1987). The important social aspects of this scheme will form an integral part of the reform of the operation of the milk quota system.

*

2.1.171. In connection with the additional levy in the milk sector, a scheme for compensation for the definitive discontinuation of milk production has been established,

providing for compensation from Community funds and for a possible financial contribution by the Member States which would increase the amount of compensation.³ Experience gained has shown the need for a supplementary and subsidiary measure directed more particularly at facilitating the restructuring of milk production at collecting area level. To this end, in keeping with its statement at the Council meeting on 22 July, the Commission put to the Council on 19 November a proposal for a Regulation the purpose of which is to enable the Member States to authorize dairies to grant, subject to certain conditions, compensation to their producers who undertake to discontinue milk production permanently, and to lay down general rules for the reallocation of the quantities thus freed to other producers who deliver to the same dairy.⁴

2.1.172. Since Ireland and the United Kingdom apply the formula of non-standardized milk to whole milk for human consumption marketed on their territories, while the other Member States apply the formula of standardized milk, the Council, acting on a proposal from the Commission,⁵ adopted a Regulation on 28 November setting guideline figures for the fat content of standardized whole milk imported into Ireland and the United Kingdom from another Member State.⁶ The figures are 3.60% for Ireland and 3.90% for the United Kingdom.

Sugar

Market situation⁷

2.1.173. The world sugar market is at present characterized by continual fluctuations

¹ OJ C 254, 11.10.1986; Bull. EC 9-1986, point 2.1.103 *et seq.*

² COM(86) 645 final.

³ OJ L 119, 8.5.1986; Bull. EC 4-1986, point 2.1.108.

⁴ COM(86) 537 final.

⁵ COM(86) 605 final.

⁶ OJ L 340, 3.12.1986.

⁷ Bull. EC 3-1986, point 2.1.123.

in prices, which are still exceptionally low. On the Paris stock exchange, for example, the spot price for white sugar is about 17.30 ECU/100 kg this month compared with an average of 19.88/100 kg in 1985/86. Initial estimates put world production of sugar in 1986/87 at around 101 million tonnes (expressed as raw sugar). It should be emphasized that this represents an increase over the previous marketing year and that, while world production may reach an all-time record, sugar prices have been very low and consumption is not even increasing normally. It is very difficult, at this stage of the marketing year, to forecast consumption but it may be expected to reach 102 million tonnes. Since production and consumption are virtually equal, it will be possible to reduce existing world stocks only slightly.

In the Community, 1 877 000 hectares were sown to beet in 1986/87, 0.6% down on the previous year. Given a sugar yield of 7.02 tonnes per hectare, production of beet sugar in the Community is estimated at 13.18 million tonnes of white sugar—slightly less than in 1985/86, which was considered a very good year. In addition, 340 000 tonnes of cane sugar were produced in the French overseas departments and in Spain and 19 000 tonnes of molasses sugar were also produced. Total sugar production in the Community is thus 13.5 million tonnes (compared with 13.6 million tonnes for the previous year).

Consumption in 1986/87 should be greater than during 1985/86 (when human consumption fell sharply) at around 10.8 million tonnes (10.6 million tonnes in 1985/86).

The total quantity of unrefined sugar available for export to non-member countries in 1986/87 should, according to current estimates, be about 3.9 million tonnes, i.e. less than the quantity exported in 1985/86 (about 4.2 million tonnes).

Cereals

Market situation¹

2.1.174. According to current estimates, slightly less common wheat will be pro-

duced in the Community in 1986/87 than in 1985/86 (64.4 million tonnes as against 65.5 million tonnes). This decline is mainly due to the drought which has affected production of all cereal in Spain. Carryover stocks for the Community were 16.7 million tonnes at 1 July 1986, of which 7.8 million tonnes were in intervention storage, 7.9 million tonnes on the market and 1 million tonnes on the farm. It should be noted that, since the date of the start of the marketing year has been changed from 1 August to 1 July, the internal market figures for 1985/86 cannot safely be compared with the estimates for 1986/87.

The falling value of the dollar and increased US pressure on the world market are making it more difficult to export Community surpluses in spite of rising demand due to the fall in USSR production of common wheat.

2.1.175. Community production of durum wheat in 1986 was 15.3% greater than in 1985. This was due both to higher yields (2 530 kg per hectare as against 2 400 kg per hectare in 1985) and to a 9% increase in the area under durum (2.64 million ha as against 2.42 million ha).

Measures to assist Spain

2.1.176. Owing to the drought, cereal production in Spain has fallen substantially so that Spanish internal demand cannot be met and there has therefore been a considerable rise in prices on the feed grain market.

In order to rectify this situation, at the request of the Spanish Government, the Commission adopted the following measures² on 26 November:

(i) an increase of 200 000 tonnes in the quantity of common wheat which may be imported into Spain from the Community in 1986 (a quantity originally set at 175 000 tonnes by Article 84 of the Act of Accession);

¹ Bull. EC 2-1986, points 2.1.110 and 2.1.111.

² OJ L 334, 27.11.1986.

(ii) the granting until 31 May 1987, of a subsidy of 8 ECU per tonne to facilitate the delivery to Spain of 600 000 tonnes of maize from the Community and imports of maize from non-Community countries. The reduction of 8 ECU per tonne in the import levy may be added to the reduction in levy granted until the end of February under the current tendering procedure for the reduced levy opened as a result of the interim agreement concluded with the United States in July.¹

Wine

2.1.177. In order to alleviate certain difficulties encountered in the implementation for the first time of the new arrangements for the compulsory distillation of table wine,² the Council extended, on 10 November, the period for determining the percentage of production to be delivered by each producer subject to such distillation.³

2.1.178. On 4 November the Commission corrected a number of errors,⁴ concerning the characters used for labelling wine, which had occurred during publication of the detailed rules on the description and presentation of sparkling and aerated sparkling wines.⁵

2.1.179. The notice of invitation to tender for the sale of 35 lots of alcohol of vinous origin other than neutral spirits held by the Italian intervention agency was published on 7 November.⁶

2.1.180. On 10 November the Commission replaced⁷ the Regulation fixing the regulatory amounts for 1986/87 for imports of certain viticultural products from Spain into the former Community of Ten.⁸ This was done in order to define more clearly the table wines to which these arrangements apply and to specify the method to be used for calculating the potential alcoholic strength of the different grape juices and musts.

2.1.181. On 13 November the Commission fixed for the period 1 July 1986 to

30 June 1987 the coefficients applicable to cereals exported in the form of certain spirituous beverages; these coefficients may subsequently be adjusted if the information to be supplied by the United Kingdom warrants it.³

2.1.182. On 13 November the Commission amended³ its Regulation of 28 February 1986 fixing the export refunds in the wine sector;⁹ the purpose of this amendment was to overcome difficulties of interpretation as regards the destination of the goods.

2.1.183. On 18 November the Commission adopted a Regulation¹⁰ amending its Regulation of 28 February 1986 fixing the initial quotas for 1986 which may be applied to trade in certain products in the wine sector between Spain and Portugal.⁹ Provisions were inserted concerning information to be supplied to the Commission in respect of the measures adopted by those Member States and the quantities imported.

Fibre flax and cotton

Market situation

2.1.184. On 13 October the Council adopted a Regulation which provides that the price of cotton seed recorded on the Community market may be taken as a basis for fixing the level of aid for cotton.¹¹ This makes it possible to determine more accurately the world market price for unginned cotton and thus to fix the level of aid more appropriately.

¹ Bull. EC 7/8-1986, point 2.2.8.

² OJ L 54, 5.3.1979.

³ OJ L 319, 14.11.1986.

⁴ OJ L 310, 5.11.1986.

⁵ OJ L 246, 30.8.1986.

⁶ OJ C 281, 7.11.1986.

⁷ OJ L 316, 11.11.1986.

⁸ OJ L 249, 1.9.1986.

⁹ OJ L 60, 1.3.1986.

¹⁰ OJ L 324, 19.11.1986.

¹¹ OJ L 292, 16.10.1986.

2.1.185. Protocol No 4 (on cotton) to the 1979 Treaty of Accession provides that the functioning of the system of aid for cotton must be examined by the Council on the basis of a report from the Commission.¹ The Commission intends to transmit its report to the Council with the price proposals for 1987/88.

2.1.186. The schemes to promote the use of fibre flax, adopted by the Council in its Regulation of 18 May 1982,² continue to be implemented under a programme drawn up by the Commission, the main features of which are a campaign to provide information in specialized periodicals and active participation in the major textile exhibitions.

Tobacco

2.1.187. In a Regulation adopted on 21 November the Commission set the refunds for baled tobacco from the 1986 harvest.³ Refunds were set for the first time for the varieties produced in Spain and Portugal.

Pigmeat

Market situation (April-November)⁴

2.1.188. Supplies of pigmeat were plentiful during the period under review because pigmeat production was in the upward phase of the cycle. As a result, the Community market for pigmeat remained relatively depressed. In order to support the market, the general scheme of aids to private storage of pigmeat, which was introduced in April,⁵ remained in force until 18 July, at which point some 95 000 tonnes of meat had been removed from the market. These measures helped to stabilize prices until the end of September, when a sharp downturn began. With a view to easing the supply situation and thus helping to arrest the fall in prices, operators holding stocks in private storage were authorized to delay their release for one or two months.⁶

2.1.189. Following an outbreak of African swine fever in the western part of the

Netherlands at the end of March, the veterinary authorities imposed movement restrictions on live pigs and pigmeat in the region affected. In order to support the market in that part of the Netherlands, special measures were introduced in April⁷ and were subsequently extended until the beginning of July.⁸ Under these measures the equivalent of about 2 400 tonnes of meat were removed from the market and sold for non-human consumption.

Following a resurgence of foot-and-mouth disease in Italy, restrictions were placed in September on the export of pigs and pigmeat products from Italy to other Member States. To alleviate the impact of these measures on the Italian market, a special scheme of aids for private storage was introduced for the regions in question for a three-month period up to 31 December 1986.⁹ Up to mid-November, approximately 4 300 tonnes had been contracted for storage under this measure.

By the end of October the total stock of pigmeat bought in by the Belgian intervention agency¹⁰ following the outbreak of African swine fever in 1985 had been finally disposed of. Of the total quantity of 37 000 tonnes, 11 000 tonnes were sold for human consumption and 26 000 tonnes for non-human consumption.

2.1.190. On the export side, pigmeat refunds were increased in May¹¹ and again in July¹² to take account of reductions in world prices of cereals and thus help to maintain the competitiveness of Community products on outside markets. Never-

¹ OJ L 291, 19.11.1979.

² OJ L 162, 12.6.1982.

³ OJ L 327, 22.11.1986.

⁴ Bull. EC 3-1986, point 2.1.129 *et seq.*

⁵ OJ L 81, 26.3.1986; Bull. EC 3-1986, point 2.1.130.

⁶ OJ L 306, 1.11.1986.

⁷ OJ L 112, 24.9.1986.

⁸ OJ L 157, 12.6.1986.

⁹ OJ L 276, 30.9.1986.

¹⁰ OJ L 75, 16.3.1985; OJ L 86, 27.3.1985; Bull. EC 3-1985, point 2.1.95; OJ L 198, 30.7.1985; Bull. EC 11-1985, point 2.1.139.

¹¹ OJ L 146, 31.5.1986.

¹² OJ L 194, 17.7.1986.

theless, total exports for the first three quarters of 1986 were down by 12% on the corresponding period of 1985.

Beef/veal

2.1.191. On 13 November the Council opened for 1986, as an autonomous measure, a special import tariff quota for 8 000 tonnes of high-quality, fresh, chilled or frozen beef falling within subheadings 02.01 AII a) and 02.01 AII b) of the Common Customs Tariff (→ point 2.1.73).¹

On 20 November the Commission laid down detailed rules for the application of this Regulation.²

Sheepmeat

2.1.192. On 18 November the Commission determined, for the Member States, the estimated loss of income and the estimated level of the premium payable per ewe and per female goat for the 1986 marketing year.³

Eggs and poultrymeat

2.1.193. Following a Commission report on the use of incubated eggs in the Member States, the Council adopted amendments on 13 November to the Regulations on marketing standards for eggs and on the production and marketing of eggs for hatching and of farmyard poultry chicks.¹ The changes made include a ban on the use of incubated eggs for human consumption, a measure considered necessary in view of recent trends in practices observed in hatcheries and in order to encourage the production and marketing of egg products.

2.1.194. On 14 November Parliament adopted a resolution on the problems affecting the market in eggs and poultrymeat (→ point 2.4.10).⁴

Import arrangements for manioc and sweet potatoes

2.1.195. On 26 November the Commission adopted, for transmittal to the

Council, a communication accompanied by a proposal for a Regulation concerning the import arrangements applicable from 1987 onwards to manioc coming from all non-member countries.⁵

In this communication, the Commission comments on the outcome of the consultations with China on imports into the Community of manioc and sweet potatoes from 1987 to 1989, and takes the view that the conclusions agreed with China must be incorporated in the proposed Regulation establishing arrangements for manioc imports from member and non-member countries of GATT:

(i) In the case of members of GATT, the quantities proposed derive from decisions already agreed by the Council:

(a) manioc from Thailand—the quantities agreed up to the end of 1990, i.e. 5 250 000 tonnes per year;

(b) manioc from Indonesia and Brazil—the quantities specified under agreements which have been extended to 31 December 1989, i.e. 825 000 tonnes per year from Indonesia and 145 000 tonnes per year for Brazil.

(ii) In the case of non-members of GATT, it is proposed that:

(a) an annual quota of 350 000 tonnes should be introduced for China from 1987 to 1989;

(b) a limit of 30 000 tonnes should be set for 1987 for countries other than China which are not members of GATT (approximately the best annual performance of those countries from 1983 to 1985); the quantities for 1988 and 1989 will be determined by the Council, acting by a qualified majority on a proposal from the Commission.

¹ OJ L 323, 18.11.1986.

² OJ L 326, 21.11.1986.

³ OJ L 325, 20.11.1986.

⁴ OJ C 322, 15.12.1986.

⁵ COM(86) 684 final.

Legislation

Veterinary and animal husbandry legislation

2.1.196. On 18 November the Council adopted¹ a Commission proposal² for a Directive making certain technical changes to existing rules on intra-Community trade in fresh meat (Annex I, Directive 64/433/EEC),³ in particular those relating to post-mortem inspection. These changes have been made necessary by the recent progress made in slaughter techniques.

2.1.197. On the same day the Council also approved the technical and financial rules envisaged by the proposed Decisions introducing Community financial measures for the eradication of African swine fever in Spain and Portugal.⁴

These measures are designed to extend the financial support already being provided by the Community to help check the advance of this disease.

The Community's contribution, over a five-year period, is estimated at 42 million ECU for Spain and 10 million ECU for Portugal.

Parliament had endorsed these proposed Decisions on 14 November,⁵ though it deplored the fact that there would be a gap of a year between funding under the new measures and under the previous arrangements. It also called on the Commission and the Spanish and Portuguese Governments to take the necessary administrative steps to ensure that stock-farmers receive compensation payments as soon as possible.

2.1.198. The Commission presented to the Council proposals for measures to eradicate brucellosis, tuberculosis and leukosis in cattle⁶ and classical swine fever.⁷ The cattle herds in Spain and Portugal must be brought up to the same standards as regards brucellosis and tuberculosis, and certain Member States must eradicate enzootic leukosis in cattle. The campaign against classi-

cal swine fever must continue until the disease is finally eradicated.

The Commission proposes that present measures should be reinforced and that Member States which have succeeded in eradicating the disease should be allowed certain safeguards.⁷ The work carried out by the Hanover liaison laboratory for classical swine fever should also be continued.⁸

2.1.199. As regards beef/veal, pigmeat, goatmeat and the meat of domestic solipeds, the Commission proposed that the Council should harmonize the additional requirements with which frozen meat must comply and lay down the hygiene rules for intra-Community trade in sliced offal.⁹ It also proposed that the rules on anti-mortem and post-mortem health inspection should be extended to all these types of meat, whether produced for national markets or intended for intra-Community trade.¹⁰ The application of this principle is an essential stage in the establishment of the internal market. Similarly, the minimum level of fees for health inspection should be the same throughout the Community.

Competition

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

Germany

Compensation for damage caused by the Chernobyl accident (general agricultural

¹ OJ L 339, 2.12.1986.

² Bull. EC 6-1986, point 2.1.201.

³ OJ L 121, 29.7.1964.

⁴ OJ C 197, 6.8.1986; OJ C 203, 12.8.1986; Bull. EC 7/8-1986, point 2.1.167.

⁵ OJ C 322, 15.12.1986.

⁶ OJ C 292, 18.11.1986; COM(86) 557 final.

⁷ OJ C 295, 21.11.1986; COM(86) 555 final.

⁸ COM(86) 630 final.

⁹ OJ C 276, 1.11.1986; COM(86) 532 final.

¹⁰ OJ C 302, 27.11.1986; COM(86) 576 final.

subsidies and subsidies to vegetable growers and traders).

Rhineland-Palatinate

Interest rate subsidy for short-term operating credits for winegrowers' organizations.

Bavaria

Extension and improvement of storage facilities for soft cheese linked to a reduction in the facilities for marketing milk.

Italy

Mezzogiorno

Act No 64 of 1 March 1986 introducing special measures for the Mezzogiorno in order to set up a body (Agenzia) to encourage development in the Mezzogiorno and to provide liaison between central and regional governments. The Commission may, however, comment at a later stage on national and regional implementing instruments.

Measures relating to milling. Subsidies for the demolition of mills.

United Kingdom

Aid for the Council for horticultural development (for horticultural research).

Aid for cattle farming in upland areas. This varies an existing aid scheme for 1986/87.

2.1.201. The Commission decided to initiate the Article 93 (2) procedure in respect of certain measures to assist the distillation of table wine and aid for the storage of quality wines in Italy.

2.1.202. The Commission further decided to terminate the Article 93 (2) procedure in respect of an aid for advertising Pineau des Charentes, as the advertising campaigns in question are not intended to promote par-

ticular brands, do not relate to harmful substances and are not contrary to Article 30 of the EEC Treaty.

The Commission also decided to terminate the Article 93 (2) procedure in respect of a Sicilian aid in connection with Regional Act No 583-547 on assistance in respect of credit for industry (including small business), distributive trades, fishing and cooperatives.¹

Forestry

2.1.203. On 17 November the Council adopted two Regulations² the purpose of which is to protect the Community's forests against air pollution (acid rain) and fire.³

The proposed schemes will take effect on 1 January 1987 and last until 1992. The Commission will bear up to 30% of the cost of projects which are approved: 20 million ECU will be spent on protecting woodlands against fire and the scheme centres mainly on forestry measures to reduce the number and scale of forest fires and on the purchase of equipment for clearing undergrowth. Forest roads and fire breaks are also to be created and fire hydrants set up. Fixed or mobile observation points are provided for, and public information campaigns will also be organized on a large scale.

The funds earmarked for protecting forests against atmospheric pollution (10 million ECU) will be used to establish a common approach whereby an inventory of damage caused to forests by such pollution can be properly drawn up. It is also intended to establish or extend in the field the network of observation points required to draw up this inventory. While such tests are being carried out with a view to preventing damage, pilot projects will also be set up in an attempt to repair the damage already caused to Community woodlands.

¹ Bull. EC 11-1984, point 2.1.111.

² OJ L 326, 21.11.1986.

³ OJ C 187, 13.7.1983; Bull. EC 6-1983, point 2.1.133; OJ C 208, 8.8.1984; Bull. EC 7/8-1984, point 2.1.112.

For the purposes of implementing these two Community schemes, the Council has set up a Committee on Forest Protection, made up of representatives of the Member States and chaired by a representative of the Commission.

European Agricultural Guidance and Guarantee Fund

Financial report 1985

2.1.204. The Commission has transmitted to the Council its 15th financial report, relating to EAGGF activities in 1985.¹ The report concerns expenditure resulting from the common policy on agricultural markets and prices, from the supply of agricultural products as Community food aid and from the common policy on the improvement of agricultural structures.

2.1.205. Guarantee Section expenditure rose from 18 346.4 million ECU in 1984 to 19 744.2 million ECU in 1985. The 1985 figures take into account the financial contribution from milk producers (– 637.3 million ECU) and the recovery of expenses via the clearance of accounts for 1980 and 1981 (– 99.2 million ECU). Without these items, the total expenditure would have been higher.

Unlike the previous year, the initial appropriations for 1985, namely 19 979.1 million ECU, proved sufficient to cover payments. This made it possible to depreciate agricultural products held in public storage by 434 million ECU and to advance funds both for food aid (36 million ECU) and for the EAGGF Guidance Section (60 million ECU).

Total expenditure for 1985 was 7.6% up on the 1984 figure, a smaller percentage increase than in 1984 (16%). The modest increase in Community costs in 1985 is the result of increased expenditure chiefly on cereals and rice, milk products and oilseeds, offset by a reduction in the expenditure on olive oil, wine, fruit and vegetables.

When expenditure is broken down according to its economic nature it is seen that the percentage of total expenditure accounted for by refunds was slightly less than in 1984 (34% as against 36%), in spite of a slight rise of 1.5% in absolute terms due to an increase in such expenditure — chiefly on sugar, cereals and milk products.

Intervention accounted for 66% of total expenditure in 1985, slightly more than in 1984 (64%), though in absolute terms it was 10.5% more than in 1984. Price compensatory measures still account for more expenditure than any other type of intervention (39% of total expenditure in 1985) followed by storage costs (22%).

Expenditure on storage covers the cost of both private and public storage. In 1985 such expenditure was 25% up on its 1984 level, totalling 4 428 million ECU of which 885 million ECU was accounted for by private storage.

There was an overall increase in both the quantity and the value of public stocks. The total value of products in public storage rose by 21%, from 8 751 million ECU in 1984 to 10 580 million ECU in 1985; the 1985 figure takes account of a 434 million ECU depreciation of stocks, affecting cereals (93 million ECU), milk products (269 million ECU) and beef (72 million ECU). The increase recorded in 1985 relates to cereals and beef. Stocks of sugar and rapeseed were eliminated in 1985, while stocks of alcohol and pigmeat appeared for the first time.

Community spending on food aid in 1985 amounted to a total of 544 million ECU at world prices, 25% less than the 722 million ECU spent in 1984. This is mainly due to the unusual increase in the rate at which schemes were implemented in 1984.

As in previous years, Community food aid consisted chiefly of delivering to the recipient countries or agencies milk products

¹ COM(86) 407 final (Guidance Section); COM(86) 631 final (Guarantee Section and food aid).

valued at 200 million ECU (285 million ECU in 1984) and cereals and rice worth 229 million ECU (279 million ECU in 1984).

2.1.206. The funds allocated to the Guidance Section are relatively modest when compared with those allocated to the Guarantee Section: they account for only about 4% of the total EAGGF budget. The Guidance Section's 1985 budget totalled 786 million ECU in commitment appropriations and 720 million ECU in payment appropriations, including a 60 million ECU transfer from the Guarantee Section. Nevertheless, it still proved impossible to satisfy all applications for reimbursement or payment. Applications unsatisfied at 31 December 1985 amounted to over 120 million ECU, lack of appropriations accounting for the delay in payment of half this amount.

