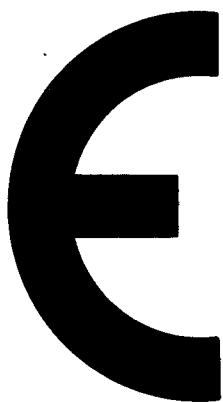


Bulletin

OF THE EUROPEAN COMMUNITIES

Commission



No 2 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, Spanish and Portuguese.

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

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



Bulletin

OF THE EUROPEAN COMMUNITIES

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

Sent to press in April 1986

No 2
1986
Volume 19

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PART ONE
SPECIAL FEATURES

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

ECU	=	European currency unit
BFR	=	Belgische frank / Franc belge
DKR	=	Dansk krone
DM	=	Deutsche Mark
DR	=	Greek drachma
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. Signing of the Single European Act

1.1.1. At a ceremony held in Luxembourg on 17 February the Single European Act¹ was opened for signing by the Member States of the Community. The following persons signed:

for the Kingdom of Belgium, Mr Leo Tindemans, Minister of Foreign Relations;

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

for the Kingdom of Spain, Mr Francisco Fernández Ordoñez, Minister of Foreign Affairs;

for the French Republic, Mr Roland Dumas, Minister of Foreign Relations;

for Ireland, Mr Peter Barry, Minister of Foreign Affairs;

for the Grand Duchy of Luxembourg, Mr Robert Goebbels, State Secretary, Minister of Foreign Affairs;

for the Kingdom of the Netherlands, Mr H. Van den Broek, Minister of Foreign Affairs;

for the Portuguese Republic, Mr Pedro Pires de Miranda, Minister of Foreign Affairs;

for the United Kingdom of Great Britain and Northern Ireland, Mrs Lynda Chalker, Minister of State, Foreign and Commonwealth Office.

During the signing ceremony speeches were made by Mr Hans Van den Broek, President of the Council, Mr Frans Andriessen, Vice-President of the Commission, Mr Siegbert Alber, Vice-President of the European Parliament, and Mr Robert Goebbels, head of the delegation of the host country.

Speech by Mr Hans Van den Broek, President of the Council

‘The time has come to complete the process initiated at the European Council in Milan, which, after a period of thorough consideration and intensive work, has culminated in the result which we have agreed to call the Single European Act.

My feelings at this juncture, as President of the Council, are mixed. They are characterized by a certain solemnity—because this is an important moment in the history of the Community; by an unmistakable sense of satisfaction—because a

major, complicated venture is being successfully concluded; and by an equally unmistakable sadness—because the list of signatories is not as complete as we had hoped. However, before saying anything further about these various aspects, I wish once again to pay tribute to the Luxembourg Presidency. It is this Presidency which carried the burden of this venture and which throughout the second half of 1985 gave uninterrupted, determined and intelligent guidance to the discussions, thus enabling the Heads of State or Government to conclude an agreement of principle in Luxembourg on 2 and 3 December 1985...

If asked to make an objective judgment, I believe we would all agree, now that we have been able to stand back and reflect more calmly on the whole matter, that, despite its unavoidable shortcomings, the European Act definitely represents progress and a step in the right direction.

It is difficult to quantify the exact extent of this progress; however, I am confident that in practice it will prove greater than we believe it to be at present...

I would merely wish to highlight its two outstanding merits which would, in themselves, warrant a positive judgment.

Firstly, the European Act is about, and attempts to give an answer to, some of the key questions facing Europe at present which will be decisive for its future, and therefore also for ours.

The main objective is the early achievement of a genuine, completely free market which will finally make the European dimension a reality for the citizen and constitute a factor of economic dynamism and prosperity in all the Member States. In order to achieve this, the Community’s decision-making power had to be strengthened, and this we have managed to do by extending qualified majority voting. Simultaneously, the requisite solidarity between the Member States and the instruments available to the Community in this connection—namely the structural Funds—have been given their rightful place in the Treaty.

A further challenge facing Europe at present has to do with democracy. It has also been possible to take account of this aspect in the European Act, at least partly, by involving the directly elected Parliament more closely in legislation and giving it a further possibility of influencing the content of decisions.