The scheme for improving the conditions under which agricultural products are processed and marketed was, in 1985 as in previous years, the most costly of all the direct schemes: 681 individual projects were financed at a total cost of 291.0 million ECU.

The funds committed for the two direct schemes to assist agriculture in Mediterranean areas amounted to 106.7 million ECU and were shared among 288 special programmes and projects.

Of the indirect schemes, i.e. those involving reimbursement, the Directive on mountain and hill farming and farming in certain less-favoured areas entailed the expenditure of 118.1 million ECU and was, once again, the second most costly.

The Directive on the modernization of agricultural holdings gave rise to expenditure totalling 95.1 million ECU.

Expenditure on various schemes relating to wine-growing, in particular the restructuring and conversion of vineyards, amounted to only 31.8 million ECU in 1985, and expenditure on premiums for the non-marketing of milk — a scheme which is about to expire — fell to 27.4 million ECU in 1985.

Fisheries

Council

2.1.207. At its meeting on 5 November the Council examined in detail the proposal for a Regulation on Community measures to improve and adapt structures in the fisheries and aquaculture sectors.¹ The purpose of the proposal is to provide a medium-term planning framework for a large number of measures such as the construction and modernization of vessels, the adjustment of capacities, aquaculture and exploratory fishing. The Council was expected to reach a final decision on this matter on 3 December.

The Council took a sympathetic view of the proposed amendment to the Regulation of 29 June 1982 establishing certain control measures for fishing activities by vessels of the Member States (→ point 2.1.209).

Lastly, the Council heard a report from the Commission on relations with certain international organizations and negotiations with certain non-member countries.

Resources

Internal aspects

Community measures

TACs and quotas

2.1.208. ON 24 November the Commission sent to the Council a communication on the under-utilization of fishing quotas,² thus honouring the undertaking given at the Council meeting on fisheries in December 1985 that it would indicate, on the basis of the catch figures for the period January to September 1986 inclusive, the

¹ OJ C 279, 5.11.1986; Bull. EC 9-1986, point 2.1.142.

² COM(86) 639 final.

main cases in which there was scope for quota exchanges between Member States.

Such exchanges of all or part of the quotas are provided for in Article 5 of Regulation (EEC) No 170/83 of 25 January 1983 establishing a Community system for the conservation and management of fishery resources.¹ They are intended to ensure that full use is made of the fish stocks available, thus contributing towards the balance and the development of the fishing industry in the Community.

Control measures

2.1.209. The Council took a favourable view of the proposed amendment² to the Regulation of 29 June 1982 establishing certain control measures for fishing activities by vessels of the Member States.³ The proposed changes are based on the experience gained from three years of applying the common fisheries policy⁴ and are intended to ensure more effective implementation of the Community rules on the conservation of resources. In particular the proposal reaffirms the Commission's right to halt fishing once a TAC or the Community's share of a TAC has been exhausted, irrespective of whether all the quotas available to Member States have been exhausted, and provides for a procedure whereby alternative fishing possibilities may be offered by way of compensation to fishermen who have been unable to use up their quotas. The proposed amendments would also enable the Commission to carry out more effective on-the-spot inspections of how Member States are applying the Community rules on the conservation of resources. The Council will adopt its final decision once Parliament has delivered its opinion.

Prohibition measures

2.1.210. On the basis of information received from the national authorities concerning the exhaustion of certain quotas, the Commission prohibited:

(i) Community vessels from fishing for plaice in ICES division IIIa (Skagerrak) on 7 November;⁵

(ii) Danish vessels from fishing for sprat in ICES division IIIa with effect from 20 October⁶ and for sole in ICES divisions IIIa, IIIb, c and d (EC zone) with effect from 16 November;⁷

(iii) French vessels from fishing for blue ling and ling in Faeroese waters on 1 November,⁸ for cod in ICES subareas VII (except VIIa), VIII, IX and X and CECAF 34.1.1. (EC zone) on 15 November,⁹ and for cod and 'other species' in ICES subareas I and II (Norwegian waters to the north of 62° N) on 14 November;¹⁰

(iv) Dutch vessels from fishing for herring in ICES divisions VIa south, VIIb and c on 1 November,¹¹ for herring in ICES divisions Vb (EC zone), VIa north and VIb on 25 November¹² and for cod in ICES division IIa (EC zone) and subarea IV with effect from 25 November;¹³

(v) German vessels from fishing for hake in ICES division IIa (EC zone) and subarea IV (EC zone) on 8 November;¹⁴

(vi) United Kingdom vessels from fishing for sole in ICES divisions VIIa, h, j and k on 15 November,¹⁵ for cod in ICES subareas VII (except VIIa), VIII, IX and X and CECAF 34.1.1. (EC zone) on 23 November,¹⁶ and for sole in ICES division Vb (EC zone) and subareas VI, XII and XIV with effect from 29 November;¹⁶

(vii) Irish vessels from fishing for herring in ICES divisions Vb (EC zone), VI, VIIb and c on 11 November.¹⁵

¹ OJ L 24, 27.1.1983.

² OJ C 245, 1.10.1986; Bull. EC 9-1986, point 2.1.132.

³ OJ L 220, 29.7.1982, Bull. EC 6-1982, point 2.1.129.

⁴ Bull. EC 1-1983, point 1.1.1 *et seq.*

⁵ OJ L 312, 7.11.1986.

⁶ OJ L 311, 6.11.1986.

⁷ OJ L 340, 3.12.1986.

⁸ OJ L 306, 1.11.1986.

⁹ OJ L 320, 1.11.1986.

¹⁰ OJ L 319, 14.11.1986.

¹¹ OJ L 313, 8.11.1986.

¹² OJ L 331, 25.11.1986.

¹³ OJ L 339, 2.12.1986.

¹⁴ OJ L 327, 22.11.1986.

¹⁵ OJ L 332, 26.11.1986.

¹⁶ OJ L 336, 29.11.1986.

National measures

Protection of local stocks

2.1.211. The Commission, acting under Article 19 of Regulation (EEC) No 171/83,¹ approved on 31 October three draft United Kingdom by-laws, the provisions of which apply to all or part of the waters lying off the eastern coast of England and coming under the jurisdiction of the Eastern Sea Fisheries Joint Committee.

External aspects

Bilateral relations

Senegal

2.1.212. On 4 November the Commission sent to the Council two proposals—one for a Regulation² and the other for a Decision³—on the conclusion, respectively:

(i) of a new Protocol⁴ establishing the fishing rights and the financial compensation provided for in the Agreement between the Community and the Government of the Republic of Senegal⁵ on fishing off the coast of Senegal for the period from 1 October 1986 to 28 February 1988;

(ii) of an Agreement in the form of an exchange of letters concerning the provisional application of the Protocol.

Both the Protocol and the Agreement concerning its provisional application had been initialled on 1 October.

The Gambia

2.1.213. On 11 November a Fisheries Agreement between the Community and the Gambia⁶ was initialled in Brussels. It will run for an initial period of three years and may then be renewed for further periods of two years. The implementing Protocol to the Agreement lays down fishing rights for tuna boats, longliners and trawlers. In

exchange the Gambia will receive financial compensation from the Community, a Gambian scientific programme will be financed, study and training grants will be made available and fees will be charged to shipowners.

Sao Tome and Principe

2.1.214. Negotiations with a view to renewing the Protocol to the Fisheries Agreement between the Community and Sao Tome and Principe⁷ were held in Sao Tome from 27 to 30 October. The two parties were unable to agree on a new Protocol to cover a period of three years. Moreover, the Sao Tome authorities refused any further interim extension,⁸ so that the Protocol, which expired on 31 October after a two-month extension, has been suspended.

Sweden

2.1.215. The annual bilateral consultations between the Community and Sweden began in Brussels on 4 and 5 November, with a view to reaching agreement on reciprocal fishing rights and fishing conditions for 1987. These consultations will be continued.

Faeroe Islands

2.1.216. The annual bilateral consultations between the Community and the Faeroe Islands began in Brussels on 20 November, with a view to reaching agreement on reciprocal fishing rights and fishing conditions for 1987. These consultations will be continued.

¹ OJ L 24, 27.1.1983.

² OJ C 292, 18.11.1986; COM(86) 596 final.

³ COM(86) 596 final.

⁴ Bull. EC 7/8-1986, point 2.1.190.

⁵ OJ L 361, 31.12.1985; Bull. EC 12-1985, point 2.1.197.

⁶ Bull. EC 4-1986, point 2.1.145.

⁷ OJ L 54, 25.2.1984; Bull. EC 7/8-1983, point 2.1.162; OJ L 114, 27.4.1985; Bull. EC 4-1985, point 2.1.92.

⁸ Bull. EC 7/8-1986, point 2.1.191; Bull. EC 10-1986, point 2.1.178.

Greenland

2.1.217. On 17 and 18 November the Community and Greenland held bilateral consultations in Brussels on how their Fisheries Agreement of February 1985¹ should be applied in 1987. An arrangement was reached on 18 November.

Multilateral relations

Iccat

2.1.218. The Commission represented the Community at the fifth special meeting of the International Commission for the Conservation of Atlantic Tunas from 2 to 18 November and at the 17th ordinary meeting of the Iccat Standing Committee for Research and Statistics from 2 to 11 November, both in Madrid.

NEAFC

2.1.219. The Commission represented the Community at the fifth annual meeting² of the North-East Atlantic Fisheries Commission, which was held in London from 18 to 20 November.

Markets and structures

Market organization

2.1.220. On 18 November the Commission proposed to the Council guide prices for fishery products and a Community producer price for tuna for the fishing year running from 1 January to 31 December 1987.³

Apart from the statutory criteria for the setting of prices (average of prices recorded at representative wholesale markets and ports over the past three fishing years, outlook for production and demand, contribution towards the maintenance of producers' incomes, consideration of con-

sumers' interests, etc.), account was taken of various other factors such as the overall reduction in the Community's rate of inflation, the adjustment of the green rate from 1 January 1987 and the budgetary guidelines for the common agricultural policy as a whole.

The change in prices in ECU thus ranges from -10% (squid of the species *Liligo patagonica*) to +1% (octopus) for frozen products, while a 15% reduction is proposed for tuna intended for the canning industry.

Accession-related measures

2.1.221. On 28 November the Commission amended⁴ for the third time⁵ Regulation (EEC) No 655/86 of 28 February 1986 fixing, for the 1986 fishing year, the annual import quotas for the products subject to the rules for the application by Spain and Portugal of quantitative restrictions on fishery products.⁶ The purpose of the amendment is to raise the Spanish import quotas for frozen hake to 18 690 tonnes and for frozen fillets of hake to 9 000 tonnes and to raise the Portuguese import quotas for frozen hake to 9 000 tonnes and for frozen squid to 7 500 tonnes.

2.1.222. On 28 November the Commission amended⁴ Regulation (EEC) No 654/86 fixing, for the 1986 fishing year, the overall foreseeable level of imports for the products subject to the supplementary trade mechanism in the fisheries sector,⁶ in order to take account of the increase in imports provided for in the amendment to Regulation (EEC) No 655/86 (→ point 2.1.221).

¹ Bull. EC 1-1985, point 2.1.59; Bull. EC 2-1985, point 1.4.2.

² Bull. EC 11-1985, point 2.1.155.

³ COM(86) 612 final.

⁴ OJ L 336, 29.11.1986.

⁵ OJ L 189, 11.7.1986; OJ L 210, 1.8.1986; Bull. EC 7/8-1986, point 2.1.199.

⁶ OJ L 66, 8.3.1986; Bull. EC 2-1986, point 2.1.143.

Structures

Financial aspects of Commission proposal examined by Council

2.1.223. At the Council meeting of 17 November the Ministers of Economic and Financial Affairs examined the financial aspects of the Commission proposal for Community measures to improve fisheries structures¹ in the light of the Council's conclusions of 4 December 1984 on budgetary discipline.² In view of the numerous competing demands on the resources available under the Community budget, the Council felt that Community financial resources should be used only for measures which could be rigorously defended in terms of cost-effectiveness and which were essential for achieving the Community's objectives. The Fisheries Ministers were therefore asked to scrutinize the present proposals in the light of these budgetary constraints and to take account of the latter when setting the overall financial limits.

2.1.224. On 3 and 4 November the Commission adopted two Decisions³ concerning the implementation, by Portugal and by Spain respectively, of certain measures to adjust capacity in the fisheries sector pursuant to Council Directive 83/515/EEC of 4 October 1983.⁴

2.1.225. At its November session the Economic and Social Committee adopted an opinion on the proposal for a Regulation on Community measures to improve and adapt structures in the fisheries and aquaculture sectors¹ (→ point 2.4.28).

Transport

Council

2.1.226. On 11 November the Council began considering a proposal for a Regulation on access to the market for the car-

riage of goods by road between Member States (→ point 2.1.228).

It examined the various components of the package of measures designed to promote increased competition in intra-Community air services in the light of the conclusions it had reached in June (→ point 2.1.230). The Council also examined the proposal for a Regulation on financial support under a medium-term programme for transport infrastructure (→ point 2.1.227).

Finally, it adopted a Directive on combined transport (→ point 2.1.231) and heard a report by Mr Stanley Clinton Davis, the Commission Member with special responsibility for the environment, on the serious accident in which the Rhine was polluted by various chemicals. This last item was to be considered at the Council meeting of 24 November on environmental issues (→ point 2.1.146).

Infrastructure

2.1.227. On 11 November the Council adopted conclusions relating to the objectives, criteria and financial arrangements for a medium-term transport infrastructure programme on the basis of the communication and proposal for a Regulation transmitted by the Commission in July.⁵

In the light of these conclusions, the Commission was able to put forward on 25 November a list of projects to receive support from the appropriations totalling 90 million ECU remaining from the 1985 budget.⁶

The projects chosen fall within three priority groups, depending on the anticipated improvement—transit routes, major corri-

¹ OJ C 279, 5.11.1986; Bull. EC 9-1986, point 2.1.142.

² Bull. EC 12-1984, point 1.3.1 *et seq.*

³ OJ L 319, 14.11.1986.

⁴ OJ L 290, 22.10.1983.

⁵ OJ C 288, 15.11.1986; Bull. EC 6-1986, point 2.1.221.

⁶ OJ C 323, 16.12.1986; COM(86) 674 final.

dors and links with areas on the periphery of the Community.

Inland transport

Road transport

Access to the market

2.1.228. On 5 November the Commission adopted a proposal for a Regulation on access to the market for the carriage of goods by road between Member States, for transmittal to the Council.¹ The Council had a first, general exchange of views on this proposal on 11 November. The objective of the proposed measures is to give effect to the Court of Justice judgment of 22 May 1985² and to proceed towards implementing the Commission White Paper on completing the internal market³ by establishing freedom to provide services in the road haulage market. This proposal supersedes the one to amend the Council Regulation of December 1976 on the Community quota for the carriage of goods by road between Member States.⁴

For a transition period from 1987 to 1991 the Commission recommends raising the annual increase in the Community quota to 40% (starting in 1987), introducing qualitative criteria to govern market access and setting up a Community mechanism to deal with possible serious disturbances of the market. It envisages a unified transport market from 1992 in which quantitative restrictions (quotas) will be wholly replaced by qualitative criteria which carriers will have to satisfy (observance of regulations, qualifications, experience, etc.).

2.1.229. On 6 November the Commission adopted an opinion addressed to the Government of Spain concerning the draft of the basic law on inland transport.⁵ In general, the Commission found in favour of the draft law, though it will not be possible to appraise fully its actual scope until the

implementing measures are communicated to the Commission, as they must be in due time.

Air transport

2.1.230. The Council examined the package of measures to promote increased competition in intra-Community air services in the light of the conclusions agreed at its meeting in June.⁶

Considerable progress was made on three of the four components of the package, namely capacity, market access and application of the competition rules to air transport. As regards fares, the fourth component, the Council was unable to agree on the specific conditions to be attached to discount fares.

Multimodal transport

2.1.231. On 10 November the Council, acting on a Commission proposal,⁷ adopted a Directive⁸ amending the Directive on the establishment of common rules for certain types of combined transport of goods between Member States. The object of this Directive is to extend the rules on combined transport by road and inland waterway to lorries, trailers, semi-trailers and swap bodies.

Energy⁹

Council

2.1.232. On 26 November the Council adopted a statement on energy efficiency

¹ COM(86) 595 final.

² Bull. EC 5-1985, point 1.1.1 *et seq.*

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

⁴ OJ C 179, 6.7.1983; Bull. EC 6-1983, point 2.1.221.

⁵ OJ L 318, 13.11.1986.

⁶ Bull. EC 6-1986, point 2.1.233.

⁷ OJ C 139, 7.6.1985; Bull. EC 5-1985, point 2.1.105; OJ C 144, 11.6.1986; Bull. EC 5-1986, point 2.1.161.

⁸ OJ L 320, 15.11.1986.

⁹ For technical coal research, see point 2.1.56.

as a reminder that the current favourable situation on the oil market might not persist, that there was still a great deal that could be done to improve energy efficiency and that the efforts to achieve the objectives set for 1995 must be continued and even stepped up.¹

In addition, the Council adopted conclusions based on the Commission communication on the rational use of energy in road, rail and inland waterway transport.² It found that the transport sector was still almost totally dependent on oil products, that energy consumption in the transport sector had increased sharply since 1973, in contrast with consumption in industry and the domestic sector, and that the ongoing work must be continued and closely coordinated with other Community policies (e.g. transport, environment and research).

Finally, the Council adopted a resolution 'on a Community orientation to develop new and renewable energy sources', based on another Commission communication (→ point 2.1.233).

Specific problems

Alternative energy sources and energy saving

2.1.233. On 26 November the Council adopted a resolution,³ based on a Commission communication,⁴ on 'a Community orientation to develop new and renewable energy sources'. This resolution signals the Council's determination to press ahead with its policy on diversification and rational use of energy. Above all, it calls for consultation on, and where appropriate coordination of, national schemes plus, possibly, Community measures to encourage greater use of new and renewable sources.

In this context, the Commission will be arranging a meeting of top scientists working on alternative sources from each of the

Member States early in 1987, as suggested by the Council at the same meeting.

2.1.234. To implement the new Community energy demonstration programme adopted by the Council on 20 December 1985,⁵ the Commission published an invitation to submit proposals⁶ which attracted 584 applications. On 7 and 11 November the Commission adopted a number of decisions granting financial support: 34.5 million ECU to 78 projects on energy saving; 39.8 million ECU to 118 projects on alternative sources (biomass, energy from waste, solar energy, wind power, geothermal energy and hydroelectricity); 5.4 million ECU to 15 projects on the use of alternatives to oil and gas for electricity generation and heating purposes.

Relations with non-Community energy producing or importing countries

2.1.235. A further round of consultations under the 1981 Euratom/Australia agreement dealing with transfers of nuclear material from Australia to the Community⁷ took place in Brussels from 24 to 26 November.⁸ The Commission delegation was led by the Director-General for Energy and the Australian delegation by a member of the Department of Foreign Affairs. These consultations are held at regular intervals to ensure effective implementation of the agreement.

Nuclear safety

Council

2.1.236. On 24 November the Council discussed the environmental aspects of nuclear

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

² Bull. EC 7/8-1986, point 2.1.217.

³ OJ C 316, 9.12.1986.

⁴ OJ C 94, 22.4.1986; Bull. EC 1-1986, point 2.1.130.

⁵ OJ L 350, 27.12.1985; Bull. EC 12-1985, point 2.1.226.

⁶ OJ C 1, 3.1.1986.

⁷ Bull. EC 9-1981, point 2.1.127.

⁸ Previous round: Bull. EC 12-1985, point 2.1.225.

safety. It agreed on the importance of protecting the public and the environment from harm through nuclear radiation arising from normal operation and accidents. It also agreed that, in addition to work in the IAEA, the Community, which is already bound by the Euratom Treaty and will shortly be bound by new EEC Treaty commitments on environmental protection and which has acted as a pacemaker in international cooperation on transboundary environmental issues, has an important and complementary role to play, while avoiding unnecessary duplication of effort.

The Council noted that in the light of the day's discussions the Commission would soon be putting forward precise proposals for the protection of the public and the environment from the harmful effects of nuclear radiation. It agreed that such proposals should be considered as a matter of urgency.

Commission report on the Chernobyl nuclear power plant accident and its consequences

2.1.237. On 12 November the Commission sent the Council and Parliament a report on the Chernobyl nuclear accident and its consequences in the framework of the European Community.¹

Because of the lack of information after the Chernobyl accident Parliament had asked the Commission to prepare a report on accident-related events liable to harm the

interests of the Community and its citizens. The report also supplements the outline communication which the Commission sent to the Council and Parliament in June.² It reviews the incidents leading to the catastrophe and the consequences in the Soviet Union and in the Community over a five-month period. It also discusses international activities under the aegis of the IAEA and issues for the future.

The Commission points out that there are no nuclear power plants in the Community likely to be as unstable as the Soviet RBMK reactors. As regards the human factor, operator training in all Community countries is long and rigorous and system design includes automatic negation of operator actions which could threaten reactor safety. It nevertheless reviews some of the problems highlighted by the accident and says there is scope for improving current levels of safety assurance in nuclear installations and assessment of the dispersion of radioactive material in the Community and of the implications of the transfer of radioactivity into the food chain.

Following up its June communication, the Commission has already made recommendations for adapting the legislation relating to nuclear health and safety.³ It will shortly be putting forward plans to intensify research on the safety of nuclear reactors and on radiation protection.

¹ COM(86) 607 final.

² Bull. EC 6-1986, point 2.1.241 *et seq.*

³ Bull. EC 7/8-1986, point 2.1.220 *et seq.*

2. External relations

New round of multilateral trade negotiations

Organization of proceedings

2.2.1. On 12 November the Group on Negotiations on Goods¹ met and decided to set up a number of groups to draw up detailed plans for negotiations by 16 December. It also decided to step up its work on a mechanism for surveillance of standstill and rollback commitments in respect of protectionist measures, with a view to a decision to be taken by the Trade Negotiations Committee on 16 December.

Renewal of the Multifibre Arrangement

Conclusion of the Protocol of extension

2.2.2. On 24 November the Council approved² the Commission's proposal³ — endorsed by Parliament⁴ — for the conclusion of the MFA Protocol of extension, which had been negotiated in Geneva in July.⁵

Commercial policy

Implementing the common commercial policy

Commercial policy instruments

Easing of restrictive measures

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

products originating in State-trading countries, not liberalized at Community level,⁶ the Commission opened the following quotas:

Italy — Soviet Union: threaded or threadable tubes (gas pipe), of iron or steel, welded, other than zinc-coated;⁷

United Kingdom — German Democratic Republic: tableware and domestic articles, statuettes and ornaments;⁷

Italy — Soviet Union: kraft paper and kraft board;⁸

Italy — German Democratic Republic: sugar confectionery, not containing cocoa, synthetic organic dyestuffs, 'chetoniche' resins, linear polyethylene.⁹

Trade protection

2.2.4. Trade protection measures taken in November are shown in Table 7.

¹ Bull. EC 10-1986, point 2.2.1.

² OJ L 341, 4.12.1986.

³ OJ C 293, 19.11.1986; Bull. EC 10-1986, point 2.2.2.

⁴ OJ C 322, 15.12.1986.

⁵ Bull. EC 7/8-1986, points 2.2.1. and 2.2.2.

⁶ OJ L 346, 8.12.1983.

⁷ OJ C 281, 7.11.1986.

⁸ OJ C 295, 21.11.1986.

⁹ OJ C 309, 3.12.1986.

Table 7 — *Trade protection measures*

Council	Commission ¹
<i>Definitive anti-dumping duty on imports of:</i> Potassium permanganate originating in the People's Republic of China OJ L 339, 2.12.1986	<i>Termination of anti-dumping proceeding concerning imports of:</i> Certain tube and pipe fittings originating in Brazil, Taiwan, Yugoslavia or Japan OJ L 313, 8.11.1986 (initiation of proceeding: OJ C 77, 23.3.1985)

Table 7 (continued)

Council	Commission ¹
<p><i>Extension of provisional anti-dumping duty on imports of:</i> Housed bearing units originating in Japan OJ L 339, 2.12.1986</p>	<p><i>Notice of extension to motors originating in Yugoslavia of the anti-dumping proceeding concerning imports of:</i> Standardized multiphase electric motors having an output of more than 0.75 kW but not more than 75 kW, originating in Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, Romania or the Soviet Union OJ C 282, 8.11.1986 (initiation of proceeding: OJ C 305, 26.11.1985)</p> <p><i>Acceptance of undertakings offered in connection with proceeding and termination of investigation into imports of:</i> Potassium permanganate originating in Czechoslovakia, the German Democratic Republic or the People's Republic of China OJ L 339, 2.12.1986 (provisional anti-dumping duty: OJ L 217, 5.8.1986)</p>

¹ For measures concerning steel products, see point 2.1.35.

Individual sectors¹

Textiles

Agreements and arrangements with non-member countries

MFA countries

2.2.5. On 3 November the Council adopted nine Decisions concluding additional protocols to the textile trade agreements between the Community and various countries consequent on the accession of Spain and Portugal. The countries in question are Thailand, Malaysia, Indonesia, Singapore, the Philippines, Bulgaria, Romania, Czechoslovakia and Poland.²

2.2.6. Negotiations to renew 26 bilateral agreements on trade in textiles, which expire at the end of the year, were concluded on 10 November with the initialling of the agreement with Uruguay. This was preceded by the signing of the agreement with India on 31 October after two rounds of talks.

On 24 November the Council authorized the provisional application of these 26 agreements from 1 January 1987 pending their definitive conclusion.

Mediterranean preferential countries

2.2.7. Negotiations with Egypt were held in Brussels from 3 to 5 November with a view to converting the present MFA-type agreement into a preferential administrative cooperation arrangement. The talks were inconclusive but further negotiations are scheduled to take place in December.

Relations with industrialized countries

United States

Dispute over citrus fruit and pasta

2.2.8. Following its approval on 27 October of the agreement between the

¹ For steel products, see points 2.1.36 and 2.1.37.

² OJ L 338, 29.11.1986; Bull. EC 12-1985, point 2.3.10; Bull. EC 1-1986, point 2.2.7.

Community and the United States on Mediterranean preferences, citrus fruit and pasta,¹ the Council on 3 November adopted the Decision concerning the conclusion of the agreement in the form of an exchange of letters.

US-Japan agreement on semiconductors

2.2.9. The Community held consultations with the United States and Japan on their semiconductors agreement under the anti-dumping code and Article XXII(1) of the General Agreement on Tariffs and Trade.²

Ten GATT member countries backed the consultations. The Community thus had the support of these countries in expressing its concerns, notably as regards conditions of access to the Japanese market, which could be discriminatory, and the clauses relating to Japan's surveillance of the prices of semiconductor exports to markets other than the United States. The Community called for the immediate abandonment of this surveillance system.

Canada

High-level consultations

2.2.10. The 26th round of twice-yearly high-level consultations between the Community and Canada was held in Brussels on 26 November.³ Apart from an exchange of views on developments such as the state of negotiations on a Canada-US free trade agreement, the Uruguay Round and international agricultural trade, the talks focused on a number of bilateral issues. The Commission delegation criticized Canada's imposition of provisional countervailing duties on Community pasta exports⁴ and definitive countervailing duties on beef.⁵ The Community side also expressed deep concern over those of the proposed amendments to Canadian patent law which would continue to discriminate against inventions from outside Canada.

The Canadian side was worried about the possible unfavourable effects of Com-

munity enlargement, particularly in agriculture and fisheries.

The two sides outlined their positions on the issue of fishing by Community vessels in waters adjacent to Canada's 200-mile economic zone, over which Canada claims some form of jurisdiction for stock conservation reasons.

Japan

2.2.11. On 11 November a delegation from the Japanese Federation of Economic Organizations (Keidanren), led by its Chairman, Mr Saito, had a meeting with the President of the Commission, Mr Delors, and Mr Narjes, Vice-President with special responsibility for industrial affairs.

Mr Delors told them of the need to put an end to imbalances in trade and payments and of the joint responsibility the Community and Japan had to the rest of the world.

Mr Saito recognized the importance of stimulating domestic demand and restructuring the Japanese economy, but emphasized that the process would take time.

Australia

2.2.12. Consultations took place in Brussels from 24 to 26 November under the 1981 agreement between Euratom and Australia on the transfer of nuclear material from Australia to the Community (→ point 2.1.235).

2.2.13. Mr Willy De Clercq, Member of the Commission with special responsibility for external relations and trade policy, made an official visit to Australia from 10 to 14 November. He had talks with the Prime Minister, Mr Bob Hawke, Mr Bill Hayden, the Minister for Foreign Affairs, Mr John Dawkins, the Minister for Trade,

¹ Bull. EC 10-1986, point 2.2.10.

² Bull. EC 10-1986, point 2.2.12.

³ Previous round: Bull. EC 11-1985, point 2.3.13.

⁴ Bull. EC 10-1986, point 2.2.13.

⁵ Bull. EC 7/8-1986, point 2.2.11.

and Senator John Button, the Minister for Industry, Technology and Commerce.

The issues covered included the Uruguay Round and agriculture, and also cooperation in new sectors such as science and technology and investment, where the Commission would like to develop closer links with Australia.

European Free Trade Association¹

2.2.14. Senior officials from the EFTA countries and the Commission met in Geneva on 20 November to take stock of progress on and give further impetus to the work of experts responsible for implementing the joint EEC-EFTA declaration issued in Luxembourg on 9 April 1984.² The talks resulted in the formulation of supplementary guidelines for the experts working on technical barriers to trade, customs documentation, rules of origin and the environment. The officials agreed that a start should be made with exploratory talks on the broadening of cooperation on internal market problems. They took note of the progress made in research and development cooperation and instructed experts to continue work on quantitative export restrictions affecting government procurement contracts. The talks revealed a number of obstacles of a general nature to cooperation, and the officials indicated ways and means by which they might be overcome.

Switzerland

2.2.15. A Swiss Federal Councillor, Mr Furgler, visited the Commission on 4 November. He had talks with Mr Delors on the development of EEC-Switzerland cooperation, in particular the implementation of the Luxembourg Declaration of 9 April 1984.² With Mr Karl-Heinz Narjes and Lord Cockfield, Vice-Presidents with special responsibility for industrial affairs and the internal market respectively, he discussed concrete ways of implementing cooperation in research and development and parallel steps to be taken by the EFTA countries as the Community integrates its internal market.

Relations with other countries and regions

New approach to industrial cooperation with countries in Latin America, Asia, the Gulf and the Mediterranean

2.2.16. On 5 November the Commission sent to the Council a communication on 'industrial cooperation with certain LDCs in Latin America, Asia, the Gulf and the Mediterranean'. Its aim is to extend the Community's development policies through an approach specifically geared to the needs of the countries concerned (→ point 1.3.1 *et seq.*).

Mediterranean countries

Yugoslavia

2.2.17. To mark the issue of the guide to industrial cooperation and investment in Yugoslavia, the Commission organized during November a series of press conferences in six cities in the Community, the aim being to present the guide and explain the legislative changes in Yugoslavia that will henceforth facilitate long-term economic cooperation with Community firms.

An information visit to Brussels for senior Yugoslav officials also took place from 24 to 28 November.

Morocco

2.2.18. Mr Abdellatif Filali, Morocco's Minister for Foreign Affairs and Cooperation, paid a working visit to Brussels from 5 to 7 November during which he had talks with representatives of the Commission.

The Foreign Minister, who was accompanied by Mr Seqat, State Secretary recently given charge of relations with the

¹ For scientific and technical cooperation with Norway, see point 2.1.45.

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

Community, had discussions with Mr Delors, Mr Andriessen, Commission Vice-President with special responsibility for agriculture, Mr Cheysson, Member with special responsibility for Mediterranean policy, Mr Cardoso e Cunha, Member with special responsibility for fisheries, and Mr Mosar, Member with special responsibility for energy.

The visit took place at a time of particular importance for future relations between Morocco and the enlarged Community, as three important matters are currently under discussion with Morocco: adaptation of the trade (agriculture) component of the Cooperation Agreement following enlargement,¹ renewal of the financial Protocol to the Agreement for a further five-year period,² and establishment of a new fisheries agreement.³

Jordan

2.2.19. On 7 November the Commission approved the following projects for financing under the second financial Protocol to the Agreement between the Community and Jordan:⁴

- (i) Awassi sheep improvement project — 2 100 000 ECU;
- (ii) assistance to the Royal Scientific Society, Phase II — 2 000 000 ECU.

Asia⁵

Pakistan

2.2.20. The EEC-Pakistan Joint Commission held its 10th meeting⁶ in Islamabad on 17 and 18 November — the first since the new Agreement for commercial, economic and development cooperation between the Community and Pakistan entered into force on 1 May.⁷

The meeting highlighted the growth of trade relations (improved GSP utilization by Pakistan, the new textiles agreement and the recent concession on basmati rice following

the Community's undertaking to Pakistan to facilitate imports of this product (→ point 2.1.169)), the rapid progress in economic cooperation, in particular in industrial and scientific matters, and the importance of development projects.

The Pakistan authorities expressed their appreciation of the Community aid provided for Afghan refugees.

Following the meeting of the Joint Commission two information seminars were held in Islamabad and Karachi in cooperation with the Pakistan authorities, the Federation of Chambers of Commerce and the Export Promotion Bureau. The objective was to explain the new Agreement to businessmen.

Latin America

EEC-Latin America dialogue

2.2.21. An informal meeting took place on 6 November between Mr Cheysson, Member of the Commission with special responsibility for North-South relations, and the Group of Latin American Ambassadors (Grala). The purpose of the meeting was to discuss future relations between the Community and Latin America. The Grala representatives expressed their views against the background of the communication to be presented by the Commission to the Council on this subject. This document, which the Commission had been asked to produce by the European Council at its meeting in The Hague in June,⁸ was adopted by the Commission on 19

¹ Bull. EC 2-1986, point 2.2.13; Bull. EC 3-1986, point 2.2.16; Bull. EC 10-1986, point 2.2.18.

² Bull. EC 6-1986, point 2.2.23.

³ Bull. EC 7/8-1986, point 2.1.192; Bull. EC 10-1986, point 2.1.184.

⁴ OJ L 337, 29.11.1982; OJ L 356, 17.12.1982; Bull. EC 11-1982, point 2.2.68.

⁵ For scientific and technical cooperation with Asian countries, see point 2.2.45.

⁶ Previous meeting: Bull. EC 4-1985, point 2.2.22.

⁷ OJ L 108, 25.4.1986; Bull. EC 4-1986, point 2.2.28.

⁸ Bull. EC 6-1986, point 1.1.17.

November for transmission to the Council and Parliament (→ point 1.4.1).

Chile

2.2.22. Mr Gabriel Valdés, Chairman of the Chilean Christian Democratic Party, visited the Commission on 1 November for talks with Mr Cheysson.

On 20 November Mr Marín, Commission Vice-President, and Mr Cheysson received a Chilean Socialist Party delegation led by the party's Secretary-General, Mr Ricardo Núñez.

Both sets of talks concerned the political and economic situation in Chile and the social development projects financed by the Community via European and Chilean non-governmental organizations.

State-trading countries

Romania

2.2.23. The sixth meeting of the EEC-Romania Joint Committee¹ set up under the 1980 EEC-Romania Agreement² took place in Bucharest from 28 to 30 November.

The Commission delegation was led by Mr De Clercq, Member with special responsibility for external relations and trade policy. The Romanian delegation was led by Mr Ilie Vaduva, Minister for Foreign Trade and International Economic Cooperation.

The two sides discussed their economic relations and the trend of trade. The delegations also discussed the operation of the agreements and arrangements in force between the Community and Romania. The talks included particular reference to the difficulties encountered by Community businessmen and traders in breaking into the Romanian market or increasing the level of their exports.

The two delegations agreed on a variety of measures to provide better access for exports to their respective markets. The Community delegation stressed the need for

the Romanian authorities to provide Community businessmen with better information regarding statistics, trade or Romanian planning objectives.

The background to the discussions was the prospect of the Commission obtaining directives for negotiating a new trade and commercial and economic cooperation agreement between the Community and Romania;³ this would replace the existing agreements and would be a milestone in relations between the two sides.

While in Bucharest, Mr De Clercq was received by the President of the Republic, Mr Nicolae Ceausescu, and the Foreign Minister, Mr Ioan Totu. In these talks, the Romanian side stressed the importance it attached to the speedy opening of negotiations for the new agreement.

Czechoslovakia

2.2.24. On 24 November the Council authorized the Commission to open negotiations with Czechoslovakia with a view to the conclusion of a trade agreement.⁴

Development

Council

2.2.25. There was a Council meeting on development on 11 November. It adopted a resolution and conclusions supporting the action taken by the Commission in connection with a number of items on the agenda: population and development, programming under Lomé III (→ point 2.2.28), the rehabilitation and revival plan for Africa (→ point 2.2.34). A common position was reached on the proposal for a Regulation on food aid policy and management (→ point 2.2.35), but the Council was unable to reach

¹ Previous meeting: Bull. EC 12-1985, point 2.3.34.

² OJ L 352, 29.12.1980.

³ Bull. EC 7/8-1986, point 2.2.30.

⁴ Bull. EC 6-1986, point 2.2.39.

agreement on Stabex transfers for non-ACP least-developed countries.¹

The Council heard an introductory statement on population and development by Mr Lorenzo Natali, Commission Vice-President with special responsibility for cooperation and development, and then discussed in detail the support the Community might give, if requested to do so, to population policies and programmes planned or implemented by the developing countries to achieve a better balance between population size and available resources. At the close of its discussions, the Council adopted a resolution setting out the general principles and guidelines for Community action. The resolution states that as regards the measures to be adopted, priority should be given to the formulation and implementation of population, educational and healthcare policies.

On the question of aid for Latin American and Asian countries, the Council took note of the Commission's recent proposal on general guidelines for financial and technical assistance to non-associated developing countries in 1987.²

The Council also agreed that the Community and the Member States should continue to work together in providing aid for El Salvador following the recent earthquake.³

North-South relations

Cooperation in international forums

Food and Agriculture Organization of the United Nations

2.2.26. The FAO Council held its 90th session in Rome from 17 to 28 November. The discussions centred on: the food and agricultural situation worldwide (which showed a distinct improvement on 1984) and the Organization's budgetary and financial difficulties.

As usual, a Community representative played an active part, as an observer, in the Council's debates on the first item. He told the Council that the Commission was willing to offer assistance for the preparation of a feasibility study on boosting agricultural production in developing countries by increasing aid in kind for this sector (fertilizers, pesticides, seeds, etc.).

OECD Group on North-South Economic Issues

2.2.27. The OECD Group on North-South Economic Issues met in Paris on 4 and 5 November to review current developments in North-South relations, and more particularly to set in train the preparations for Unctad VII, to be held in Geneva in July 1987. The Group examined current problems in the field of financial relations with the developing countries following the Punta del Este Declaration on trade in goods.⁴

The representative of the Council Presidency spoke during the general debate on the need for the OECD countries to move promptly if they wanted to have an impact on the preparations for Unctad VII. There was a need for compatibility between the economic policies pursued by the developing and the developed countries; this interdependence entailed reciprocal obligations.

In the general debate and that on trade, the Commission representatives commented on the importance of the international economic environment in influencing the development prospects of developing countries and on the need for Unctad VII to identify a role for Unctad in the trade sphere in parallel with GATT activities. A Commission representative observed that the debate at the opening of the 41st session of the UN General Assembly⁵ had shown that

¹ OJ C 183, 22.7.1986; Bull. EC 6-1986, point 2.2.50.

² Bull. EC 10-1986, point 2.2.51.

³ Bull. EC 10-1986, point 2.2.41 and 2.2.42.

⁴ Bull. EC 9-1986, point 1.4.4.

⁵ Bull. EC 9-1986, point 2.2.44.

the Punta del Este Declaration¹ had been favourably received by the developing countries.

ACP-EEC Convention

Programming under Lomé III

2.2.28. Taking note of the Commission's report on the almost concluded Lomé III Programming (65 indicative programmes out of a total of 66 have already been signed), the Council expressed its appreciation of the results obtained with the new programming approach. It was pleased to see that many ACP States were determined to continue or embark on reforms and noted with satisfaction that most of them had chosen to concentrate Community aid on a sectoral strategy of rural development.

2.2.29. A programming mission visited Sudan in early November to draw up an indicative programme of Community aid in accordance with the provisions of the third Lomé Convention. Programmable resources total 145 million ECU. The mission was received by the Vice-President of the Council of State, the Speaker of the National Assembly, and the Prime Minister. The negotiations produced an agreement that Community aid would be concentrated on agriculture and rural development, and related transport and communications and institutional support. The basic objectives will be food security, an increase in foreign exchange earnings, drought preparedness and measures to combat desertification, and the correction of regional imbalances. The issue of self-sufficiency of refugees and returnees will also be addressed (Article 204 of the Convention).

Generalized tariff preferences

Scheme proposed for 1987

2.2.30. On 24 November the Council approved the basic principles of the generalized scheme of tariff preferences for 1987,

on the basis of proposals presented by the Commission in September² and in the light of the opinion delivered by Parliament (→ point 2.2.31).

The scheme takes differentiation in the industrial sector a step further: Korea and Hong Kong will no longer enjoy exemption for certain products (four and seven respectively) accounting for over 20% of Community imports, for which the 1986 GSP offer had been cut by 50%. In addition, the quota for four products from Korea, Libya and Hong Kong is to be halved. For other beneficiaries, however, there is a significant increase in their preferential limits or the transfer of a product from the sensitive list. Under the annual review of the scheme there are 10 cross-transfers, the 3 quotas are abolished, 16 new quotas are created and most preferential amounts are increased. In the petrochemicals sector, 'fixed zero-duty amounts' are introduced for major suppliers. They are to be administered by the Commission, which will ensure that the preferential limits are observed. The reference base for non-sensitive products is increased to 5% of extra-Community imports in 1984.

In the agricultural sector raw coffee and carnations (from 1 June to 30 October) are included in the GSP with duties of 4.5% and 22% respectively. Ten preferential margins are improved. The adjustment of Spain's and Portugal's allocations (on the basis of a whole year) leads to a proportional increase in the quotas for pineapple and Virginia tobacco.

The basis of the offer is improved for dark tobacco. Grape juice is added to the list of products for the least-developed countries.

Textile products are subject to technical adaptations in accordance with the categories specified in the bilateral agreements. In addition, the allocation of quotas by Member State for a number of countries is discontinued in the case of 11 MFA products.

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

² Bull. EC 9-1986, point 2.2.30.

2.2.31. On 14 November Parliament delivered its opinion¹ on the Commission's proposals for the 1987 GSP scheme.² It generally supported the Commission's proposed measures, notably the differentiation between beneficiaries. It thought the system should be simplified and made more flexible so that the least-developed countries could take greater advantage of it. It also thought that the newly industrialized countries could give technical assistance to countries that asked for it. Lastly, Parliament hoped to see greater transparency in the operation of the scheme.

2.2.32. The Economic and Social Committee delivered its opinion on the proposed Council Regulations concerning the 1987 generalized tariff preferences scheme on 26 November (→ point 2.4.30).

Commodities and world agreements

Olive oil

2.2.33. On 13 November the Commission sent the Council a recommendation for a Decision on the signing and conclusion of the 1986 International Agreement on Olive Oil and Table Olives,³ following negotiations which the Commission had conducted on behalf of the Community, in accordance with the Council's directives, at the UN Conference on Olive Oil. The Agreement retains the general administrative character of the preceding ones. However, two basic facets have been given greater emphasis: technical cooperation on production and the publicity fund.

Campaign against hunger in the world

Rehabilitation and revival plan for the African countries most affected by the drought

2.2.34. The Council welcomed the report by Mr Natali on the implementation of the

rehabilitation and revival plan for Africa.⁴ It noted that this year the Community and the Member States had provided some 1 000 million ECU in emergency and rehabilitation aid, including food aid, to the 11 African countries most affected by the drought (Angola, Botswana, Cape Verde, Chad, Ethiopia, Mali, Mauritania, Mozambique, Niger, Somalia and Sudan). The Council congratulated the Commission on the speed with which it had implemented this important plan, and the innovative approach it had adopted. It also noted that 108 million ECU had been made available under the plan, 103 million of which had been committed.

Food aid

Reform of food aid policy and management

2.2.35. The Council reached a common position for transmittal to Parliament on the proposed Regulation on food aid policy and management, prepared after a review of food aid management as a whole.⁵

In accordance with the Council resolution of 1983,⁶ the particular aim of the proposal is to integrate food aid into development policy more fully so that the needs of the recipient countries are better met and food aid management becomes more effective.

The Council's common position will be reviewed during the conciliation procedure with Parliament as regards the two institutional points where the Council's position differed from both the Commission's proposal and the opinion of Parliament: the character of the Food Aid Committee and the setting of overall quantities by product.

¹ OJ C 322, 15.12.1986.

² Bull. EC 9-1986, point 2.2.30.

³ COM(86) 600 final.

⁴ Bull. EC 11-1985, point 2.3.25; Bull. EC 10-1985, point 1.4.1 *et seq.*

⁵ OJ C 265, 21.10.1986; Bull. EC 7/8-1986, point 2.2.34.

⁶ Bull. EC 11-1983, point 2.2.46.

The Commission maintained its initial position and placed a reservation on these two points.

*

2.2.36. On 12 November the Commission decided on emergency food aid of 250 tonnes of cereals and 100 tonnes of vegetable oil for Licross's relief programme for the victims of the earthquake in El Salvador.

Emergency aid

Nicaragua

2.2.37. In view of the large numbers of Miskito returning to Nicaragua from Honduras, coming back destitute to the Río Coco region, which has been abandoned for a number of years, the Commission approved on 6 November emergency aid of 400 000 ECU for the purchase of basic necessities (blankets, cooking utensils, supplementary foods, etc.). The aid was allocated to the International Committee of the Red Cross as a contribution to its relief programme for the Miskito.

Saint Vincent

2.2.38. The Commission approved emergency aid of 45 000 ECU for Saint Vincent, which was recently hit by Cyclone Danielle.