¹ Supplement 2/86 — Bull. EC; Bull. EC 1-1986, point 1.2.3.

The third challenge is in the area of science and technology, which everybody regards as crucial for the future. Here, too the European Act has something new to offer, namely a legal framework which will provide a platform for the Community's future activities. The same is true for the protection of the environment.

The European Act thus provides an answer, or the beginnings of an answer, to present desires and requirements.

To my mind, a second merit of the European Act is the fact that it has managed to balance conflicting or contrasting demands and aspirations, thus safeguarding the future.

Contrary to what is sometimes superficially thought, the European discussion is not a simple matter and cannot be reduced to the dualism which some would like to see in it. The Member States may well start from a common premise, but they have different feelings, interests and aspirations as regards the building of Europe. To wish to deny this out of hand would be tantamount to condemning the whole venture to failure. Being European means also to accept Europe in all its diversity and contrasts. The incomplete ceremony of this afternoon is an example thereof...

It is the merit of the European Act that in it the always precarious balance between the possible and the desirable has been struck, and in a fairly short period of time—clear proof of how convinced we all were that the time had come to act.

The European Act has opened up avenues which we must now strike out on with determination. It is first and foremost an instrument in the service of a political will which, I am convinced, will not falter at the critical moment...

We have demonstrated the will to draft and adopt a European Act; now we must all be prepared to make the best possible use of it. Its real significance lies in our hands.'

Speech by Mr Frans Andriessen, Vice-President of the Commission

'The Commission is pleased to be present today at the opening for signature of the Single European Act produced by the Intergovernmental Conference.

European Union will not, of course, be achieved by the Single European Act. The stage reached today is more modest than that. But it does bear witness to the Community's vitality and capacity for self-renewal. So the results of the Conference, which show just what is feasible in today's Community of Twelve, must not be underestimated.

We now have the first-ever single act covering both the development of the Community through the revision of the Treaty of Rome and that of political cooperation. The adoption of this single framework has made it possible to encompass things economic and things political and to avoid the risk of disrupting the unity of the institutional system.

Thanks to the Luxembourg agreement the Community will be able to do more for its citizens. I am referring to the decision to create an area without frontiers by 1992. The Act will also facilitate progress towards greater economic and social cohesion by increasing economic convergence, by improving the functioning of the structural Funds and by developing social policy. The objective of economic and monetary union has now been enshrined in the Treaty. And, lastly, the Community has given itself a new and much needed technological dimension, which will be underpinned by the large market.

To achieve these objectives the European Act provides for improvements in the way our institutions are run.

The main target was to increase efficiency. majority voting is now accepted in the areas which are to form the basis for revitalizing the Community (internal market, technological research and development, strengthening of cohesion, social policy). It will be possible to adopt two thirds of the decisions needed to create an area without frontiers by qualified majority. But it is not enough to have amended the Treaties; majority voting—one of the prerequisites for better and more timely decision-making—must now become a fact of life. And that is not all: decisions must be translated into action. In this respect, the Single Act provides the Commission with the means to implement Council decisions more efficiently.

The other target of institutional reform was to make the Community more democratic. Some progress has been made by giving the European Parliament its first real power in the law-making process through conferring on it the right of amendment through the cooperation procedure.

But we must not forget on the occasion of its signing that the Single European Act—the embodiment of what is feasible in Europe—still falls short of what we had hoped for. The Commission would have liked more democracy in the decision-making process. It would also have liked the Member States to display more courage in their commitment to the completion of the internal market and the enhancing of the monetary dimension. Finally, it regrets that nothing has been done for culture.

Our task now is to make real progress within this new framework. The value and scope of the Act

now to be opened for signature will be judged by the results. For its part, the Commission is determined to take advantage of what the Single Act has to offer and, to quote Mr Delors, to make the compromise dynamic.

Its implementation must mark a genuine return to the Community method, enabling each country to benefit from the European dimension and laying the political and institutional foundations for renewed dynamism within the Community.'