Aid to promote the self-sufficiency of refugees

2.2.39. On 5 November the Commission approved aid of 660 000 ECU under Article 936 of the budget for the return of Uruguayan nationals and their reintegration into the life of the country.

Programme of positive measures for South Africa

Financing decisions

2.2.40. On 7 November the Commission decided on a second financial contribution, some 1.8 million ECU, for 14 projects to help the victims of apartheid. This decision follows that of 22 July concerning 5 million ECU for 20 projects.¹

These financing decisions were taken as a result of the policy adopted at the ministerial meeting on political cooperation held in Luxembourg on 10 September 1985.²

Stabex

Transfers

2.2.41. The Commission decided in November to make the following seven Stabex transfers for the 1985 application year (in ECU):

¹ Bull. EC 7/8-1986, point 2.2.43.

² Bull. EC 9-1985, point 2.5.1.

Countries	Amount	Product
Benin	3 454 606 ECU	Palm kernel oil
Guinea-Bissau	225 603 ECU	Cotton
Sao Tome and Principe	1 626 901 ECU	Cocoa
Tanzania	1 114 311 ECU	Cotton
Tonga	109 985 ECU	Vanilla
Côte d'Ivoire	4 907 781 ECU	Wood in the rough
Tanzania	3 472 194 ECU	Raw sisal
Total	14 911 381 ECU	

The total of transfers decided to date for the 1985 application year (including those decided on 9 July¹ and 19 August² stands at 128 298 785 ECU.

Mining cooperation

ACP States

Sysmin

2.2.42. Following the declaration of the eligibility of Zaire's second request under Sysmin at the end of 1985,³ a contribution of 41 million ECU for a programme of rehabilitation of the country's copper and cobalt industry has been decided. It will be cofinanced with the European Investment Bank, the World Bank, the African Development Bank and French bilateral aid.

Industrial cooperation

2.2.43. On 5 December the Commission sent to the Council and Parliament a com-

munication on industrial cooperation with certain least-developed countries in Latin America, Asia, the Gulf and the Mediterranean.⁴ The Commission proposes that Community development policies be backed up by an approach specifically tailored to the needs of these countries (→ point 1.3.1 *et seq.*)

Financial and technical cooperation

ACP States

2.2.44. In November the Commission allocated resources from the fourth, fifth and sixth EDFs totalling 94 057 000 ECU to finance projects, programmes and emergency aid operations which it administers (Table 8).

¹ Bull. EC 7/8-1986, point 2.2.47.

² Bull. EC 7/8-1986, point 2.2.48.

³ Bull. EC 12-1985, point 2.3.53.

⁴ COM(86) 603 final.

Table 8 — *Financing of operations under the fourth, fifth and sixth EDFs*

(in million ECU)

Sector/Countries	Project	Amount	
		Grants	Loans
<i>Industrialization</i>			
Guyana	Forestry	1.500	
Zaire	Sysmin (copper and cobalt)		41.000
<i>Economic infrastructure</i>			
Liberia	Ports	1.900	
Jamaica	Roads and bridges	7.285	
Dominica	Roads and bridges	3.750	
<i>Rural production</i>			
Côte d'Ivoire	Agriculture	6.500	4.000
Lesotho	Agriculture	3.700	
Chad	Agriculture	5.000	
Togo	Forestry	0.550	
<i>Social development</i>			
West African countries	Health (stamping out onchocercosis)	6.000	
French-speaking West-African countries	Education and training	3.450	
Liberia	Village water engineering	2.500	
Madagascar	Rehabilitation of electricity grids	2.000	

Table 8 (continued)

		<i>(in million ECU)</i>	
Sector/Countries	Project	Amount	
		Grants	Loans
<i>Trade promotion</i>	Promotion and development of tourism	0.620	
Dominica			
ACP States and Caribbean and Pacific OCTs	Fairs and exhibitions	2.227	
<i>Other</i>	Financial and administrative costs	1.000	
ACP Group			
<i>Emergency aid</i>	Tackling of serious energy supply problems	0.150	
Mozambique			
St Vincent	Relief following Cyclone Danielle	0.045	
	Total	49.057	45.000

Latin American and Asian developing countries

2.2.45. On 10 November the Commission decided—with the endorsement of the Committee on Aid to Non-associated Developing Countries—to finance the following projects out of the Community budget (Article 930):

India: Integrated watershed management in the ravines of Uttar Pradesh, mainly financed with counterpart funds from the supply of fertilizers (autonomous project—total cost 56 million ECU, Community contribution 45.6 million ECU);

Philippines: Integrated development project in Aurora province (autonomous project—total cost 12.6 million ECU, Community contribution 10.8 million ECU).

2.2.46. On 24 November the Commission sent to the Council and Parliament its ninth report (covering 1985) on the implementation of financial and technical assistance to Latin American and Asian and other non-associated developing countries.¹

Cooperation via non-governmental organizations

2.2.47. In the period 1 January to 30 November a total of 36.5 million ECU was

committed by the Commission for the co-financing of 264 projects presented by 113 NGOs.

The Commission also contributed 3 788 274 ECU to 72 campaigns to increase European public awareness of development issues.

Institutions

ACP States

Committee of Ambassadors

2.2.48. The 23rd meeting of the ACP-EEC Committee of Ambassadors took place in Brussels on 10 November.² It was chaired by Sir David Hannay (United Kingdom), for the Community, and Mr Peter Ipu Peipul (Papua New Guinea), for the ACP States.

The Committee first dealt with the negotiations on the protocol of accession of Spain and Portugal to Lomé III, the Commission outlining the Community's response to the ACP States' latest position. AN ACP proposal to extend the transitional

¹ COM(86) 626 final.

² Previous meeting: Bull. EC 3-1986, point 2.2.52.

arrangements¹ from 1 January to 30 June 1987, or an earlier date if the protocol was concluded in the mean time, was accepted by the Community.

The discussions on trade cooperation focused on the following aspects: greater ACP participation in the new round of GATT negotiations, the 1987 GSP scheme and the supply of tuna by Community vessels to canning factories in certain ACP States.

The discussions on Stabex concerned the repayments owed by Congo and Gabon, the extension of Stabex to cover four ACP States' exports to all destinations, the allocation of the unexpended balance of the Lomé II Stabex resources and progress so far in dealing with requests for transfers for 1985.

The Committee heard reports from the Commission on the progress made in programming and desertification control operations in Africa.

Joint efforts to promote investment in the ACP States were making headway.²

South Africa and the situation of students and migrant workers in the Community were two other items which received considerable attention at the meeting. The ACP Co-chairman insisted that measures against South Africa be stepped up, notably by means of bans on coal imports, bank loans and official visits by South African representatives, the severing of transport and communication links and discouragement of travel between Europe and South Africa. He asked for a joint working party to monitor the implementation of these and existing measures. His request was turned down by the Community, however, which argued that most of these proposals did not come under the Lomé Convention. The Commission did promise, however, to report to the Member States on the matter. An ACP proposal to set up a joint working party to monitor the implementation of Annex 9 to the third Lomé Convention (concerning students and migrant workers) was also rejected by the Community because of the

problem of divided responsibilities in this area between the Community and the Member States and for reasons of efficiency.

Visits

2.2.49. On 6 November Kenya's Minister for Commerce and Industry, Prof. J. Ng'eno, had talks with Mr Natali, Vice-President of the Commission, on the implementation of the Lomé III programme and EDF operations to develop trade and industry.

Kenya's Deputy Minister for Tourism and Wildlife, Mr Awori, met Commission officials on 18 November to discuss tourism and wildlife.

2.2.50. The President of Uganda, Mr Yowera Museveni, visited the Commission on 12 November and had talks with Mr Natali. This was the first visit by a Ugandan Head of State to the Commission. Relations between Uganda and the Commission are excellent, and the aim of the visit was more to confirm the principal features of EEC-Uganda cooperation than to resolve any particular difficulty.

Mr Museveni stressed the closeness he felt with the Community and hoped that this would lead to a speeding-up of the rate of commitment and disbursement of what is one of the largest donor programmes supporting Uganda.

Mr Natali assured Mr Museveni that the programming of resources allocated under Lomé III would take place soon. He congratulated the President on this effort to bring the fruits of development to all the Ugandan people.

The two parties signed agreements concerning two projects: continued support for the development of the Karamoja region and improvement of the road infrastructure of the northern corridor linking Mombasa

¹ Bull. EC 4-1986, point 2.2.57.

² Bull. EC 10-1986, point 2.2.33.

through Uganda to Rwanda, Burundi and Zaire.¹

Both sides said they hoped to see a continuing dialogue on the most effective ways the Community could help Uganda.

International organizations and conferences

United Nations

General Assembly

41st session

2.2.51. The 41st session of the UN General Assembly continued² with the discussion of a variety of political and economic issues; the Community took an active part in the proceedings.

On the economic front, the North-South dialogue took a more specific turn, with the emphasis on monetary and financial questions, trade and development, the debt problem and food.

The financial crisis currently facing the UN itself also remained in the forefront of discussions.

UN Conference on the Law of Treaties

2.2.52. On 18 November the Commission transmitted a communication to the Council concerning the signing of the Vienna Convention on the Law of Treaties between States and International Organizations or between International Organizations.³

The Commission said it was still considering whether the Community should sign the Vienna Convention but that the Member States, which retain parallel jurisdiction in this area, are free to sign if they wish.

General Agreement on Tariffs and Trade

42nd session of Contracting Parties

2.2.53. The 42nd session of the GATT Contracting Parties took place in Geneva

from 24 to 26 November.⁴ This was a routine session, including a general discussion in the course of which the Contracting Parties reviewed trade and economic developments (world trade in goods is set to expand by 4% this year) and looked at the problems confronting the trading system: monetary and financial questions, trade imbalances, protectionist pressures and the level of developing-country debt. All Contracting Parties mentioned the importance of the Punta del Este Declaration⁵ and the forthcoming negotiations. Emphasis was placed on the need to abide by standstill and rollback commitments to combat protectionism and to set up a sensible and solid mechanism to monitor this process. Under the terms of the Punta del Este Declaration the Contracting Parties have until 19 December to decide on the structure and plans for the negotiations so that the new round can get under way early in 1987.

The Contracting Parties also examined the report on the activities of the GATT Council, giving particular attention to a number of points: the United States' trade embargo against Nicaragua, the Community's complaint about Japan's treatment of wines and alcoholic beverages, a US complaint about Japanese restrictions on imports of fish and the new harmonized system of tariffs.

Committee on Government Procurement

2.2.54. Under Article IX(6) of the Agreement on Government Procurement, the Committee decided on 21 November⁶ to broaden and improve the Agreement.

The main improvements are: extended time limits for contract bids and the receipt of tenders, a lowering of the threshold above which government purchases become sub-

¹ Bull. EC 10-1986, point 2.2.52.

² Bull. EC 9-1986, point 2.2.44.

³ Bull. EC 10-1985, point 2.3.53.

⁴ 41st session: Bull. EC 11-1985, point 2.3.52.

⁵ Bull. EC 9-1986, point 1.4.1 *et seq.*

⁶ Bull. EC 10-1986, point 2.2.57.

ject to the Agreement from SDR 150 000 to SDR 130 000; extension of the Code to cover the leasing, rental and hire purchase of equipment; tighter rules for recurring contracts; and publication of certain information concerning the award of contracts.

The changes will come into effect from 1 January 1988, and the Community's directives on government procurement will be amended accordingly.¹

Committee on Trade and Development

2.2.55. The Community attended the 60th session of the Committee on Trade and Development, which took place in Geneva on 11 November.

The Committee reviewed developments in international trade, with particular attention to trends and measures affecting developing countries. It welcomed the recent decision to launch a new round of multilateral trade negotiations² as an important event and expressed the hope that it would produce benefits for the developing countries. The Committee felt it had an important role to play in monitoring the progress of the negotiations as they affected those countries.

Conference on Security and Cooperation in Europe

2.2.56. A further CSCE follow-up meeting opened on 4 November in Vienna,³ the third since the signing of the Final Act in Helsinki in 1975. Previous review meetings took place in Belgrade in 1977-78 and Madrid in 1980-83.

The Vienna meeting, attended by 35 States, will review the implementation of both the 1975 Helsinki Final Act and the final docu-

ment of the Madrid meeting with regard to security, economic issues, the Mediterranean area and humanitarian questions and will go on to consider new proposals to improve security and cooperation in Europe. At the opening session, delegates were addressed by the Foreign Ministers of participating States. The Commission was represented by Mr Willy De Clercq.

In November participants looked at the implementation of CSCE provisions in various fields since the Madrid meeting. The Commission delegation acted as spokesman for the Community both in the plenary session and in working parties on trade and cooperation in the Mediterranean area.

*

2.2.57. The 90th session of the FAO Council took place in Rome from 7 to 28 November (→ point 2.2.26).

2.2.58. The OECD Group on North-South Economic Issues met in Paris on 4 and 5 November (→ point 2.2.27).

Diplomatic relations

2.2.59. The President of the Council and the President of the Commission received HE Mr Tobgye S. Dorij, Head of Mission of the Kingdom of Bhutan to the European Communities, who presented his letters of credence to take effect on 25 November.

Mr Dorji is Bhutan's first ambassador to the Communities. This brings the number of diplomatic missions to 130.

¹ OJ L 185, 16.8.1971; OJ L 15.1.1977.

² Bull. EC 9-1986, point 1.4.1 *et seq.*; Bull. EC 10-1986, point 2.2.1.

³ Bull. EC 9-1986, point 2.2.47.

3. Financing Community activities

Budgets

General budget

1987 budget

First reading of draft budget by Parliament

2.3.1. At its November part-session Parliament gave a first reading to the draft budget for 1987.

It raised appropriations for commitments by 3 057 million ECU and appropriations for payments by 2 512.8 million ECU, overall increases of 8.3% for commitments and 7% for payments compared with the draft established by the Council on 8 and 9 September.¹

To a large extent Parliament restored the appropriations proposed by the Commission in its preliminary draft,² notably for development aid and research.

In increasing Regional Fund appropriations by 300 million ECU for commitments and 75 million ECU for payments, Parliament went beyond the initial proposals in the preliminary draft.

The main developments in connection with EAGGF guarantee are that Parliament proposed modifications designed to prompt the Council to adopt measures to improve the situation in some agricultural markets (5% cut in milk quotas, 15% reduction in the intervention price for beef and veal) and to make possible the disposal of a large volume of surplus agricultural stocks in 1987 (entry of a new budget heading carrying 2 500 million ECU financed by contributions from 10 Member States—excluding Spain and Portugal—on the basis of Article 200 of the Treaty).

The resolution adopted at the end of the vote 'insists on the importance of an adequate balance between payments and commitments, which corresponds to an

adequate development of the Community policies'.³

Second reading of draft budget by Council

2.3.2. Before beginning its examination of preliminary draft amending budget No 1 for 1986 and the draft budget for 1987, on 26 November the Council met a delegation from Parliament led by its President, Mr Pflimlin.

This meeting enabled the two arms of the budgetary authority to discuss both the likely budgetary deficit in 1986 and the draft budget for 1987. Particular concern was shown regarding the level of EAGGF guarantee expenditure, including the problem of stocks, which, it was noted, would be examined as a priority item at the Council meeting on agriculture on 8 and 9 December.

The Council then established the draft budget for the financial year 1987 in its second reading, acting on the amendments and proposed modifications voted by Parliament on 13 November (→ point 2.3.1).

As amended, the draft budget comprises 37 406 million ECU in appropriations for commitments and 36 247 million ECU in appropriations for payments.

For commitments, the appropriations break down into 27 137 million ECU for compulsory expenditure and 10 269 million ECU for non-compulsory expenditure.

For payments, 27 082 million ECU is compulsory expenditure and 9 165 million ECU non-compulsory expenditure.

¹ Bull. EC 9-1986, point 2.3.5.

² Bull. EC 4-1986, points 1.2.3 *et seq.* and 2.3.3 to 2.3.5; Bull. EC 6-1986, point 2.3.1.

³ OJ C 322, 15.12.1986; for the debate prior to this resolution, see point 2.4.8.

The increase in non-compulsory expenditure (as classified by the Council)¹ in relation to the 1986 budget is 8.09% for commitments and 7.37% for payments.

The allocations include the following:

	<i>(million ECU)</i>	
	Commitments	Payments
Regional Fund	3 342	2 497
Social Fund	2 602	2 542
Research and development	1 020	764
Development aid	969	1 125

In response to the proposed modifications voted by Parliament concerning EAGGF guarantee expenditure, and in the light of the exchange of views it had had with Parliament at the beginning of the meeting, the Council conducted a thorough discussion of the agricultural situation and budgetary expenditure.

It decided to insert a new Article 293 in the budget, entitled 'Measures to be taken following a review, with a view to reducing production surpluses and accumulated stocks', carrying a token entry.

The amended draft was returned to Parliament for its second reading in December.

1986 budget

Amending budget No 1/1986

2.3.3. The Council concluded that it could not establish draft amending budget No 1/1986.

It took note of the Commission's latest revenue estimates for 1986² provided on 21 November following the statement adopted by the Council in September.³

It also took note of the latest estimate of the 1986 budget deficit, which would constitute a budgetary problem in 1987.

It took note of the Commission's intention to submit a preliminary draft supplementary and amending budget to the budgetary authority when the 1986 accounts are closed.

Budgetary discipline

2.3.4. In the light of the Council's conclusions on budgetary discipline adopted on 4 December 1984, the Council meeting of 17 November on economic and financial affairs examined the Commission's proposals on the framework programme for Community research and development operations (→ point 2.1.39) and a programme on fishery structures (→ point 2.1.223).

Budgetary discharge

2.3.5. In accordance with Article 84 of the Financial Regulation of 21 December 1977,⁴ the Court of Auditors on 28 November sent the discharge authorities and the other institutions its annual report on the implementation of the general budget of the European Communities for 1985 and operations under the European Development Funds. The Commission's replies to the observations made by the Court of Auditors had been sent to the Court on 29 October.

ECSC operating budget

2.3.6. On 13 November Parliament passed a resolution on the fixing of the ECSC levy rate and the drawing up of the ECSC operating budget for 1987 (→ point 2.4.10)⁵

¹ The institutions hold conflicting views about the classification of expenditure as compulsory or non-compulsory. A solution to this dispute is sought under the dialogue procedure set up by the Joint Declaration of 30 June 1982 (Bull. EC 6-1982, point 1.1.1 *et seq.*). Two meetings were held on 21 October and 26 November at the invitation of the Commission President.

² SEC(86) 1959 final.

³ Bull. EC 9-1986, point 2.3.4.

⁴ OJ L 356, 31.12.1977.

⁵ OJ C 322, 15.12.1986.

Financial operations

ECSC

Loans raised

2.3.7. During November the Commission made:

(i) a number of private placings in marks and guilders for the equivalent of 35.39 million ECU;

(ii) a 10-year public issue of USD 85 million at 8 $\frac{1}{4}$ % with an issue price of 104.20%.

Loans paid out

2.3.8. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission paid out loans in November for a total of 44.94 million ECU broken down as follows:

Industrial loans

2.3.9. Industrial loans (Article 54) totalling 2.53 million ECU were paid to:

(i) the United Kingdom for coal industry infrastructures;

(ii) the Federal Republic of Germany for measures to promote the consumption of coal.

Conversion loans

2.3.10. Conversion loans (Article 56) totalling 33.84 million ECU were paid out as supra-regional loans for small and medium-sized firms in the United Kingdom, Germany and Italy.

Workers' housing

2.3.11. Loans totalling 8.57 million ECU for building housing for steelworkers and

coalminers were made in Germany and Italy.

Euratom

Loans raised

2.3.12. The Commission took out a seven-year bank loan for 4 000 million yen at 6.4%. It was issued at par.

EEC

Loans raised

2.3.13. In November the Commission made a 10-year public issue of LFR 1 000 million at 7%. It was issued at par.

EEC-NCI

Loans paid out

2.3.14. Loan contracts signed in November under NCI II and the first¹ and second² tranches of NCI III totalled 112.8 million ECU, of which 56.4 million ECU was for the energy sector, 32.2 million ECU for the production sector and 24.2 million ECU for the infrastructure sector.

The loans were as follows: 26.2 million ECU to ESB Moneypoint II (Ireland), 24.2 million ECU to Mededil III B (Italy), 8.6 million ECU to Venefondario Energia B (Italy), 21.6 million ECU to ESB Moneypoint IC (Ireland), 25.3 million ECU to FIH Small Business V (Denmark), 6.9 million ECU to Banco di Sicilia PMEB (Italy).

*

¹ OJ L 164, 23.6.1983.

² OJ L 208, 3.8.1984.

Completion of pre-accession aid to Portugal

2.3.15. Under the agreements of 3 December 1980 on pre-accession aid¹ and 7 November 1984 on specific (pre-accession) financial aid for improving agricultural and fisheries structures in Portugal,² the Commission and the Portuguese Government signed nine financing conventions on 21 November for a total of 9.64 million ECU.³

This brought total aid under the first agreement to 99.55 million ECU (out of the 100 million ECU planned) and under the second to 49.98 million ECU (out of the 50 million ECU planned).

¹ OJ L 349, 23.11.1980; Bull. EC 12-1980, point 2.2.6; Commission programme 1980, point 157.

² OJ L 333, 21.12.1984; Bull. EC 12-1984, point 2.2.2.

³ Bull. EC 12-1985, point 2.2.3; Bull. EC 1-1986, point 2.3.5; Bull. EC 6-1986, point 2.3.3; Bull. EC 9-1986, point 2.3.15; Bull. EC 10-1986, point 2.3.11.

4. Political and institutional matters

Political cooperation

2.4.1. A ministerial political cooperation meeting was held in London on 10 November. The Foreign Ministers of the Twelve discussed terrorism (the Hindawi case), East-West relations, the Middle East, Central America, South Africa, the right of asylum and the Philippines. A statement was adopted on the Philippines.

A Presidency statement was issued to the press on the outcome of the terrorism debate. Greece was unable to subscribe to this text, since it felt that the Syrian authorities were being held responsible. However, Mr Pangalos, the Greek Deputy Foreign Minister, stated that Greece was in no way inconvenienced by the four measures specified in point 3 of the statement, which it already applied in practice.

Terrorism — Presidency press statement

1. Following on from our discussion on 27 October of Syrian involvement in the Hindawi case, we have all agreed that further joint action is essential to protect our citizens from any possible repetition of such acts of terrorism.

2. No one should be in any doubt about our unanimous condemnation of international terrorism and our resolve to curb terrorism in all its forms. We wish to send Syria the clearest possible message that what has happened is absolutely unacceptable.

3. We stand firmly by the commitments in previous statements and have therefore decided that the following additional action is required. In the present circumstances:

(i) we shall not authorize new arms sales to Syria;

(ii) we shall suspend high-level visits to or from Syria;

(iii) we shall each review the activities of Syrian diplomatic and consular missions accredited in our country and apply appropriate measures;

(iv) we shall each review and tighten security precautions surrounding the operations of Syrianair.

4. Our Embassies in Damascus were instructed to make representations to the Syrian authorities. The Syrian Government have delivered their reply. As far as the facts are concerned, this adds nothing to what was considered by the court which found Hindawi guilty, and to what the Embassies have presented to the Syrian authorities.

5. We shall continue to employ all the political means available to us in order to persuade the Syrian authorities to translate into concrete action their stated condemnation of international terror-

ism. In particular, we call on them to end all forms of support for those groups which have been clearly involved in terrorist acts and to deny them all facilities.

6. Our actions have a specific purpose. We look to the Syrian authorities for a constructive response. We have close and important links with all the countries of the Middle East which we remain determined to develop and strengthen. In this respect, we recall the proposals the Twelve have made to give a new impetus to the Euro-Arab dialogue, and the importance attached to this in the recent communication dated 6 November from the Secretary-General of the Arab League. We strongly reaffirm our commitment to contribute in every way we can to the search for just and lasting solutions to the region's problems.

7. We shall follow developments closely and shall remain in regular contact on all these issues within the framework of European political cooperation.

Statement by the Twelve on the Philippines

The Foreign Ministers of the Twelve welcomed the significant progress made by President Aquino and her government towards restoring democratic institutions in the Philippines, notably the completion of work on a new draft constitution, and look forward to the national and local elections to be held in the Philippines in 1987. They emphasized their strong political support for President Aquino and her government in their efforts to consolidate democracy in the Philippines, revive the economy and bring about national reconciliation. Ministers were confident that this process would continue.

*

2.4.2. On 29 November the Presidency published the following statement by the Twelve on Syria — the Hasi and Salameh trials:

1. The Twelve have noted with serious concern the involvement of Syrian officials with Mr Ahmad Hasi and Mr Faruk Salameh who were convicted in Berlin (West) on 26 November 1986 on charges in connection with the explosion in the Berlin premises of the German-Arab Society on 29 March 1986. They note that a Berlin criminal court accepted as true the defendants' statements that the explosives used were provided by a Syrian office in Damascus and handed over to them by an official in the Syrian Embassy in Berlin (East).

2. They have all agreed that further joint action is essential to protect our citizens from any possible

repetition of acts of terrorism. The Twelve reaffirm their strong condemnation of international terrorism and they are resolved to curb terrorism in all its forms. Terrorist attacks can never be justified and are a disservice to any political cause.

3. The Twelve stand firmly by the commitments in their previous statements, as well as their appeal for progress in the Euro-Arab Dialogue, and consider the measures taken by the Government of the Federal Republic of Germany as consistent with these commitments.

4. The Twelve are maintaining close contact on the security implications of this case, in particular as regards the abuse of diplomatic immunity.

2.4.3. On 14 November the British Embassy in South Africa issued the following press release:

In a meeting today with the Deputy Minister for Foreign Affairs, Mr Ron Miller, the British Ambassador, Sir Patrick Moberly, delivered a *démarche* on behalf of the 12 members of the European Community to express concern at the possible forced removals from Oukasie township. He made it clear that the European Community would deplore any attempt forcibly to remove the residents of Oukasie from their homes or to treat them in a way which could lead to them losing their South African citizenship as a result of being moved.

European policy and relations between the institutions

European policy

Ratification of the Single European Act

2.4.4. On 2 October the Spanish Chamber of Deputies approved the Single European Act,¹ followed by the Senate on 29 October.

The United Kingdom House of Commons had approved the Single Act on 10 July. On 3 November the House of Lords followed

¹ Supplement 2/86 — Bull. EC.

suit, and the instrument of ratification were lodged in Rome on 19 November.

Relations between the institutions

Procedures for the exercise of implementing powers conferred on the Commission by Council acts

2.4.5. On 25 November the Commission amended¹ the proposal it sent to the Council on 29 January for a Regulation laying down the rules by which the Council confers implementing powers on the Commission.²

The amended proposal takes into account some of the changes requested by Parliament in the opinion it delivered in October.³ Two of the amendments concern the introduction of the concept of an appropriate period within which the Council must adapt the existing committees and the stipulation that the Council must give precedence to the 'advisory committee' procedure in connection with Article 100 A.

In addition, although this does not require any change to the proposal, the Commission backs Parliament's request that the conciliation procedure should be initiated when Parliament disagrees with the Council about which type of committee should be used.

However, the Commission did not accept the request expressed by an overwhelming majority of Parliament that the 'regulatory committee' procedure should be dropped.³

Cooperation procedure with Parliament

2.4.6. In November the Commission continued the discussions it began several months ago on its relations with Parliament under the cooperation procedure provided for in the Single European Act.⁴ It has now introduced some internal procedural arrangements.

Institutions and organs of the Communities

Parliament⁵

Strasbourg: 10 to 14 November

2.4.7. There were two main topics on the agenda for Parliament's November part-session: social policy and the labour market, and the first reading of the 1987 budget (→ point 2.4.8.). Employment policy was the subject of a wide-ranging debate on eight reports covering various aspects which culminated in the adoption of a number of very detailed resolutions bearing on all facets of the problems, with special emphasis on the links between social policy and completion of the internal market.

Parliament also considered the recent pollution of the Rhine, after hearing a statement by Mr Clinton Davis (→ point 2.1.147), and endorsed a supplementary youth exchange programme.

First reading of the 1987 budget

2.4.8. What emerged clearly from its proposals for the first reading of the 1987 budget and was subsequently confirmed by the debate was that the Committee on

¹ COM(86) 702 final.

² OJ C 70, 25.3.1986; Bull. EC 1-1986, point 2.4.6.

³ OJ C 297, 24.11.1986; Bull. EC 10-1986, point 2.4.22.

⁴ Supplement 2/86 — Bull. EC.

⁵ The complete texts of the resolutions adopted by parliament appear in OJ C 322, 15.12.1986, and the reports of the proceedings are contained in OJ Annex 2-345. The political groups of members are indicated in brackets by the following abbreviations: *Soc* = Socialists; *EPP* = European People's Party (Christian Democrats); *ED* = European Democratic Group; *Com* = Communists and Allies; *Lib* = Liberal, Democratic and Reformist Group; *EDA* = European Renewal and Democratic Alliance; *Rainbow* = Rainbow Group; *ER* = European Right; *NA* = Non-affiliated. The countries of origin are indicated as follows: B = Belgium, D = Federal Republic of Germany, DK = Denmark, E = Spain, F = France, G = Greece, IRL = Ireland, I = Italy, L = Luxembourg, NL = Netherlands, P = Portugal, UK = United Kingdom.

Budgets wanted Parliament to use the budget as a means of forcing the Council to take some radical decisions concerning agricultural policy. 'Parliament will be accused of trying to reform the CAP via the budget', said the rapporteur, Mr David Curry (*ED/UK*). 'Well! I plead guilty on all counts.' He also pointed out that the shortfall in EAGGF guarantee appropriations should by current estimates be 3 400 million ECU, of which, by his reckoning, only one quarter was attributable to the dollar rate.

As regards non-compulsory expenditure, Parliament had been modest. And here the rapporteur warned the Council that if it sought to use the margin still remaining under the 1.4% ceiling of own resources 'to allocate it specifically for agriculture, that would provoke an extremely hostile reaction in this Parliament'.

The compromise found by the Committee on Budgets, which consists of asking the Member States for contributions to finance the disposal of agricultural stocks, was largely endorsed.

During the debate several members rose to voice Parliament's concern over the proportion of the budget now accounted for by the common agricultural policy. Mr Rudy Arndt (D), for the Socialist Group, maintained that the sheer weight of agriculture could set off a financial, and even a Community, crisis. Mr Peter Price (*ED/UK*) found that the budget did not reflect the Community's spending priorities, but rather the Council's inability to adapt legislation to changing needs. The common agricultural policy, he claimed, reflected the needs of 1958. Mrs Carla Barbarella (*Com/I*) remarked that the budgetary discipline exercise was getting nowhere, for the basic mechanisms of agricultural policy were still the same.

Complaining that the Fontainebleau European Council had underestimated the problem of own resources, as the financial crisis was still there, getting worse and threatening the very foundations of the Community, Mr Jean-Claude Pasty (*ZDA/F*) declared

that the budget machinery and own resources were not adapted to reality.

The President of the Council, Mr Brooke, said that the Council had taken careful note of Parliament's message and that it would consider the reforms proposed by the Commission. But his view, which he shared with Mr Christophersen, the Commission Vice-President with special responsibility for the budget, was that Parliament appeared not to be respecting the balance between commitment appropriations and payment appropriations.

Among later speakers Mr Guy Guerneur (*EDA/F*) stressed the need to enter additional appropriations for fisheries, Mr Alman Metten (*Soc/NL*) regretted that the Chernobyl disaster had prompted the Committee on Budgets to attach more importance to the appropriations for nuclear energy research than to those for research on other energy forms, Mrs Raymonde Dury (*Soc/F*) took up the case of the Social Fund, which she described as being in a state of 'free fall', while others bemoaned the meagre appropriations for consumer protection and guidance, information and migrant worker policy.

After voting on the amendments the House adopted by an overwhelming majority the resolution moved by Mr Curry. In it Parliament regretted that the Council's cuts had been made in the areas of greatest need, in particular in R&D and development aid. It pointed out that the financial guideline for agricultural spending would certainly be exceeded in 1987, that the 1.4% VAT ceiling was already exhausted in its first year of operation and that agricultural expenditure in 1987 would pre-empt a large part of the available new resources which would become available following a raising of the VAT ceiling to 1.6%, which was not what the increase was intended for.

It was emphasized that the existence of largely unmarketable agricultural stocks was seriously impeding attempts to reform the CAP: depreciation, stock reduction and effective measures to prevent reaccumulation were essential prerequisites to any

reform of the CAP. As regards the disposal fund proposed by Parliament, the House requested the Commission to ensure that the right relationship was drawn between decisions on production control and destocking measures. In other words, there was no point in shedding surpluses if they immediately accumulated again. While Mr Ove Fich (*Soc/DK*) said he was generally satisfied with the first reading, Mr François Musso (*EDA/F*) was certainly not: a budget served to apply policies, not to determine one policy; the majority of members wanted to 'kill off' the common agricultural policy and the farmers. He was alarmed by Mr Christophersen's announcement that the Commission had put to the Council a proposal to reduce milk quotas by 6.5%, meaning by more than Parliament had called for. For once, said Mr Musso, he was banking on the Council's good sense. Mr Robert Chambeiron (*Com/F*) was equally disgruntled. As he saw it, the EPP/Socialist amendment (on milk quotas) lumped all the producers together. Neither the producers nor the Member States were each equally to blame for the increase in stocks. It was intolerable that small farmers should be asked to bear the sacrifices while the United Kingdom's budget contribution was substantially relieved.

Despite some satisfaction obtained in the matter of fishery appropriations, Mr Guermur too was still disappointed.

2.4.9. Parliament gave opinions on the following Commission proposals:

- (i) a Decision adopting the annual report on the economic situation in the Community and laying down economic policy guidelines for 1982 (→ point 2.1.2);
- (ii) a Decision adopting an action programme for the promotion of youth exchanges in the Community 1987-89 (→ point 2.1.108);
- (iii) a Decision concluding the Protocol amending the Convention for the Prevention of marine Pollution from Land-based Sources in order to extend its scope to include marine pollution through the atmosphere (→ point 2.1.149);

(iv) a Regulation instituting exceptional emergency action in favour of less-favoured regions in Ireland (→ point 2.1.169);

(v) Decisions introducing Community financial measures for the eradication of African swine fever in Spain and in Portugal (→ point 2.1.197);

(vi) a Decision concerning the conclusion of the Protocol extending the Multifibre Arrangement following the conclusion of the negotiations in Geneva on 31 July (→ point 2.2.2);

(vii) the proposals for fixing the Community's generalized tariff preferences scheme for 1987 (→ point 2.2.31).

2.4.10. Resolutions were passed on the following subjects.

The Commission's Fifteenth Report on Competition Policy. Parliament re-emphasized the vital role played by Community competition policy and deplored the delays and deficiencies in implementing it. The House stressed the need for adequate information and control with respect to monopoly situation on the market and defined the scope of this policy. Parliament also listed measures to be taken by the Commission in regard to private business, air transport and State aids.

Flexibility in the labour market. Parliament was concerned about the possible repercussions on employment of liberalizing the common market and of the tendency towards a segmentation of the labour market. The House called for resistance to marginalization and the worsening of inequalities caused by the increase in flexibility on the labour market; the Commission was asked to submit an outline Directive on the protection of workers who had signed flexible employment contracts, to examine whether the Directives on part-time work and temporary work might be incorporated into a general Directive covering special employment contracts and finally to propose a framework agreement on workers' basic rights, seen as a prerequisite for achieving the European internal market. Parliament hoped a Community conference

would be convened with the task of harmonizing throughout the Community rules and practices governing recruitment, pay and promotion.

The European social area. Parliament reaffirmed its support for the 'cooperation strategy for growth and employment' proposed by the Commission¹ with the aim of substantially reducing unemployment, and stressed the importance it attached to completion of the large internal market, which would entail a minimum degree of harmonization of social rules. The House advocated a social dialogue at European level, in order to produce framework agreements that would provide fresh impetus to the labour market.

The role of the social partners in the labour market. Parliament stated its conviction that an effective European policy and legislation on competition and cartels were required. This presupposed a social dialogue between the Community and national authorities on the one side and the two sides of industry on the other. The Commission was called upon to prepare, in liaison with the two sides of industry, a directive incorporating guidelines on the role of parties to collective agreements.

Unemployment problems at regional level. The House observed that since 1973 the economic crisis had been accompanied by a substantial but unequal rise in unemployment in the Member States, thus increasing the regional imbalances with regard to the labour market. It accordingly called on the Commission to examine in greater detail the structural causes of these imbalances, to hasten the completion of the internal market, to back local initiatives contributing to the creation of a favourable economic and social climate, to promote the creation of an extensive and dynamic small-business sector and to sustain and expand local investment and job-creation projects at regional and local level in several priority fields.

The problems encountered by women in connection with the restructuring of the labour market. After taking stock of the

problems confronting women on the labour market, Parliament advocated a whole series of measures to be adopted by both the Community institutions and the national authorities in order to ensure adherence to the principle of equality between men and women.

Education and training in new technologies. Parliament considered that the introduction to the new technologies, which should start in primary school and continue throughout compulsory schooling, must be combined with the acquisition of a general cultural background reflected in a command of the art of expression—or more specifically a mastery of the written word in the mother tongue. The training given to curriculum planners and teachers therefore needed to be biased more in favour of the practical aspects. The House wanted to see industry and commerce playing an active part in teaching new technologies, by offering practical courses for students and teachers and by providing the necessary equipment conforming to a European standard model. The Commission was urged to draw up a Neptune five-year priority programme² and present it to the House in mid-1987. The Council was asked to convene a meeting, before the end of 1987, of the Ministers of Education, Research and Industry to consider the Commission's proposals in the Neptune plan.

Social security in the European Community. Convinced that a European internal market could only function effectively in conjunction with a European social security area and in view of the considerable differences between the social security systems of individual Member States, Parliament held that the approximation of national social security systems must proceed in compliance with Article 177 of the Treaty of Rome, and recommended a series of appropriate measures.

¹ OJ L 377, 31.12.1985; Bull. EC 12-1985, point 2.1.2; Bull. EC 10-1986, point 1.1.1 *et seq.*

² New European Programme for technology utilization in education.

The contribution of the European Regional Development Fund to the creation of jobs in the Community. Deploring the deficiencies in the running of the ERDF and the lack of relevant information in certain cases, Parliament set out the guidelines that the Fund should follow for the creation of jobs.

An integrated rural development programme for the less-favoured areas in Northern Ireland. Parliament believed that closer coordination of the various Community instruments applied under an integrated development programme for the rural areas could help in solving the difficulties facing Northern Ireland, which was shown to be one of the poorest regions in the European Community and in addition to its economic difficulties was suffering from much civil unrest and violence and an unemployment rate above the Community average. The House offered a broad range of proposals concerning the social and economic situation, agriculture, education, the environment, tourism, afforestation, energy, fisheries, industry, transport and telecommunications.

The problems facing the market in poultry-meat and eggs. Noting that for some 20 years the poultry and egg sector had gone through regular cyclical crises which invariably resulted in severe disruption of market balance and that poultrymeat and egg production were not protected by an

intervention system, Parliament felt that the Community must support the setting up of an intertrade organization for the egg and poultry sector to represent the political and economic interests of Community producers more effectively.

The fixing of the ECSC levy rate and the drawing up of the ECSC operating budget for 1987. Parliament called on the Commission to take account of all the recommendations made by the Court of Auditors on the accounting and financial management of the ECSC and to draw up guidelines for the size of the ECSC Guarantee Fund on the basis of usual banking criteria. It called for the introduction in 1988 of a system to match annual revenue to annual expenditure in order to obviate the unduly high level of ECSC liquidity. The Commission was urged in the coming year to produce a proposal for a Financial Regulation, in accordance with Article 78h of the ECSC Treaty.

Council

2.4.11. The Council held 13 meetings in November. 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 10 — Council meetings in November 1986

Number, place and date of meeting	Subject	President	Commission	Main items of business
113th Brussels 3 November	Internal market	Mr Clark	Lord Cockfield	Good laboratory practice (Self-employed) commercial agents ¹ High-technology pharmaceutical products Community trade mark ¹ Removal of 'customs' signs at frontiers ² Easing of border controls Right of residence Direct satellite broadcasting ³

Number, place and date of meeting	Subject	President	Commission	Main items of business
1114th Brussels 5 November	Fisheries	Mr Jopling	Mr Cardoso e Cunha	Community measures to improve and adapt structures in fisheries and aquaculture sectors Control measures for fishing activities by vessels of Member States ⁴ Relations with certain international organizations and non-member countries ⁴
1115th Brussels 10 and 11 November	Transport	Mr Moore	Mr Clinton Davis Mr Sutherland	Air transport ⁵ Organization of road haulage market ⁵ Medium-term transport infrastructure programme ⁵ Common rules for certain types of combined transport of goods between Member States ⁵
1116th Brussels 11 November	Development cooperation	Mr Patten	Mr Natali	Population and development: resolution ⁶ Food aid policy — draft regulation on food aid policy and management: common position ⁶ Programming of Community aid in ACP States under Lomé III: Council conclusions ⁶ Recovery and rehabilitation plan for Africa ⁶ System of compensation for loss of export earnings for least-developed countries not signatory to Lomé Convention Aid for Latin American and Asian developing countries Reconstruction aid for El Salvador ⁶ Establishment of agricultural centre for technical aid to developing countries in Athens
1117th Brussels 13 November	Cultural affairs	Mr Luce	Mr Ripa di Meana	Resolution concerning European Cinema and Television Year (1988) ⁷ Resolution concerning Europe's architectural heritage ⁷ Resolution on business sponsorship of cultural activities ⁷ Resolution on conservation of works of art and artefacts ⁷ Designation of Glasgow as City of Culture for 1990 ⁷

Number, place and date of meeting	Subject	President	Commission	Main items of business
1118th Brussels 17 November	Economic and Financial affairs	Mr Lawson	Mr Delors Mr Christo- phersen Lors Cockfield Mr Narjes Mr Cardoso e Cunha Mr Matutes Mr Pfeiffer	Liberalization of capital move- ments ⁸ Annual economic report 1986-87 New Community instrument: NCI IV ⁹ Harmonization of indirect tax- ation ¹ Budgetary discipline: framework programme for Community research and development — con- clusions ³ Budgetary discipline — fisheries structures programme — con- clusions ⁴
1119th Brussels 17 and 18 November	Agriculture	Mr Jopling	Mr Andriessen Lord Cockfield	Conversion rates in agriculture (sterling and French franc) Milk sector: emergency action ¹⁰ Common organization of markets in beef/veal Socio-structural measures Special emergency measure for less- favoured areas in Ireland ¹⁰ Extraction solvents used in pro- duction of foodstuffs and their ingredients Organisms harmful to plants or plant products Animal health problems affecting intra-Community trade and imports from non-member countries of semen of animals of bovine species Health problems affecting intra- Community trade in fresh meat ¹⁰ Community financial measure for eradication of African swine fever in Spain and Portugal ¹⁰ Imports of Basmati rice ¹⁰
1120th Brussels 18 November	Industry	Mr Shaw	Mr Narjes Mr Sutherland	Steel — conclusions ¹¹ Shipbuilding — conclusions ¹² ISDN: agreement in principle ³
1121st Brussels 24 and 25 November	Environ- ment	Mr Waldegrave	Mr Clinton Davis	Prevention of environmental pol- lution by asbestos Permissible sound levels and exhaust systems of motorcycles ¹³ Disposal of waste oils ¹³

Number, place and date of meeting	Subject	President	Commission	Main items of business
1122nd Brussels 24 November	Foreign affairs	Sir Geoffrey Howe	Mr Delors Mr Narjes Mr Cheysson Mr De Clercq	Sulphur content of certain liquid fuels (gas oil) ¹³ Limitation of emissions from large combustion plants ¹³ Gaseous emissions from private cars ¹³ Fourth Community environmental action programme: resolution ¹³ Nuclear safety ¹⁴ Pollution of the Rhine ¹³ Protection of animals used for experimental and other scientific purposes ¹³ Relations with United-States — negotiations under GATT Article XXIV (6) ¹⁵ Canada — countervailing duties on Community exports of pasta Textiles ¹⁶ Generalized system of preferences for 1987 ⁶ Preparations for European Council Framework programme for research and development (1987-91) ³
1123rd Brussels 26 November	Energy	Mr Walker	Mr Mosar	Energy efficiency; Council statement ¹⁷ Rational use of energy in road, rail and inland waterway transport: conclusions ¹⁷ New and renewable energy sources: resolution ¹⁷ Indication of labelling of energy consumption of household appliances Nuclear questions: Presidency conclusions Community energy policy objectives for 1995 Situation of oil market — refining problems Brown coal and peat
1124th Brussels 26 and 27 November	Budget	Mr Brook	Mr Christophersen	1986 and 1987 budgetary procedure: meeting with Parliament delegation ¹⁸ 1986 budget: preliminary draft amending budget No 1/86 ¹⁸ 1987 budget: second reading ¹⁸

Number, place and date of meeting	Subject	President	Commission	Main items of business
1125th Brussels 28 November	Education	Mrs Rumbold	Mr Marín	European Community action scheme for mobility of university students (Erasmus) ¹⁹ Action programmes for promotion of youth exchanges in Community — YES for Europe ¹⁹ Introduction of new technologies in education

¹ Internal market and industrial affairs.² A people's Europe.³ Research and technology, industrial innovation and the information market.⁴ Fisheries.⁵ Transport.⁶ Development.⁷ Culture.⁸ Point 1.1.1. *et seq.*⁹ Economic and monetary policy.¹⁰ Agriculture.¹¹ Steel.¹² Competition.¹³ Environment and consumers.¹⁴ Nuclear safety.¹⁵ Relations with industrialized countries.¹⁶ Renewal of the Multifibre Arrangement.¹⁷ Energy.¹⁸ Financing Community activities.¹⁹ Employment, education and social policy.

Commission

Activities

Decisions, communications and proposals

2.4.12. The Commission adopted a communication to the Council and Parliament on a Community programme to combat drug abuse (→ point 1.2.1 *et seq.*). The programme involves Europe-wide preparatory measures to coordinate and back up action already taken by Member States and various international organizations on the prevention and treatment of drug addiction and on research.