Statement by Mr Siegbert Alber, Vice-President of the European Parliament

'We are today witnessing an historic event. The people of Europe expect the signature of the European Act to lend impetus to the development of the Community. It is only the shell. What will be decisive is what is made from it. Only in retrospect will it be clear whether we saw history being made today, or the first performance of a pantomime.

If not all the Member States have signed, this merely reflects the internal divisions in Europe. Some feel that what has been achieved does not go far enough, while others feel it only just does. Some think it almost goes too far, and still others think it does go too far.

The European Parliament voted in favour of the Act, but grudgingly. None of us is satisfied with what has been achieved, but we would rather have a bird in the hand than two in the bush. We know that the alternative to half a loaf is none.

Of course the objectives of completing the internal market, including the currency, Europeanizing environmental and technology policy, and political cooperation are laudable. But many of these are old and oft-repeated demands. Without an internal market the four freedoms already enshrined in the Treaties of Rome would be pointless. As far back as 1972 the Paris Summit proclaimed political union for 1980...

The most important matters still require unanimity, and the statements by some ministers that this or that does not mean exactly what it says are a source of concern. Much has in fact been worded so as to mean all things to all men. Much is so nebulous that it would look more appropriate in a climatology research programme than in a treaty. The texts can be used to produce sensible answers, or conflict and disunity. The crucial factor will therefore be the goodwill of those involved. Success is possible, but not guaranteed.

New elements are to be incorporated in the Treaties. That is a good thing. But it is not enough in itself. Even in matters which are already covered by

the Treaties, such as transport policy, proceedings have had to be instituted against the Council to make it act.

The fundamental objection is the often rudimentary or completely absent European dimension in the national governments. Nobody objects to the representation of national interests, but in fact many of these "national interests" are simply provincial selfishness. Everybody is in favour of Europe so long as it produces advantages and costs nothing. There is no European solidarity. But only in solidarity and by solidarity will we create the people's Europe we all wish to see...

A people's Europe cannot be confined to reductions in frontier checks and minor increases in duty-free allowances. The individual wants to share in the variety offered by Europe and its culture. He wants partnership and exchange, not just at holiday time, but in his working life, education, military service and so forth...

The European Act does not remedy the shortfall in democracy. The national executive power still constitutes the European legislature. This arrangement would be unconstitutional in any Member State. It is true that there will be a slight improvement in the status of the European Parliament. In future we shall have the penultimate instead of the antepenultimate word. The European legislative process does not accord with our democratic principles. Law made by officials is not the same as law made by parliaments. In his maxims Chamfort once said that some things are easier to legalize than to legitimize, but this does not justify the perpetuation of an undemocratic state of affairs. Parliament's rights must be strengthened, and the Council must become a genuine federal chamber, with the Member States represented by appropriate numbers of seats and votes, in which the interests of provinces and regions would also be better represented.

All I have said shows that the real tasks still lie ahead. The signature of the Act does not mark the close of a chapter, but the beginning of a new one. What will count is how life is breathed into the Treaties. The European Parliament will play its part in bringing Europe to completion in a political union; our Europe, the Europe of peace and the future.'

Signing by Denmark, Greece and Italy

1.1.2. Following the positive outcome of the referendum on the Single European Act held in Denmark on 27 February (56.2% 'yes' votes, as against 43.8% 'no' votes), the Foreign Ministers of Denmark, Mr Uffe

Ellemann-Jensen, Greece, Mr Karolos Papoulias, and Italy, Mr Giulio Andreotti, signed the Single European Act in The Hague on 28 February.

Mr Delors made the following statement on the outcome of the Danish referendum:

'I am delighted at the positive outcome of the Danish referendum. The result is encouraging for all of us, mainly because this referendum—organized by the Danish authorities to determine Denmark's position on the conclusions of the Intergovernmental Conference—has given rise to a detailed debate on the future of the European Community.

I am confident that this new stage in the Community's development, made possible by the amendments to the Treaty, will turn out to be in the interests of the Danish people as a whole.

I earnestly hope that it will be possible to initiate the ratification process soon in all the Member States and complete it rapidly so that we can begin to implement the new measures, thereby strengthening the Community.'