A proposal was sent to the Council for a Decision extending the validity of the medium-term financial assistance machinery for a further two years, and to reduce by 2 000 million ECU the total commitments entered into for this purpose by the Member States (→ point 2.1.4.).

The Commission approved a communication on control measures for chlorofluorocarbons in the environment, updating the

information available on the subject and seeking authorization to participate in the negotiations for a protocol to the Vienna Convention (→ point 2.1.159).

A package of proposals was sent to the Council on measures to control milk production (→ point 2.1.170) and various amendments to the proposal to adjust the common organization of the markets in beef/veal.

The Commission approved a proposal for a Council Regulation aimed at gradually liberalizing the road haulage market between now and 1992 by increasing Community quotas in relation to the existing bilateral quotas (→ point 2.1.228).

The Commission adopted two communications to the Council on the future pattern of relations between Community RTD programmes and Eureka projects (→ point 2.1.42) and stating its intention to extend and further strengthen the continuing internal and external evaluation of Community research and technological development activities (→ point 2.1.44).

The Commission adopted the main themes of its information policy for 1987, namely the internal market as a step towards creating a Europe without internal frontiers and reform of the common agricultural policy. Further themes may be added in the light of events.

In the field of external relations the Commission adopted a communication on relations between the Community and the countries of Latin America, as had been agreed with the new Member States when the accession negotiations were concluded (→ point 1.4.1).

Finally, it adopted a communication on the development of industrial cooperation with certain developing countries in Latin America, Asia, the Gulf and the Mediterranean which are on the verge of industrialization (→ point 1.3.1 *et seq.*).

Discussion, policy debates and work in hand

2.4.13. The Commission held a preliminary discussion on establishing limits for the radioactive contamination of drinking water and foodstuffs in the case of a nuclear accident, on the basis of Article 31 of the Euratom Treaty. It will be sending a proposal for a regulation to the Council shortly.

Court of Justice¹

2.4.15. New cases

Case	Subject	Basis
ECSC — Steel 280/86 Usinor v Commission	Annulment of the individual Commission decision of 6 October 1986 laying down reference production and delivery quantities and the production quotas and parts of quotas which may be disposed of within the common market for the fourth quarter of 1986 (see also Cases 150/86 and 174/86)	Article 33 ECSC

¹ For more detailed information, see the material published by the Court of Justice in the *Official Journal* and the *European Court Reports*, and the publications of its Information Office (e.g. the annual synopsis of the work of the Court or the information quarterly).

Relations with workers' and employers' organizations

2.4.14. The third meeting¹ of the working party on macroeconomics set up following the meeting between the Commission and representatives of European workers' and employers' organizations which took place at Val Duchesse in November 1985² was held on 6 November under the chairmanship of Mr Alois Pfeiffer, Member of the Commission with special responsibility for economic affairs. In the course of a detailed exchange of views on the economic and employment situation in the Community, the participants reaffirmed their agreement on the basic options outlined in the Community's cooperative strategy for growth and employment and supported the general thrust of the economic policy proposed by the Commission in its annual economic report for 1986-87.³ They called on the governments of the Member States to intensify their efforts to ensure effective implementation of this strategy and declared their willingness to cooperate with them in this.

¹ Previous meetings: Bull. EC 4-1986, point 2.4.21; Bull. EC 6-1986, point 2.4.15.

² Bull. EC 11-1985, point 2.5.15.

³ Bull. EC 10-1986, point 1.1.1 *et seq.*

Case	Subject	Basis
281/86 Sacilor v Commission	Annulment of the individual Commission decision of 6 October 1986 laying down reference production and delivery quantities and the production quotas and parts of quotas which may be disposed of within the common market for the fourth quarter of 1986 (see also Cases 150/86 and 172/86)	Article 33 ECSC
285/86 Hoogovens Groep v Commission	<ol style="list-style-type: none"> 1. Annulment of the individual Commission decision of 6 October 1986 laying down reference production and delivery quantities and the production quotas and parts of quotas which may be disposed of within the common market for the fourth quarter of 1986 2. Partial annulment of the general Commission Decision No 3485/85/ECSC of 27 November 1985 	Article 33 ECSC
Free movement of goods		
270/86 Cholley, Bizon's Club, and Ministère public v Sacem	Compatibility with Articles 30 and 36 EEC on the one hand and with Article 86 EEC on the other of a fee charged by a national performing-rights society in connection with the public performance of works from other Member States by means of phonograms brought into free circulation in those Member States, a fee whose collection is authorized by law in the user State but not in the States of exportation	Article 177 EEC
Competition		
267/86 Van Eycke v ASPA ¹	Is a national law which governs the interest payable by financial institutions on savings deposits, which is designed to restrict the interest paid on such deposits and which grants tax benefits in respect of savings deposited in a Member State compatible with Articles 5, 85, 86, 59 to 66 and 95 EEC	Article 177 EEC
Free movement of persons		
263/86 Belgian State v Humbel	Is a requirement by the Belgian State that French nationals who are employed in the Grand Duchy of Luxembourg and whose child is attending a Belgian technical institute should pay an enrolment fee (<i>minerval</i>) not payable by Belgian nationals lawful in the light of the <i>Gravier</i> judgment, in cases where the child could be regarded as the recipient of services and in view of the fact that Luxembourg nationals whose children study in Belgium do not pay such a fee?	Article 177 EEC

Case	Subject	Basis
Safeguard clause/Act of Accession of Greece		
254/86 Domianos Soph. Simeonidis Cigarette and Construction Company v Hellenic Republic, in the person of the Minister of Commerce	Where there is only a single new importer, has that importer the right to claim the full import entitlement laid down in Commission Decision 84/38/EEC of 11 January 1984 authorizing Greece to adopt protective measures in respect of certain imports?	Article 177 EEC
Taxation		
269/86 Mol v Inspecteur der Invoerrechten en Accijnzen	Must Article 2 of the sixth VAT Directive be interpreted as meaning that the supply of amphetamines for consideration within national territory cannot be subject to VAT inasmuch as such supply is forbidden by law?	Article 177 EEC
Agriculture		
265/86 Müller v Landwirtschaftskammer Rheinland-Pfalz	On the basis of the provisions of Article 13(4) of Regulation No 347/79, may wine from vine varieties undergoing cultivation suitability trials, scientific research or selection or crossing experiments be recognized as quality wine produced in a specified region?	Article 177 EEC
External relations		
279/86 Sermes v Commission	Annulment of Commission Regulation No 3019/86 of 30 September 1986 imposing a provisional anti-dumping duty on imports of standardized multiphase electric motors having an output of more than 0.75 kW but not more than 75 kW, originating in Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, Romania and the USSR; alternatively, annulment of that Regulation in so far as it relates to imports from the German Democratic Republic into French territory	Article 173 EEC
294/86 and 294/86 R Technoingtorg v Commission	(i) Annulment of Commission Regulation No 2800/86 of 9 September 1986 imposing a provisional anti-dumping duty on imports of certain deep freezers originating in the USSR, accepting the undertakings in connection with the investigation of imports of certain deep freezers originating in Yugoslavia or in the German Democratic Republic and terminating the investigation, and terminating the proceeding concerning imports of certain deep freezers, in so far as it applies to the applicant (imports from the USSR) (ii) Application for an order suspending the said Regulation	Article 185 EEC (order for suspension) Article 83 Rules of Procedure of the Court of Justice

Case	Subject	Basis
295/86 Garely v Commission	Annulment of Commission Regulation No 2800/86 of 9 September 1986 imposing a provisional anti-dumping duty on imports of certain deep freezers originating in the USSR, accepting the undertakings in connection with the investigation of imports of certain deep freezers originating in Yugoslavia or in the German Democratic Republic and terminating the investigation, and terminating the proceeding concerning imports of certain deep freezers; alternatively, annulment of the Regulation in so far as it relates to imports from the German Democratic Republic into French territory	Article 173 EEC
Institutional matters		
297/86 CIDA, d'Elia and Marchesi v Council	Annulment of the Council decision on the composition of the Economic and Social Committee for the period from 21 September 1986 to 20 September 1990 for infringement of the Treaty and misuse of powers	Article 173 EEC
Infringements		
271/86 Commission v Germany ¹	Failure to incorporate into national law Council Directive 79/112/EEC in respect of the obligation to indicate the date of minimum durability of beer	Article 169 EEC
272/86 Commission v Greece	Articles 30 and 34 EEC; Council Regulation No 136/66 on the establishment of a common organization of the market in oils and fats — obstacles to trade in olive oil	Article 169 EEC
274/86 Commission v Italy ²	Failure to notify national measures implementing Commission Directive 83/201/EEC (percentage of meat)	Article 169 EEC
275/86 Commission v Italy	Failure to notify national measures implementing Commission Directive 82/937/EEC (straight feedingstuffs)	Article 169 EEC
277/86 Commission v Belgium	Failure to apply correctly Council Directive 76/491/EEC regarding a Community procedure for information and consultation on crude oil and petroleum product prices in the Community	Article 169 EEC
278/86 Commission v Ireland	Failure to notify national measures implementing Council Directives 82/471/EEC and 83/228/EEC and Commission Directive 83/381/EEC (feedingstuffs, undesirable products)	Article 169 EEC
282/86 Commission v Greece	Failure to notify national measures implementing Council Directive 77/249/EEC (effective exercise by lawyers of freedom to provide services)	Article 169 EEC

Case	Subject	Basis
283/86 Commission v Belgium ¹	Failure to comply with Council Directive 82/470/EEC (right of establishment — freedom to provide services incidental to transport — travel agencies — storage and warehousing)	Article 169 EEC
284/86 Commission v France ³	Failure to notify national measures implementing Council Directive 82/489/EEC (right of establishment and freedom to provide services in hairdressing)	Article 169 EEC
288/86 Commission v Belgium	Articles 30 and 233 EEC; Belgian requirements concerning turning circles preventing the approval in Belgium of motor buses and coaches originating in other Member States	Article 169 EEC
290/85 Commission v Germany	Council Regulation No 2891/77 — exemption for transport services supplied for the Bundespost: infringement of the sixth VAT Directive (judgment in Case 107/84): own resources reduced; interest payable on delayed payments	Article 169 EEC

Disputes between the Community and its staff

v Commission: 293/86 — Bahbout

v Parliament: 268/86 — Clasen

¹ OJ C 308, 2.12.1986.

² OJ C 325, 18.12.1986.

³ OJ C 326, 19.12.1986.

2.4.16. Judgments

Date and case	Held
<p>Free movement of goods</p> <p>13.11.1986: 80/85 and 159/85 Nederlandse Bakkerij Stichting and Others v Edah BV</p>	<p>1. Article 30 EEC must be interpreted as meaning that:</p> <p>(i) national rules fixing a minimum retail price for domestically produced bread and imposing on imported bread a distributor's margin to be added to the purchase price and corresponding to the distribution costs of well-organized and efficiently operated distributors constitute a measure having a effect equivalent to a quantitative restriction on imports, where that margin is compulsory even if the resultant selling price is higher than the minimum price applicable to domestically produced bread;</p> <p>(ii) such rules do not constitute a quantitative restriction on imports if the distributor's margin on the sale of imported bread, which is the same as that taken into account in determining the minimum price fixed for domestically produced bread, is not compulsory for imported bread sold at a price equal or superior to that minimum price;</p>

Date and case	Held
	<p>(iii) the fact that under such rules the selling price of imported bread resulting from the application of the distributor's margin may in certain circumstances be lower than the minimum price fixed for domestically produced bread does not involve an infringement of that Article.</p> <p>2. Neither Article 7 EEC nor the general principle of non-discrimination in Community law applies to a difference of treatment consisting in the fact that, under such rules, the selling price of imported bread may in certain circumstances be below the price fixed for domestically produced bread.</p>
<p>Competition</p> <p>11.11.1986: 226/84 British Leyland v Commission</p>	<p>Application dismissed (annulment of the Commission's decision of 2 July 1984 finding that the applicant had infringed Article 86 EEC by making the issue of and payment for the certificate of conformity for a variant of the Metro car subject to certain conditions; cancellation or reduction of the amount of the fine)</p>
<p>Free movement of workers</p> <p>5.11.1986: 59/86 Rutten v Dienststellenleiter des Jugendamtes der Landeshauptstadt Stuttgart</p>	<p>Ordered removed from the Court Register (interpretation of Article 48 EEC and of Article 8 of Regulation No 1612/68 — eligibility of a Community national for election to a body representing public service staff)</p>
<p>Agriculture</p> <p>5.11.1098: 117/86 Ufade v Council and Commission</p> <p>11.11.1986: 254/85 Irish Grain Board (Trading) v Minister for Agriculture¹</p>	<p>Application declared inadmissible (annulment of Council Regulation No 569/86 and Commission Regulation No 574/86 — supplementary trade mechanism)</p> <p>1. The provisions of Community law governing the payment of monetary compensatory amounts, in particular Articles 11 and 16 of Regulation No 1380/75 of 29 May 1975 laying down detailed rules for the application of MCAs, must be interpreted as meaning that the exporting Member State which has to pay the MCAs that must be granted by the importing Member State is entitled to refuse payment where the product in question has not entered the importing Member State for home use owing to fraud on the part of the purchasers of the said product, even where the customs formalities have been completed, appropriate T 5 forms have been issued and the 'exporter' or 'person concerned' within the meaning of the regulations in question at all times acted in good faith in relation to the said transaction.</p>

Date and case	Held
	<p>2. Where the administration of the exporting Member State, pursuant to Article 16 of the aforesaid Regulation, owing to grave suspicions based on objective grounds, has commenced inquiries in order to establish whether the product has been diverted by fraudulent means from its intended purpose as specified in the control copy, the exporter is required to cooperate in the inquiry by transmitting all such information as he is able to furnish. If, notwithstanding all the endeavours which the administration is required to make, the inquiries have failed to dispel those suspicions, the exporting Member State is entitled to refuse payment of the MCAs which the importing Member State is required to grant, unless proof is furnished that the product has actually entered the latter State for home use</p>
<p>25.11.1986: 148/85 Direction Générale des Impôts and Others v Marie-Louise Forest and Minoterie Forest SA</p>	<p>Neither Council Regulation No 2727/75 on the common organization of the market in cereals nor Articles 30 to 37 EEC prevent a Member State from adopting a system of quotas for the milling of wheat, restricted to the manufacture of flour for domestic consumption, under which the total quantity covered by such quotas is in fact considerably in excess of the quantity necessary to meet that consumption</p>
<p>25.11.1986: 202/85 and 202/85 Kipgen and Others v Secrétaire d'Etat à l'Agriculture et à la Viticulture</p>	<p>1. The prohibition of discrimination laid down in Article 40(3) EEC precludes a Member State from choosing 1981 as the reference year pursuant to Article 2 of Council Regulation No 857/84 if, owing to the particular conditions on the market of that State, the application of that option in its territory has the effect of creating discrimination between products within the Community</p> <p>2. Article 2 of Council Regulation No 857/84 precludes, except for those cases expressly provided for in the rules, a Member State which has chosen 1981 as the reference year pursuant to that provision from determining purchasers' reference quantities by weighting the quantity of milk purchased by them during 1981 by a percentage which varies on the basis of the level of deliveries of certain categories of persons subject to the levy</p> <p>3. Council Regulation No 857/84 precludes a Member State which has opted for formula B from adding the individual reference quantity of a producer who has ceased trading to the reference quantity of the purchaser to whom that producer was making deliveries of milk at the time when he ceased trading, instead of adding it to the national reserve</p>

Date and case	Held
<p>25.11.1986: 218/85 Association Comité Economique Agricole Régional Fruits et Légumes de Bretagne v Le Campion</p>	<p>On a true construction, Regulation No 1035/72 leaves Member States no power to extend rules laid down by a producers' organization to all the producers in a specified region where those rules concern the sorting, size, weight and presentation of products or require producers to offer their entire crop for public sale at markets approved by the producers' organization and to make contributions to the operation of the withdrawal scheme established by that organization</p>
<p>27.11.1986: 21/85 A. Maas & Co v Bundesanstalt für landwirtschaftliche Marktordnung</p>	<ol style="list-style-type: none"> 1. A successful tenderer does not infringe his obligations where he very slightly exceeds the shipment period or uses ships operating a scheduled service which are more than 15 years old 2. The second indent of Article 20 (1) of Regulation No 1974/80 infringes the principle of proportionality in so far as its effect is that the security furnished pursuant to Article 5 of the Regulation is to be declared wholly forfeit where the goods in question are transported in vessels which are more than 15 years old and which do not operate a scheduled service but which are listed in the larger classes in recognized classification registers
<p>Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters</p>	
<p>11.11.1986: 313/85 Iveco Fiat v Van Hool¹</p>	<p>Article 17 of the Convention must be interpreted as meaning that where a written agreement containing a jurisdiction clause and stipulating that the agreement can be renewed only in writing has expired but has continued to serve as the legal basis for the contractual relations between the parties, the jurisdiction clause satisfies the formal requirements in Article 17 if, under the law applicable, the parties could validly renew the original contract otherwise than in writing, or if, conversely, either party has confirmed in writing either the jurisdiction clause or the group of clauses which have been tacitly renewed and of which the jurisdiction clause forms part, without any objection on the part of the other party to whom such confirmation has been notified</p>
<p>Administrative matters</p>	
<p>13.11.1986: 220/85 Fadex v Commission</p>	<ol style="list-style-type: none"> 1. The Commission is ordered to pay the applicant BFR 150 480 plus interest at the rate fixed by Belgian law from 11 June 1980 2. The rest of the applicant's claim is dismissed (sum of BFR 30 096 provided for in the company's general conditions of sale)

Date and case	Held
Budget	
3.10.1986: 15/86 Luxembourg v Parliament 17/86 Netherlands v Parliament 18/86 France v Parliament 19/86 Germany v Parliament	Ordered removed from the Court Register (annulment of the deliberations and resolutions of Parliament of 12 December 1985 resulting in the final adoption of the budget of the European Communities for the financial year 1986 and of the declaration of the President of Parliament dated 18 December 1985 recording the final adoption of the budget)
Infringements	
5.11.1986: 160/85 Commission v Italy	By continuing, despite the Court judgments of 10 November 1981 (Cases 28/81 and 29/81), not to take the measures necessary to implement Council Directives 74/561/EEC and 74/562/EEC on admission to the occupations of road haulage operator and road passenger transport operator, Italy has failed to fulfil its obligations under Article 171 EEC
3.10.1986: 233/84 Commission v Greece ¹	Ordered removed from the Court Register (incompatibility of Greek mining legislation with Articles 52, 221 and 7 EEC)
15.10.1986: 251/85 Commission v Ireland ¹	Ordered removed from the Court Register (Article 95 EEC — differential Irish taxation of wines and made wines)
15.10.1986: 274/85 Commission v Ireland	Ordered removed from the Court Register (Article 95 EEC — discriminatory taxation of imported tyres)
5.11.1986: 16/85 Commission v Ireland	Ordered removed from the Court Register (Council Directive 78/660/EEC on the annual accounts of certain types of company)
5.11.1986: 86/86 Commission v Greece	Ordered removed from the Court Register (failure to designate the authority responsible for appending the order for enforcement to a decision and failure to make known that authority to the Commission and others)
5.11.1986: 155/86 Commission v Luxembourg	Ordered removed from the Court Register (failure to notify national measures implementing Directive 82/242/EEC (non-ionic surfactants) and Directive 82/243/EEC (anionic surfactants))

Disputes between the Community and its staff

v Commission:

- 13.11.1986: 232/85 Becker — Application dismissed as inadmissible
 13.11.1986: 267/85 Luttgens — Application dismissed
 13.11.1986: 330/85 Richter — Application dismissed
 26.11.1986: 393/85 Grassi — Ordered removed from the Court Register

v Court of Auditors:

23.10.1986: 142/85 Schwiering — Application dismissed

23.10.1986: 321/85 Schwiering — The selection board's decisions of 2 August and 28 October 1985 in connection with internal competition No CC/A/8/85 to admit Mr Schwiering to the competition) are annulled.

23.10.1986: 322/85 and 323/85 Hoyer and Neumann — The selection board's decisions of 2 August and 28 October 1985 in connection with internal competition No CC/A/8/85 (refusal to admit Mr Hoyer and Mr Neumann to the competition) are annulled

v Court of Justice:

23.10.1986: 92/85 Hamai — The decision of 16 May 1984 of the Committee of the Court competent to hear complaints is annulled in so far as it failed to classify the applicant in grade LA 6

v Parliament:

27.11.1986: 155/85 Strack² — Application dismissed.

¹ OJ C 308, 2.12.1986.

² OJ C 325, 18.12.1986.

Court of Auditors

2.4.17. On 11 November the Court of Auditors delivered an opinion on a draft Financial Regulation on the application of the Financial Protocols concluded with Algeria, Morocco, Tunisia, Egypt, Lebanon, Jordan, Syria, Malta and Cyprus.¹

2.4.18. In accordance with Article 84 of the Financial Regulation of 21 December 1977,² the Court of Auditors sent the discharge authorities and the other institutions its annual report on the implementation of the general budget of the European Communities for 1985 and operations under the European Development Funds.³

Economic and Social Committee

241st plenary session

2.4.19. The Economic and Social Committee held its 241st plenary session on 26 and 27 November with Mr Margot in the Chair. Mr Alois Pfeiffer, Member of the Commission with special responsibility for economic affairs, was present during the discussion of the annual economic report, throughout which he defended the Commission's position while acknowledging

that the decision-making process was beset by major, complex difficulties which were slowing down the fight against unemployment.

The Committee adopted an own-initiative opinion on financial integration in the Community and a number of other opinions, all of which endorsed Commission proposals, except the one concerning the Community quota for the carriage of goods by road.

Annual economic report 1986-87

2.4.20. The Committee adopted by 97 votes to 37, with 11 abstentions, an opinion on the annual economic report 1986-87.⁴

It approved the stress laid by the Commission on the importance of a reduction in working time, which must be achieved without affecting costs.

It also approved the Commission's plan to review regulations which were superfluous and caused distortions and which hindered the creation and expansion of small businesses.

During the general discussion, the employers' representatives argued that the

¹ OJ C 302, 27.11.1986.

² OJ L 356, 31.12.1977.

³ OJ C 321, 15.12.1986.

⁴ Bull. EC 10-1986, points 1.1.1 to 1.1.5.

draft opinion was incomplete and they expressed reservations about the statement that the reduction of working time was an employment-policy instrument in its own right which alone would involve a larger number of persons in the redistribution of available work.

The workers' representatives felt that the Commission's report contained a good and in some respects even too optimistic an analysis. However, they pointed out that cuts in working hours could be allowed to put up costs since unemployment, which shorter working hours would eliminate, caused a serious drain on public funds which could not be ignored.

Public investment should be devoted to infrastructure projects, since firms already had their private profits which they were using for rationalization purposes.

Financial integration in the Community

2.4.21. On 27 November the Committee adopted by a large majority, with four abstentions, an own-initiative opinion on financial integration in the Community in which it expressed the view that for all practical purposes this process was blocked and there was therefore no hope of seeing the completion of the internal Community market. It noted that Community measures on financial integration had not developed in line with monetary and financial relations and felt that the process of monetary and financial integration should be accompanied by a parallel process of tax harmonization with a view to creating uniform conditions within a single European market.

Framework programme of Community activities in the field of research and technological development (1987-91)

2.4.22. The Committee unanimously adopted an opinion approving the basic objectives of the Community research and

technological development strategy which the framework programme was designed to help achieve.¹ However, it considered that the Commission's proposals lacked a true social dimension and did not really take into account the social impact of technological change and the aspects concerned with the improvement of the quality of life for the people of Europe, namely cultural and human factors. It therefore called for a more comprehensive approach to research and technological development associated with the quality of life.

Revision of the JRC programme for 1987

2.4.23. The Committee unanimously adopted a proposal for a Council Decision revising the 1987 part of the Joint Research Centre's programme for 1984-87.² It welcomed the adjustments which the Commission intends to make to the activities of the JRC but disapproved of the reduction of research activities in the field of new energy sources. It put forward a number of suggestions for more rational and effective use of the Centre and felt that it was illogical to limit the Centre's funds and restrict recruitment.

Application of competition rules to air transport

2.4.24. The Committee adopted by a majority, with four abstentions, an opinion on the proposal for amending the Council Regulation of 20 December 1971 on the application of Article 85(3)EEC to certain categories of agreements, decisions and concerted practices.³ It approved the Commission's proposal concerning the block exemption of certain categories of commercial agreements between airlines from the competition rules of the Treaty.

However, it regretted that it had not been formally consulted on the Commission's

¹ OJ C 275, 31.10.1986; Bull. EC 7/8-1986, point 1.2.1 *et seq.*

² Bull. EC 7/8-1986, point 2.1.36.

³ Bull. EC 7/8-1986, point 2.1.211.

proposals regarding certain technical agreements or the recent proposals on Community air transport policy.¹ It also regretted that the Council had not yet adopted the Regulation applying Articles 85 and 86 of the Treaty proposed by the Commission in 1981.² It pointed out that application of the competition rules was interlinked with other aspects of air transport policy, in particular the rules on fares, capacity and access to the market, and shared the Commission's view that the proposed exemptions from the competition rules could only be allowed if sufficient flexibility on capacity and fares was ensured. It recognized that in applying the competition rules several factors had to be taken into consideration to maintain a balance between the main interests concerned, i.e. not only those of users and companies but also those of governments and airline employees, without jeopardizing safety standards.

Taxation — Ucits

2.4.25. The Committee unanimously adopted an opinion on the proposal for a Directive amending the Directive of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (Ucits).³

It approved the proposed Directive provided that certain rules and conditions were observed to ensure that the guarantees provided by mortgage credit bonds are comparable to those offered by government bonds, so that investors are guaranteed equivalent protection.⁴

Dumping of waste at sea

2.4.26. By 106 votes for and four abstentions, the Committee adopted an opinion on the proposal for a Council Directive on the dumping of waste at sea.⁵ It endorsed the Commission's proposal but pointed out that a degree of flexibility must be allowed in exceptional cases. It urged the Commission to investigate the feasibility of using

laid up tankers for the storing of oily liquid waste and asked that more attention be paid to the disposal of waste transferred across frontiers and to proof of harmlessness of certain substances listed in the annexes.

Emission of gaseous pollutants from diesel engines

2.4.27. The Committee adopted *nem.con.*, with one abstention, an opinion on two proposals for Council Directives, one concerning measures to be taken against the emission of particulates from cars with diesel engines⁶ and the other on emissions of pollutant gases from commercial vehicles fitted with diesel engines, including buses and coaches. It approved the Commission's proposals but asked that the limit value of 1.3g/test for particulate emissions be lowered as soon as possible in line with technical progress. It also asked the Commission to take measures to ensure that diesel fuels for heavy vehicles were within the reference values and regretted that the Council had not made any progress on the proposal regarding the sulphur content of gas oil on which it had already expressed an opinion.⁷

Structures in the fisheries sector

2.4.28. The Committee adopted by a majority, with nine abstentions, an opinion on the proposal for a Council Regulation on Community measures to improve and adapt structures in the fisheries and aquaculture sectors.⁸ However, it regretted that the proposal was completely lacking in social measures. It made a number of comments on the various titles of the proposed

¹ Bull. EC 6-1986, point 2.1.233.

² OJ C 291, 12.11.1981; Bull. EC 7/8-1981, point 1.3.1 *et seq.*; OJ C 182, 9.7.1984; Bull. EC 2-1984, point 2.1.149.

³ OJ C 155, 21.6.1986; Bull. EC 5-1986, point 2.1.61.

⁴ The rules and conditions should be harmonized and specified in the Directive in order to rule out any distortion of competition.

⁵ OJ C 245, 26.9.1985; Bull. EC 7/8-1985, point 2.1.122.

⁶ OJ C 193, 31.7.1986; Bull. EC 5-1986, point 2.1.109.

⁷ OJ C 344, 31.12.1985.

⁸ OJ C 279, 5.11.1986, Bull. EC 9-1986, point 2.1.142.

Regulation, since some of the terms used were not properly defined, with the result that the Commission was according itself excessive powers as regards both the interpretation of the proposal and the decisions which would have to be taken on the basis of this interpretation.

Access to the market for the carriage of goods by road

2.4.29. By 87 votes to 19, with 14 abstentions, the Committee adopted an opinion on the proposal for a Council Regulation on access to the market for the carriage of goods by road between Member States (→ point 2.1.228). It did not approve the proposal, in which the Commission provided for a progressive increase of 40% in the Community quota. It considered that the impact of the increase in the Community quota cannot be assessed until the Commission's proposals on harmonization are available. It also took the view that a definitive, well-considered opinion on the subject could not be given unless it was in possession of the entire Commission document.¹

System of generalized tariff preferences for 1987

2.4.30. The Committee adopted *nem.con.*, with one abstention, an opinion on various proposals for regulations and a decision applying generalized tariff preferences for 1987 to certain industrial and agricultural products originating in developing countries.² In its opinion, the Committee approved the Commission's new proposals. However, it stressed the need to be selective in the designation of beneficiaries and to discriminate in favour of the poorest countries in certain respects. It wondered whether the Commission should be given discretionary powers in the event of a Member State requesting the restoration of a duty for a non-sensitive product.

European Investment Bank

Operations in November

2.4.31. Loans announced by the European Investment Bank in November for invest-

ments within the Community totalled 667.2 million ECU,³ broken down as follows: 263.5 million ECU in Italy, 198.3 million ECU in Spain, 139.8 million ECU in France and 66.6 million ECU in Portugal. Of the total amount, 39.7 million ECU was provided from the resources of the new Community borrowing and lending instruments (NCI).⁴ Outside the Community the Bank lent 12.5 million ECU to two ACP States under the third Lomé Convention and 2.6 million ECU under the EEC-Jordan Financial Protocol.

Community

Italy

2.4.32. In Italy the Bank lent LIT 380 700 million, including LIT 57 500 million from the resources of the NCI, mainly for investments in industry (LIT 183 200 million) and energy (LIT 152 500 million), with a smaller amount going to infrastructure works. Most of the projects are in the Mezzogiorno, in line with the Bank's main mandate, the stimulation of regional development.

Most of the assistance to industry takes the form of global loans (LIT 131 200 million) for small and medium-scale investments. LIT 56 200 million will go to the Istituto Mobiliare Italiano (IMI), LIT 15 000 million to the Banca Nazionale del Lavoro (Mediocredito), LIT 30 000 million to Artigiancassa for assistance to craftsmen and LIT 20 000 million to the Banca Nazionale del Lavoro (Sacat) for projects in the tourism sector. A further global loan of LIT 10 000 million from the resources of the NCI was made to the Banco di Sicilia.

¹ At this stage, the Committee's opinion relates to Article 2 of the Commission proposal.

² OJ C 289, 17.11.1986; Bull. EC 9-1986, point 2.2.30.

³ The conversion rates at 30 September used by the EIB in statistics for the fourth quarter were 1 ECU = BFR 43.35, DKR 7.89, DM 2.09, DR 139.10, ESC 151.35, FF 6.85, HFL 2.36, IRL 0.76, LFR 43.35, LIT 1.445, PTA 137.55, UKL 0.71, USD 1.03.

⁴ OJ L 298, 20.10.1978, Bull. EC 10-1979, point 2.1.10.

The EIB also agreed to finance larger projects: LIT 28 000 million will be used for the modernization of a plant producing commercial vehicles in Chieti (Abruzzi), LIT 15 000 million will be used to modernize and expand an icecream factory in the province of Naples and to improve its distribution network and LIT 9 000 million will be used to modernize a synthetic fibres plant in the province of Cagliari (Sardinia).

In the field of energy a loan of LIT 50 000 million to Italgas will assist the construction and extension of a natural gas pipeline in Piedmont and LIT 30 000 million will be used to convert the gas distribution network in Milan from town to natural gas and to extend the system. A further LIT 15 000 million will assist installation of a town heating network in Reggio Emilia. Global loans of LIT 25 000 million to the BNL, LIT 20 000 million to Interbanca and, from the resources of the NCI, LIT 12 500 million to the Istituto di Credito Fondario delle Venezie will be onlent for small and medium-sized investments to promote the rational use of energy and the use of non-oil resources by industry.

Loans totalling LIT 45 000 million were made for infrastructure: LIT 35 000 million from the resources of the NCI will be used to convert an industrial area to the east of Naples into a management centre and LIT 10 000 million will increase the capacity of the suburban railway line between Naples and Cumana.

Spain

2.4.33. The EIB lent over PTA 27 300 million in Spain to upgrade railways, roads and ports so as to improve links with the rest of the Community and assist in regional development. A gas pipeline in the Basque country will reduce Spain's dependence on imported oil. PTA 17 000 million will be used to improve capacity, safety and speed on the railways and to reduce running costs on the main lines between the less-favoured area of Andalusia and Madrid (doubling of the track between Lora and Córdoba, improvements to the Madrid-Linares sec-

tion and electrification of the line from Hueneja to Almería. The two main links between Portugal and France will also be improved. These are the line between Fuentes de Onoro on the Portuguese border and Irún on the French border via Burgos and from Valencia de Alcántara (Portuguese border) to Port Bou (French border) via Madrid and Barcelona.

A loan of PTA 7 000 million will help improve capacity and safety on main road routes, principally by widening roads and constructing by-passes totalling 216 km on the N-I (Madrid-Burgos), N-II (Madrid-Zaragoza) and N-620 (Burgos-Fuentes de Oñoro), on the main roads to the Basque country in the north, Catalonia in the north-east and into France and from Portugal to northern Spain and France. These improvements will also improve road communications in the less prosperous areas of Castille-Leon and Castile-La Mancha and in some parts of Aragón.

A further PTA 2 300 million will be used to improve the ports of Cádiz and Santa Cruz de Tenerife. The construction of a new quay for bulk cargo at Cádiz will permit larger ships to dock and move some traffic away from the congested area of the old town. The breakwaters to be built in Tenerife will expand use of the facilities in the north-eastern and southern basins and a new quay will be developed in the southern basin. A loan of PTA 1 000 million will be used to help build a natural gas pipeline in the north-east of the Basque country from Irún on the French border to south of San Sebastián where it will be connected to the main east-west gasline. The new 42-km-long pipeline will supply industry and towns, including San Sebastián, which will be converted to natural gas. It will conclude the regional network, which is supplied mainly from the Gaviota undersea field near Bilbao, and when it is fully operational will replace about 120 000 tonnes of oil equivalent per year. Eventually, it will be connected to the European network at Irún.

France

2.4.34. In France FF 956 million was lent to the Caisse Nationale des Autoroutes for

work on the A40 motorway (Mâcon-Châtillon), the A71 (Orléans-Bourges-Clermont-Ferrand) and the A11 (Le Mans-Angers). Of this total, FF 400 million will go to the 96-km-long Mâcon-Châtillon section of the A40 between the A6 Paris-Lyon motorway and Geneva and the Mont Blanc tunnel to Italy. The work includes 12 major structures and a number of interchanges, particularly at Bourg. This route, which is one of the main road links within the Community, received FF 500 million from the EIB in 1985. A further FF 400 million was lent for work on the Bourges-Clermont-Ferrand section of the A71, which will link the A10 (Paris-Orléans) and the A72/A47 (Clermont-Ferrand-Lyon), so opening up the Auvergne. This loan, which follows the FF 250 million granted in 1985, will help finance some 180 km of motorway with 130 structures, including two viaducts and seven interchanges. The A71 will improve links between the west of France, particularly the Atlantic ports and the Rhône and Mediterranean regions.

The other FF 156 million was granted for a total of 81.5 km of the A11 (the Angers-Durtal and Durtal-La Sarthe-Le Mans sections) which includes 64 structures, of which two are viaducts. These stretches will complete the motorway link between Paris and Nantes, which is one of the priorities in the Loire regional development programme. The A11 will provide a boost for the economies of the coastal areas from Lorient to St Nazaire and their hinterlands. The EIB lent FF 150 million for this project in 1985.

Portugal

2.4.35. The EIB lent ESC 10 100 million in Portugal for infrastructure works to assist regional development and communications with the main industrial centres and improve links with Spain and the other Member States. Of this, ESC 6 900 million will be used by the Caminhos de Ferro Portugueses to improve the railway line between Lisbon and Oporto by upgrading the main-line service through the purchase of new rolling stock, improvements to the line and computerization of management

systems. When the work is finished, the capacity of the line will increase from between 80 and 150 trains a day now to about 250 a day and the permissible axle weight will rise from 18 to 25 tonnes.

Almost ESC 1 700 million will be used to improve the main roads from Vilar Formoso on the Spanish border to the port of Aveiro and Coimbra. This will speed up road traffic and reduce costs on a major freight and passenger traffic route, particularly in the tourist season, and so improve development prospects for the central area of the country.

The remaining ESC 1 500 million will be used for a 38-km-long stretch of motorway which will improve north-south communications between Mealhada and Albergaria serving an important industrial area of central Portugal.

Opening of an office in Lisbon

The European Investment Bank has opened a new office in Lisbon, to pursue closer and more thorough contacts with public administrative agencies and firms in Portugal. The office will give the Bank a permanent presence in Portugal. The office will give the Bank a permanent presence in Portugal and should prove a valuable asset in the development of its financing activities in support of the Portuguese economy.

Banco Europeu de Investimento
Avenida da Liberdade 144-156, 8º
1200 Lisbon
Telephone 32 89 89 or 32 88 48
Telex 15576 bnkeu p
Telefax 370487

Outside the Community

ACP States

2.4.36. The EIB lent 8.5 million ECU to improve the water supply and sewerage system on New Providence Island in the Bahamas, where 60% of the population lives. This is the first EIB loan to this ACP State, which is also a member of the Caribbean

Community. Water supplies in the Bahamas are characterized by limited resources and heavy growth in demand. The works are designed to reduce leakages and improve protection of the water table and management of drinking water resources. This project will bring about substantial environmental improvements and upgrade the quality of water supplied, as well as encouraging tourism, which is vital to the local economy.

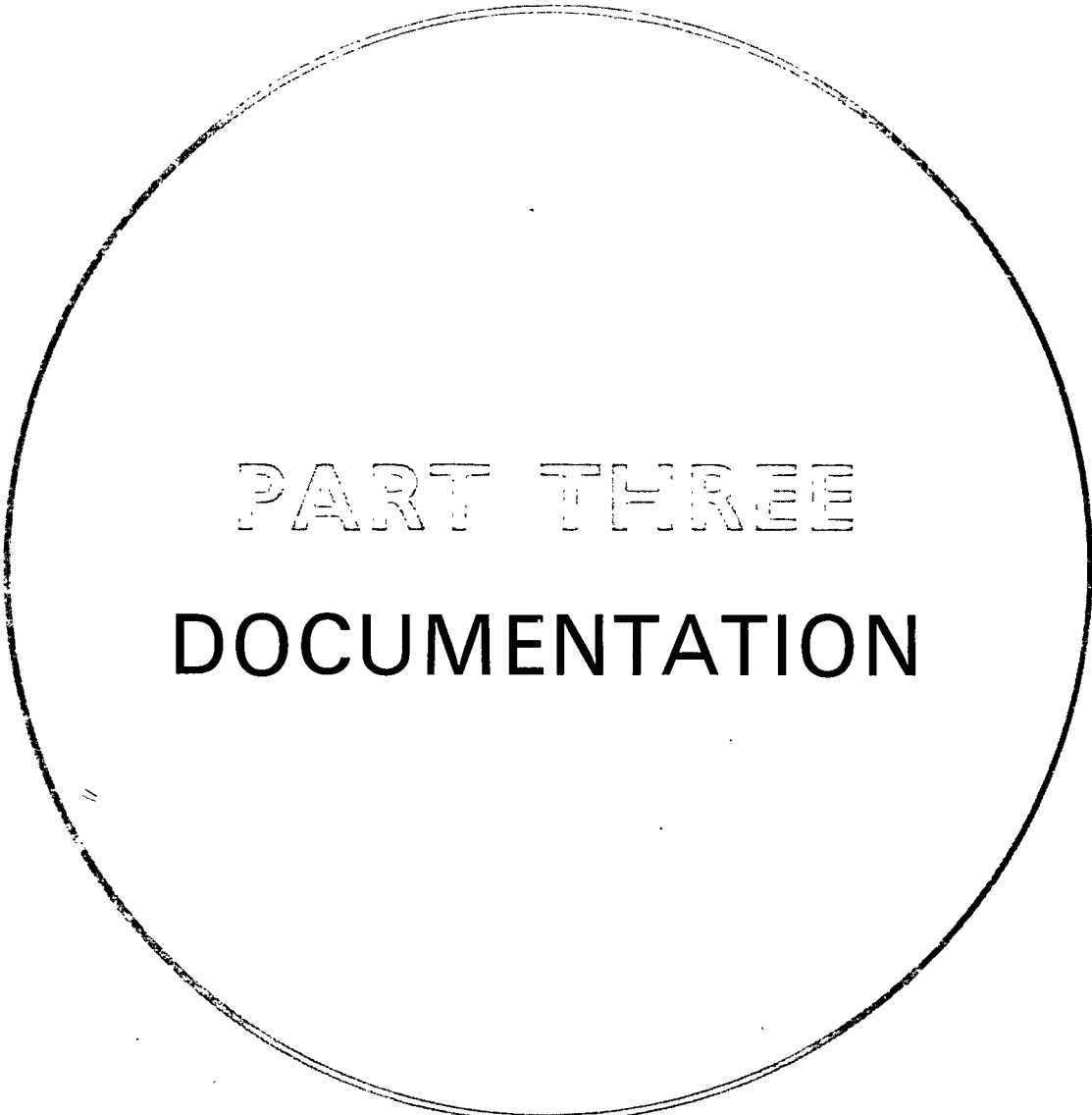
A loan of 4 million ECU was made to rehabilitate and modernize a clinker plant and upgrade a milling plant in Malawi. Of the total, 1.5 million ECU comes from the risk capital provided for by the Convention. The two plants in question are located in southern Malawi: the capacity of the clinker plant, at Chungalume, will be increased from 60 000 to 100 000 tonnes and the performance of the extraction equipment will be upgraded. The more modern of the two

kilns will be restored to full working order and the older one will be overhauled and used as a standby.

At the other plant, in Blantyre, the machines which transform clinker into cement will be overhauled and conveyors installed to assist loading. The work was preceded by feasibility studies financed from risk capital in 1983 and 1984.

Mediterranean

2.4.37. The EIB lent 2.55 million ECU to Jordan to improve the sewerage system in Zarqa, Jordan's second largest city, by laying some 77 km of sewers and connecting them to treatment stations. This is part of a national programme designed to provide urban centres with water supplies and centralized sewage disposal and treatment facilities.



PART THREE

DOCUMENTATION

1. ECU

Values in national currencies of one ECU

28 November 1986 ¹	
Belgian franc and Luxembourg franc (convertible)	43.2523
Belgian franc and Luxembourg franc (financial)	43.5547
Danish krone	7.85458
German mark	2.07990
Greek drachma	145.246
Portuguese escudo	155.230
French franc	6.81306
Dutch guilder	2.35080
Irish pound	0.764291
Italian lira	1 442.09
Spanish peseta	140.711
Pound sterling	0.732623
United States dollar	1.05205
Swiss franc	1.73062
Swedish krona	7.23861
Norwegian krone	7.90771
Canadian dollar	1.45656
Austrian schilling	14.6350
Finnish mark	5.14083
Japanese yen	170.379
Australian dollar	1.61729
New Zealand dollar	2.05880

¹ OJ C. 305, 29.11.1986.

NB. Explanatory notes on the ECU and 'green' rates can be found in Bull. EC 7/8-1982, points 3.1.1 to 3.1.3, and Bull. EC 10-1984, point 3.1.1.

Representative rates ('green' rates)

Conversion rates into national currencies for the ECU used in connection with the common agricultural policy

November 1986	
National currency	Value in national currency of one ECU
Belgian franc and Luxembourg franc	47.3310 ¹ 46.8712 ²
Danish krone	8.58163 ¹ 8.54064 ²
German mark	2.41047 ³ 2.39792 ⁴ 2.38516 ⁵
Greek drachma	116.673
French franc	7.31248 ³ 7.54546 ⁶ 7.20771 ⁷ 7.20131 ¹ 7.09967 ²
Portuguese escudo	153.283 ⁸ 151.812 ²
Irish pound	0.817756 ¹ 0.782478 ²
Italian lira	1 539.00 ⁹ 1 554.00 ⁵
Dutch guilder	2.71620 ³ 2.70178 ⁴ 2.68749 ⁵
Spanish peseta	147.208 ¹ 145.796 ²
Pound sterling	0.654044 ⁶ 0.635626 ¹ 0.626994 ²

- 1 For livestock products.
- 2 For crop products.
- 3 For milk and milk products.
- 4 For cereals.
- 5 For other products.
- 6 For pigmeat.
- 7 For wine.
- 8 For sheepmeat and goatmeat.
- 9 For cereals and oilseeds.