Mr Ripa di Meana, Member of the Commission with special responsibility for institutional affairs, declared:

'We may well wonder whether those who are convinced that the Community's citizens are more pro-European than their governments and that the revitalization of the European venture is passing

through a phase of popular mobilization of the kind hoped for by the European Parliament are not in fact correct.'

When signing the Single Act, Mr Giulio Andreotti asked to have a statement included in the records of the Intergovernmental Conference, in which he pointed out that objective analysis of the results of the Conference showed that the Single European Act was merely a partial and unsatisfactory response to the need for substantial progress in the direction indicated by the European Parliament and by the reports of the Dooge and Adonnino Committees and that he therefore had no choice but to express his deep dissatisfaction with it.

However, Italy wished to reaffirm its determination to work to ensure that the limited reforms agreed upon were not only applied in full but also, and above all, that they were carried out in such a way as to facilitate progress.

The Italian Government wished to make it clear that it would take all possible steps to make citizens, parties and sections of opinion more aware of the problems involved in European Union and of the best ways of achieving it.

2. The Commission programme for 1986

1.2.1. On 19 February Mr Jacques Delors, President of the Commission, presented the Commission's programme for 1986 to Parliament.¹

The programme divides into three parts: revitalizing the Community, Community policies—the central ones being a cooperative growth strategy for more employment, action to help small business and the common agricultural policy—and the Community in the world.

Revitalizing the Community

1.2.2. Constituting as they do the base for revitalizing the Community, the large internal market, technological cooperation, monetary cooperation, economic cohesion

¹ Supplement 1/86 — Bull. EC; this Supplement contains the full text of Mr Delors's speech to Parliament, the Commission's programme for 1986 and Mr Delors's reply to the House at the end of the debate.

and the social dimension will be the Commission's main concern in 1986.

As Mr Delors said in the House:

'1986 should be a year of stewardship but also a year in which we implement the reforms agreed upon. By laying the foundations for revitalization of the Community, sustained by a more effective institutional process, we will demonstrate, to ourselves in the first place, that the Twelve—let me repeat, the Twelve—are capable of advancing together along the road to European Union'.

1986 will be a decisive year for the internal market and technological cooperation. The Community will have succeeded in these strategic areas:

(i) if it meets the deadlines set in the White Paper on completing the internal market;¹

(ii) if it adopts a framework programme (1987-91) for research and technological development; this must be clear in form and content and attractive to firms and research centres, encouraging them to cooperate, supporting their efforts to innovate and become competitive, and permitting the integration of technological change into European lifestyles;

(iii) if the very real implications of the large market and the new technologies for industry and employment are discussed constructively with employers and trade unions.²

The integrated market

1.2.3. On the integrated market, Mr Delors said:

'It would be easier to achieve if we could anticipate application of the decision-making process which forms part of the Luxembourg agreement.³ We need to convince ordinary citizens and everyone engaged in economic and industrial activity that they must increasingly think in terms of a vast market based on the four freedoms guaranteed by the Treaty: freedom of movement for persons, goods, services and capital.'

If the deadlines set in the White Paper are to be met, the Commission must advance on three fronts:

(i) a people's Europe: the general public must perceive, in a tangible, symbolic manner, that real progress is being made towards the creation of a large market (simplification of frontier formalities, immigration, visas, diplomas);

(ii) consolidating liberalization of the market, with particular reference to the removal of barriers to the free movement of goods and services (VAT and excise duties, plant-health regulations, etc.);

(iii) extending the policy of liberalization and harmonization: public contracts, harmonization of standards, strengthening competition policy, etc.

Cooperation and technological development

1.2.4. 'The second [factor] relates to the links between the integrated market and closer cooperation in research and technology, either within Eureka, which shows great promise, or in the Community context. Under the timetable proposed by the Commission and incorporated more or less unchanged in the Luxembourg agreement, 1986 should see the adoption of the three-stage plan—a multiannual framework programme, Community programmes and variable-geometry projects—which will enable Community action to expand to serve our companies and research centres.'