2. Additional references in the Official Journal

3.2.1. This section lists the titles of legal instruments and notices of Community institutions or organs which have appeared in the Official Journal since the last Bulletin was published but relating to items appearing in earlier issues of the Bulletin; the reference 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 6-1986

Point 2.1.221

Proposal for a Council Regulation on financial support within the framework of a medium term programme for transport infrastructure

OJ No C 288, 15.11.1986

Bull. EC 7/8-1986

Point 2.1.178

Award of aid from the Guidance Section of the European Agricultural Guidance and Guarantee Fund — Regulations (EEC) No 355/77 and 1943/81 — 1986 — First instalment

OJ No C 301, 26.11.1986

Point 2.1.207

Commission Decision of 29 July 1986 on the system of ceilings on the price of diesel fuel for fishermen introduced by the French Government

OJ No L 340, 3.12.1986

Bull. EC 9-1986

Point 2.1.142

Proposal for a Council Regulation on Community measures to improve and adapt structures in the fisheries and aquaculture sectors

OJ No C 279, 5.11.1986

Bull. EC 11-1986

Point 2.2.18

Council Decisions of 15 September 1986 on the conclusion of the additional protocol to the Agreement between the European Economic Community and the Kingdom of Norway, the Kingdom of Sweden and the Swiss Confederation consequent on the accession of the Kingdom of Spain and the Portuguese Republic to the Community

OJ No L 337, 29.11.1986

Council Decisions of 15 September 1986 on the conclusion of the Agreement in the form of an exchange of letters between the European Economic Community and the Republic of Austria, the Republic of Finland, the Kingdom of Norway, the Kingdom of Sweden, the Swiss Confederation and the Republic of Iceland concerning non-agricultural and processed agricultural products not covered by the Agreement

Council Decisions of 15 September 1986 on the conclusion of the Agreement in the form of an exchange of letters between the European Economic Community and the Republic of Austria and the Republic of Finland concerning agriculture and between the European Economic Community and the Kingdom of Norway, the Kingdom of Sweden and the Swiss Confederation concerning agriculture and fisheries

OJ No L 328, 22.11.1986

Point 2.2.30

Commission proposals to the Council fixing the Community's scheme of generalized tariff preferences for 1987

OJ No C 289, 17.11.1986

Bull. EC 10-1986

Point 2.1.44

Proposal for a Council Regulation on Community action in the field of telecommunications technologies — R&D in advanced communications technologies in Europe (RACE programme)

OJ No C 304, 28.11.1986

Point 2.1.118

Modified proposal for Council Directives concerning limit values for discharges of aldrin, dieldrin and endrin into the aquatic environment and quality objectives for aldrin, dieldrin and endrin in the aquatic environment

OJ No C 309, 3.12.1986

3. Infringement procedures

Initiation of proceedings for failure to implement directives

3.3.1. In November the Commission sent letters of formal notice for failure to incorporate directives into national law (the Commission not having been informed of national implementing measures) in the following cases:

Internal market and industrial affairs

- Council Directive of 19 November 1973 on the approximation of the laws, regulations and administrative provisions of the Member States relating to the certification and marking of wire-ropes, chains and hooks¹ (Greece).
- Council Directive of 20 May 1975 on the approximation of the laws of the Member States relating to aerosol dispensers² (Greece).
- Council Directive of 18 December 1975 on the approximation of the laws of the Member States concerning electrical equipment for use in potentially explosive atmospheres³ (Greece).
- Commission Directive of 13 April 1976⁴ adapting to technical progress the Council Directive of 19 November 1973 on the approximation of the laws of the Member States relating to the certification and marking of wire-ropes, chains and hooks¹ (Greece).
- Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to common provisions for pressure vessels and methods for inspecting them⁵ (Greece).
- Council Directive of 4 November 1976 on the approximation of the laws of the Member States relating to electrical energy meters⁶ (Greece).
- 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 protection⁷ (Greece).
- Commission Directive of 1 July 1982⁸ adapting to technical progress the Council Directive of 4 November 1976 on the approximation of the Laws of the Member States relating to electrical energy meters⁶ (Greece).
- Commission Directive of 16 January 1984⁹ 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 protection⁷ (Greece).

- Council Directive of 28 June 1977 on the approximation of the laws of the Member States relating to the roll-over protection structures of wheeled agricultural or forestry tractors¹⁰ (Greece).
- Commission Directive of 13 April 1981¹¹ adapting to technical progress the Council Directive of 6 February 1970 on the approximation of the laws of the Member States relating to the permissible sound level and the exhaust system of motor vehicles¹² (Greece).
- Council Directive of 17 December 1982¹³ amending the Directives on the approximation of the laws of the Member States concerning wheeled agricultural or forestry tractors (Greece).
- Commission Directive of 15 December 1982¹⁴ adapting to technical progress the Council Directive of 25 June 1979 on the approximation of the laws of the Member States relating to the roll-over protection structures of wheeled agricultural or forestry tractors (static testing)¹⁵ (Greece).
- Commission Directive of 28 March 1983¹⁶ adapting to technical progress the Council Directive of 25 July 1978 on the approximation of the laws of the Member States relating to the driver's seat on wheeled agricultural or forestry tractors¹⁷ (Greece).
- Commission Directive of 3 July 1984¹⁸ adapting to technical progress the Council Directive of 6 February 1970 on the approximation of the laws of the Member States relating to the permissible sound level and the exhaust system of motor vehicles¹² (Greece).
- Commission Directive of 3 September 1984¹⁹ 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 vehicles (Greece).
- Commission Directive of 18 February 1985²⁰ adapting to technical progress the Council Direc-

1 OJ L 335, 5.12.1973.

2 OJ L 147, 9.6.1975.

3 OJ L 24, 30.1.1976.

4 OJ L 122, 8.5.1976.

5 OJ L 262, 27.9.1976.

6 OJ L 336, 4.12.1976.

7 OJ L 43, 20.2.1979.

8 OJ L 252, 27.8.1982.

9 OJ L 31, 2.2.1984.

10 OJ L 220, 29.8.1977.

11 OJ L 131, 18.5.1981.

12 OJ L 42, 23.2.1970.

13 OJ L 378, 31.12.1982.

14 OJ L 386, 31.12.1982.

15 OJ L 179, 17.7.1979.

16 OJ L 109, 26.4.1983.

17 OJ L 255, 18.9.1978.

18 OJ L 196, 26.7.1978.

19 OJ L 238, 6.9.1984.

20 OJ L 90, 29.3.1985.

tive of 1 March 1971 on the approximation of the laws of the Member States relating to the rear-view mirrors of motor vehicles¹ (Greece).

Transport

- Council Directive of 17 February 1975 on the establishment of common rules for certain types of combined road/rail carriage of goods between Member States² (Greece, Italy).
- Council Directive of 19 December 1978³ amending the Council Directive of 17 February 1975 on the establishment of common rules for certain types of combined road/rail carriage of goods between Member States² (Greece).
- Council Directive of 21 December 1981⁴ amending the Council Directive of 17 February 1975 on the establishment of common rules for certain types of combined road/rail carriage of goods between Member States² (Greece).
- Council Directive of 28 July 1982⁵ amending the Council Directive of 17 February 1975 on the establishment of common rules for certain types of combined road/rail carriage of goods between Member States² (Greece).

Reasoned opinions

3.3.2. The Commission delivered reasoned opinions for failure to incorporate directives into national law (the Commission not having been informed of national implementing measures) in the following case:

- Commission Directive of 18 February 1985⁶ adapting to technical progress the Council Directive of 1 March 1971 on the approximation of the laws of the Member States relating to the rear-view mirrors of motor vehicles¹ (Belgium, Netherlands).

3.3.3. The Commission delivered a reasoned opinion for failure to incorporate correctly the following directive into national law:

- Commission Directive of 23 October 1981⁷ adapting to technical progress for the third time the Council Directive of 27 June 1967 on the approximation of laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous substances⁸ (Denmark).

3.3.4. The Commission also delivered reasoned opinions in the following cases:

Internal market and industrial affairs

- Technical standards (Italy)
- Ban on putting into service second-hand buses and coaches more than seven years old which are of foreign origin (Italy).

Agriculture

- Closure of the ports of Patras and Igoumenitsa for unloading livestock (Greece).
- Ban on the importation and marketing of meat-based products without prior approval (Greece).
- Maximum prices for cheeses and other milk products (Greece).
- Recognition of olive-oil producer organization: recognition of cooperatives only (Greece).
- Measures concerning dried grapes: export restrictions (Greece).
- Refusal to grant foreign currency (Greece).

Fisheries

- Inadequate inspection of compliance with technical conservation measures (France).

Budget

- Payment of interest on overdue payments of own resources: sugar storage (Germany).
- Own resources: customs duties, VAT and interest: butter-ship cruises (Germany).

Customs union and indirect taxation

- Charges for services supplied during certain opening hours of customs offices (Italy).
- Excise on table waters (Ireland).
- Differential taxation of sparkling wines (Italy).
- Extension of VAT exemption as a result of earthquakes (Italy).

Proceedings terminated

3.3.5. The Commission decided not to continue the following infringement proceedings:

¹ OJ L 68, 22.3.1971.

² OJ L 48, 22.2.1975.

³ OJ L 5, 9.1.1979.

⁴ OJ L 5, 9.1.1982.

⁵ OJ L 247, 23.8.1982.

⁶ OJ L 90, 29.3.1985.

⁷ OJ L 351, 7.2.1981.

⁸ OJ 196, 16.8.1967.

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 (Luxembourg).
- 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).
- Council Directive of 18 December 1984⁵ amending the Council Directive of 20 December 1979 on the approximation of the laws of the Member States relating to units of measurement⁶ (Luxembourg).
- Council Directive of 19 February 1973 on the harmonization of the laws of the Member States relating to electrical equipment designed for use within certain voltage limits⁷ (France).
- Council Directive of 12 July 1982⁸ amending the Council Directive of 25 July laying down specific criteria of purity for emulsifiers, stabilizers, thickeners and gelling agents for use in foodstuffs⁹ (Germany).
- Council Directive of 18 October 1982¹⁰ amending the Council Directive of 25 July 1978 laying down specific criteria of purity for antioxidants which may be used in foodstuffs intended for human consumption⁹ (Germany).
- 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 foodstuffs¹¹ (Denmark, Netherlands).
- Council Directive of 25 July 1983 on the approximation of the laws of the Member States relating to certain lactoproteins (caseins and caseinates) intended for human consumption¹² (Denmark, Ireland, Luxembourg).
- Commission Directive of 22 July 1983 introducing temporary measures for the designation of certain ingredients in the labelling of foodstuffs for sale to the ultimate consumer¹³ (Germany, France, Ireland).
- Council Directive of 26 October 1983¹⁴ amending the Council Directives of 26 January 1965¹⁵ and 20 May 1975¹⁶ on the approximation of provisions laid down by law, regulation or administrative action relating to proprietary medicinal products, (Belgium, Denmark, Germany, Luxembourg).

- Council Directive of 22 July 1980¹⁷ amending the Council Directive of 4 June 1973 on the approximation of Member States' laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous preparations (solvents)¹⁸ (Belgium, Netherlands).
- Commission Directive of 5 October 1981¹⁹ adapting to technical progress the Council Directive of 7 November 1977 on the approximation of the laws, regulations and administrative provisions of the Member States relating to the classification, packaging and labelling of paints, varnishes, printing inks, adhesives and similar products²⁰ (Netherlands).
- Commission Directive of 10 June 1982²¹ adapting to technical progress the Council Directive of 4 June 1973 on the approximation of Member States' laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous preparations (solvents)¹⁸ (Belgium, Greece, Netherlands).
- Council Directive of 22 November 1982²² amending, for the second time (benzene), the Council 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 preparations²³ (Luxembourg, Netherlands).
- Council Directive of 16 May 1983²⁴ amending for the fourth time the Council 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 preparations²³ (Luxembourg, Netherlands).
- Council Directive of 16 May 1983²⁴ amending the Council Directive of 7 November 1977 on

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 2, 3.1.1985.
6 OJ L 39, 15.2.1980.
7 OJ L 77, 26.3.1973.
8 OJ L 230, 5.8.1982.
9 OJ L 223, 14.8.1978.
10 OJ L 297, 23.10.1982.
11 OJ L 123, 11.5.1983.
12 OJ L 237, 26.8.1983.
13 OJ L 255, 15.9.1983.
14 OJ L 332, 28.11.1983.
15 OJ L 22, 9.2.1965.
16 OJ L 147, 9.6.1975.
17 OJ L 229, 30.8.1980.
18 OJ L 189, 11.7.1973.
19 OJ L 342, 28.11.1981.
20 OJ L 303, 28.11.1977.
21 OJ L 213, 21.7.1982.
22 OJ L 339, 1.12.1982.
23 OJ L 262, 27.9.1976.
24 OJ L 147, 6.6.1983.

the approximation of the laws, regulations and administrative provisions of the Member States relating to the classification, packaging and labelling of paints, varnishes, printing inks, adhesives and similar products¹ (Netherlands).

- Council Directive of 21 January 1980 concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in midwifery and including measures to facilitate the effective exercise of the right of establishment and freedom to provide services² (France).
- Council Directive of 21 January 1980 concerning the coordination of provisions laid down by law, regulation or administrative action relating to the taking up and pursuit of the activities of midwives² (France).
- Council Directive of 29 June 1982 on measures to facilitate the effective exercise of freedom of establishment and freedom to provide services in respect of activities of self-employed persons in certain services incidental to transport and travel agencies (ISIC Group 718) and in storage and warehousing (ISIC Group 720)³ (Ireland).
- Council Directive of 19 July 1982 laying down measures to facilitate the effective exercise of the right of establishment and freedom to provide services in hairdressing⁴ (Luxembourg).

Employment, education and social affairs

- Council Directive of 27 November 1980 on the protection of workers from the risks related to exposure to chemical, physical and biological agents at work⁵ (France).
- Council Directive of 10 February 1975 on the approximation of the laws of the Member States relating to the application of the principle of equal pay for men and women⁶ (Denmark).
- Council Directive of 17 February 1975 on the approximation of the laws of the Member States relating to collective redundancies⁷ (Belgium).

Agriculture

- Council Directive of 30 June 1982 concerning certain products used in animal nutrition³ (Greece, Netherlands).
- Commission Directive of 23 June 1982 laying down the categories of ingredients which may be used for the purposes of labelling compound feedstuffs for pet animals³ (Luxembourg).
- Commission Directive of 2 December 1982⁸ amending Annex II to the Council Directive of 30 June 1969 on the marketing of seed of oil and fibre plants⁹ (France, Luxembourg).

- Third Commission Directive of 22 December 1982¹⁰ amending the Annex to the Council Directive of 2 April 1979 on the marketing of compound feedstuffs¹¹ (Belgium).

- Commission Directive of 14 March 1983¹² amending the Annex to the Council Directive of 21 December 1978 prohibiting the placing on the market and use of plant protection products containing certain active substances¹³ (Netherlands).

- Forty-fourth Commission Directive of 29 November 1983¹⁴ amending the Annexes to the Council Directive of 23 November 1970 concerning additives in feedstuffs¹⁵ (Luxembourg).

- Forty-sixth Commission Directive of 28 May 1984¹⁶ amending the Annexes to the Council Directive of 23 November 1970 concerning additives in feedstuffs¹⁵ (Luxembourg).

- Tenth Commission Directive of 25 July 1984 establishing Community methods of analysis for the official control of feedstuffs¹⁷ (Netherlands, Luxembourg).

- Commission Directive of 26 July 1984¹⁸ amending the Annex to the Council Directive of 30 June 1982 concerning certain products used in animal nutrition¹ (Greece, Netherlands).

- Forty-seventh Commission Directive of 26 October 1984¹⁹ amending the Annexes to the Council Directive of 23 November 1970 concerning additives in feedstuffs¹⁵ (Luxembourg, Netherlands).

- Council Directive of 11 November 1980²⁰ amending the Council Directive of 26 June 1964 with regard to swine vesicular disease and classical swine fever²¹ (Greece).

- Council Directive of 7 February 1983²² amending the Council Directive of 12 December 1972 on health and veterinary inspection problems upon importation of bovine animals and swine and fresh

¹ OJ L 303, 28.11.1977.

² OJ L 33, 11.2.1980.

³ OJ L 213, 21.7.1982.

⁴ OJ L 218, 27.7.1982.

⁵ OJ L 327, 3.12.1980.

⁶ OJ L 45, 19.2.1975.

⁷ OJ L 48, 22.2.1975.

⁸ OJ L 357, 18.12.1982.

⁹ OJ L 169, 10.7.1969.

¹⁰ OJ L 386, 31.12.1982.

¹¹ OJ L 86, 6.4.1979.

¹² OJ L 91, 9.4.1983.

¹³ OJ L 33, 8.2.1979.

¹⁴ OJ L 350, 13.12.1983.

¹⁵ OJ L 270, 14.12.1970.

¹⁶ OJ L 183, 11.7.1984.

¹⁷ OJ L 238, 6.9.1984.

¹⁸ OJ L 245, 14.9.1984.

¹⁹ OJ L 297, 15.11.1984.

²⁰ OJ L 325, 1.12.1980.

²¹ OJ L 121, 29.7.1964.

²² OJ L 59, 5.3.1983.

meat from third countries¹ and the Council Directive of 21 December 1976 on the examination for trichinae (*Trichinella spiralis*) upon importation from third countries of fresh meat derived from domestic swine² (Belgium, Denmark).

- Commission Directive of 7 June 1984³ amending the Annexes to the Council Directive of 21 December 1976 on the examination for trichinae (*Trichinella spiralis*) upon importation from third countries of fresh meat derived from domestic swine² (Denmark).
- Council Directive of 11 December 1984⁴ amending the Council Directive of 22 January 1980 introducing Community measures for the Control of classical swine fever⁵ (Belgium).

Environment and consumer protection

- Council Directive of 22 March 1982 on limit values and quality objectives for mercury discharges by the chloralkali electrolysis industry⁶ (Ireland).
- Council Directive of 26 September 1983 on limit values and quality objectives for cadmium discharges⁷ (Denmark, France, Luxembourg).
- Council Directive of 8 March 1984 on limit values and quality objectives for mercury discharges by sectors other than the chloralkali electrolysis industry⁸ (Ireland, Luxembourg, Netherlands).
- Commission Directive of 23 October 1981⁹ adapting to technical progress for the third time the Council Directive of 27 June 1967 on the approximation of laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous substances¹⁰ (Netherlands).
- Commission Directive of 25 March 1982¹¹ adapting to technical progress for the fourth time the Council Directive of 27 June 1967 on the approximation of laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous substances¹⁰ (Netherlands).
- Council Directive of 24 June 1982 on the major-accident hazards of certain industrial activities¹² (Ireland).
- Council Directive of 3 December 1982 on a limit value for lead in the air¹³ (Ireland).
- Commission Directive of 29 July 1983¹⁴ adapting to technical progress for the fifth time the Council Directive of 27 June 1967 on the approximation of laws, regulations and administrative provisions relating to the classification, packaging

and labelling of dangerous substances¹⁵ (France, Netherlands).

- Commission Directive of 25 April 1984¹⁵ adapting to technical progress for the sixth time the Council Directive of 27 June 1967 on the approximation of laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous substances¹⁶ (Netherlands).
- Council Directive of 26 July 1971 on the approximation of the laws of the Member States relating to textile names¹⁷ (Greece).
- Commission Directive of 21 December 1978¹⁸ adapting to technical progress the Council Directive of 17 July 1972 on the approximation of the laws of the Member States relating to certain methods for the quantitative analysis of binary textile fibre mixtures¹⁹ (Denmark).
- Council Directive of 18 December 1978 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer²⁰ (Greece).
- First Commission Directive of 22 December 1980 on the approximation of the laws of the Member States relating to methods of analysis necessary for checking the composition of cosmetic products²¹ (Greece).
- Council Directive of 17 February 1981²² amending Section 2 of Annex II to the Council Directive of 17 July 1972 on the approximation of the laws of the Member States relating to certain methods for the quantitative analysis of binary textile fibre mixtures¹⁹ (Denmark, Greece).
- Second Commission Directive of 30 March 1983²³ adapting to technical progress Annexes II, III, IV and V to the Council Directive of 27 July 1976 on the approximation of the laws of the

¹ OJ L 302, 31.12.1972.

² OJ L 26, 31.1.1977.

³ OJ L 167, 27.6.1984.

⁴ OJ L 339, 27.12.1984.

⁵ OJ L 47, 21.2.1980.

⁶ OJ L 81, 27.3.1982.

⁷ OJ L 291, 24.10.1983.

⁸ OJ L 74, 17.3.1984.

⁹ OJ L 351, 7.12.1981.

¹⁰ OJ 196, 16.8.1967.

¹¹ OJ L 106, 21.4.1982.

¹² OJ L 230, 5.8.1982.

¹³ OJ L 378, 31.12.1982.

¹⁴ OJ L 257, 16.9.1983.

¹⁵ OJ L 251, 19.9.1984.

¹⁶ OJ L 196, 16.8.1967.

¹⁷ OJ L 185, 16.8.1971.

¹⁸ OJ L 17, 24.1.1979.

¹⁹ OJ L 173, 31.7.1972.

²⁰ OJ L 33, 8.2.1979.

²¹ OJ L 383, 31.12.1980.

²² OJ L 57, 4.3.1981.

²³ OJ L 109, 26.4.1983.

Member States relating to cosmetic products¹ (Belgium).

- Third Commission Directive of 29 June 1983² adapting to technical progress Annexes II, III and V to the Council Directive of 27 July on the approximation of the laws of the Member States relating to cosmetic products¹ (Belgium).
- Fourth Commission Directive of 22 September 1983³ adapting to technical progress Annex VI to the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products¹ (Belgium).
- Third Commission Directive of 27 September 1983 on the approximation of the laws of the Member States relating to methods of analysis necessary for checking the composition of cosmetic products⁴ (Greece).
- Council Directive of 26 October 1983⁵ amending for the third time the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products¹ (Belgium).
- Council Directive of 25 November 1983⁶ amending the Council Directive of 26 July 1971 on the approximation of the laws of the Member States relating to textile names⁷ (Luxembourg).
- Fifth Commission Directive of 18 July 1984⁸ adapting to technical progress Annexes II, III, IV, V and VI to Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products¹ (Belgium, Denmark, United Kingdom).
- Council Directive of 18 September 1979⁹ amending for the sixth time the Council Directive of 27 June 1967 on the approximation of laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous substances¹⁰ (United Kingdom).
- Council Directive of 2 April 1979 on the conservation of wild birds¹¹ (Greece).

Financial institutions and company law

- First Council Directive of 24 July on the coordination of laws, regulations and administrative pro-

visions relating to the taking-up and pursuit of the business of direct insurance other than life assurance¹² (Netherlands).

- Council Directive of 10 June 1985¹³ amending the Council Directive of 17 July 1969 concerning indirect taxes on the raising of capital¹⁴ (Netherlands).

Energy

- Council Directive of 4 May 1976 regarding a Community procedure for information and consultation on the prices of crude and petroleum products in the Community¹⁵ (Belgium).
- Council Directive of 10 December 1982¹⁶ 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 in new non-industrial buildings¹⁷ (Greece, France, Netherlands).

Customs union and indirect taxation

- Seventeenth Council Directive of 16 July 1985 on the harmonization of the laws of the Member States relating to turnover taxes — exemption from value-added tax on the temporary importation of goods other than means of transport¹⁸ (France, Ireland).

¹ OJ L 262, 27.9.1976.

² OJ L 188, 13.7.1983.

³ OJ L 275, 8.10.1983.

⁴ OJ L 291, 24.10.1983.

⁵ OJ L 332, 28.11.1983.

⁶ OJ L 353, 15.12.1983.

⁷ OJ L 185, 16.8.1971.

⁸ OJ L 228, 25.8.1984.

⁹ OJ L 259, 15.10.1979.

¹⁰ OJ L 196, 16.8.1967.

¹¹ OJ L 103, 25.4.1979.

¹² OJ L 228, 16.8.1973.

¹³ OJ L 156, 15.6.1985.

¹⁴ OJ L 249, 3.10.1969.

¹⁵ OJ L 140, 28.5.1976.

¹⁶ OJ L 378, 31.12.1982.

¹⁷ OJ L 52, 23.2.1978.

¹⁸ OJ L 192, 24.7.1985.