It should be noted that the multiannual framework programme, to be adopted unanimously, will provide the basis for balanced overall development of Community action, while the Community programmes, to be adopted by a qualified majority, will define specific objectives, promote cooperation between firms and research centres, and allow participation by non-member countries.

Monetary cooperation

1.2.5. A monetary policy centred on internal and external stability remains essential

¹ Bull. EC 6-1985, point 1.3.1 *et seq.*

² Bull. EC 11-1985, point 2.5.15.

³ Supplement 2/86 — Bull. EC; Bull. EC 11-1985, point 1.1.1; Bull. EC 12-1985, point 1.1.3; Bull. EC 1-1986, point 1.2.3.

to revitalization of the Community. The European Monetary System (EMS) provides a tried and tested framework for coordinating national monetary policies. Its importance was recently confirmed by agreement on the insertion of a new chapter in the Treaty.¹ The EMS, as the guarantor of monetary stability and predictability in Europe, must be strengthened.

In 1985 the Council adopted a package extending the role of the ECU in cooperation between central banks.² This coincided with a marked, spontaneous increase in the private use of the ECU, especially in trade. This should continue in 1986. Moreover, the liberalization of capital markets could gather momentum in 1986 and strengthen the cohesion of the EMS.

Economic and social cohesion

1.2.6. On the subject of economic and social cohesion, Mr Delors said:

'... Cohesion was discussed at length at the European Council. It is a corollary of the integrated market, a precondition for its completion...'

The Community's structural policies provide the key here. In 1985 the Commission made significant progress towards making the structural instruments more effective. Gradual implementation of the new ERDF Regulation,³ adoption and launching of the integrated Mediterranean programmes,⁴ and strengthening of internal coordination structures offer striking proof of this. These efforts must be continued in 1986, not least in response to the new situation created by enlargement. The Commission will present a comprehensive proposal for harmonizing and simplifying the operating rules of the Funds.

The social dimension

1.2.7. '... The Commission can only welcome incorporation of the social dimension in the Luxembourg Treaty. Beginning this year it promises to translate these aims into proposals to demonstrate to the people of Europe that the creation of a vast economic area, based on the market and business cooperation, is inconceivable—I would

say unattainable—without some harmonization of social legislation. Our ultimate aim must be the creation of a European social area. This idea, may I remind you, was rejected as Utopian, dangerous, and irrelevant to the Community venture a few years ago. Today its purpose is clear: to ensure that economic and social progress go hand in hand.'

Both sides of industry stressed at Val Duchesse last November that completion of the internal market, the cooperative growth strategy for more employment, and the launching of several major infrastructure projects of Community interest constitute a package vital to economic and social progress.⁵ To this end, joint working parties of trade union leaders and major industrialists are to hold regular meetings, which will be attended by Commission representatives.

Community policies

A cooperative growth strategy for more employment

1.2.8. In the year ahead the Commission intends to exploit and expand, at Council and government level, the consensus achieved on the 'cooperative growth strategy for more employment',⁶ to press on with its efforts to promote coordination between the industrialized countries and improve the balance of the world economy, to intensify its analytical work and its attempts at persuasion with respect to the structural conditions needed for a lasting improvement in growth and employment, and to give a new impetus to the fight against poverty.

Small business

1.2.9. As the environment is still often hostile to the start-up and expansion of small businesses (administrative and legal

¹ Supplement 2/86 — Bull. EC.

² OJ L 290, 1.11.1985; Bull. EC 10-1985, point 2.1.4.

³ OJ L 169, 28.6.1984; Bull. EC 6-1984, point 1.3.1.

⁴ OJ L 197, 27.7.1985; Bull. EC 7/8-1985, point 2.1.106.

⁵ Bull. EC 11-1985, point 2.5.15.

⁶ Bull. EC 10-1985, point 1.3.1 *et seq.*

constraints, the tax burden, the shortage of capital and so on), they must be helped to take full advantage of the large integrated market. Vocational training and the use of the Community's financial instruments are areas for priority action here. Special attention will need to be paid to strengthening the capital base of small businesses and financing investments involving the application of new technologies.

The common agricultural policy

1.2.10. Mr Delors restated the basic principles of the common agricultural policy:

'... This is why I find myself repeating the basic principles again and again: market unity, Community preference and financial solidarity. This is why I counsel caution: any attempt to question these principles would be tantamount to tearing up the contract which binds the Member States.'

The guidelines adopted by the Commission in December,¹ following several months of consultations on the Green Paper,² and its memoranda on milk,³ cereals⁴ and beef/veal⁵ provide a realistic assessment of the prospects for the common agricultural policy over the next few years and constitute a basis for action which should be exploited without delay.

The Commission has therefore set itself the following priorities:

- (i) to reduce production in sectors in surplus, little by little, thereby bringing down costs;
- (ii) to promote product diversification and quality improvement adapted to the internal and external markets;
- (iii) to support farming in areas where it is vital to regional planning, maintenance of the social fabric, and conservation of the natural environment and the landscape;
- (iv) to address itself more systematically to the difficulties facing small family farms;
- (v) to consolidate export capacity;
- (vi) to contribute to the expansion of industries processing agricultural products;

(vii) to stimulate the development of new outlets, e.g. utilization in industry, where this is shown to be economically justifiable;

(viii) to make farmers more aware of environmental problems.

In addition, a multiannual programme will be introduced to reduce public stocks of agricultural products to a reasonable level. In the future, even more than in the past, socio-structural policy must form an integral part of the overall strategy for reform of the common agricultural policy.

The Community in the world

Its contribution to the world economy

1.2.11. In 1986 two major, related problems will continue to be the rate of economic growth and indebtedness. The Community will endeavour to help solve these problems through its revitalization programme, its cooperative growth strategy and its development cooperation policies. It will also play its part and assume its responsibilities in the appropriate international economic and monetary organizations.

Development cooperation

1.2.12. The Commission will continue its efforts to encourage an adequate flow of international funds to the developing countries, to offer them expanding markets in the industrialized world, and to help them to adapt and develop their economies. The Cooperation Agreement recently concluded with the countries of Central America is a step in this direction.⁶

The third Lomé Convention, which lays down guidelines for development cooperation between the Community and the 66

¹ Bull. EC 12-1985, point 1.2.1 *et seq.*

² Bull. EC 7/8-1985, point 1.2.1 *et seq.*

³ Bull. EC 10-1985, point 2.1.102.

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

⁵ Bull. EC 12-1985, points 2.1.155 to 2.1.159.

⁶ Bull. EC 11-1985, point 1.2.1 *et seq.*

ACP signatory States over the next five years, enters into force in 1986 too.

The Commission attaches particular importance to the fight against hunger in Africa. It will concentrate on three main fronts: direct action to combat hunger through food aid, a contribution to the rehabilitation of broken economies through implementation of a 100 million ECU plan,¹ and the recent proposal to the Council for a programme on the protection of natural resources and the fight against desertification.²

The Commission will also consider what contribution the Community can make towards solving the indebtedness problems of the countries of Africa. It will prepare the Member States' position for the special session of the UN General Assembly on the problems of Africa and will endeavour to supplement and reinforce Community action by enlisting international support.

Multilateral trade negotiations

1.2.13. In 1986 the Commission will play a key role in the Preparatory Committee set up by the Contracting Parties to GATT.³ It will send the Council a proposal for a 'comprehensive approach' to the new round of multilateral negotiations. It will also propose that these should open in Brussels on a date to be agreed at the GATT ministerial meeting scheduled for September.

Negotiations for renewal of the Multifibre Arrangement should begin during the first half of the year, as soon as the Council has approved the negotiating directives proposed by the Commission at the end of November.⁴

Bilateral relations

1.2.14. 'Vigilance must be the watchword in our bilateral relations too. We cannot contemplate

another step towards multilateralism until we do something about conflicts of interests between ourselves and the other powers in general and our major competitors, the United States and Japan, in particular. The Commission does not look for trouble, but it has a duty to defend our industries and our jobs, to challenge unfair practices and to enable Europe to remain an agricultural power, which is open to question today.'

In 1986 triangular relations between the Community, the United States and Japan will remain vital to the smooth operation of the world economy. The Commission will therefore endeavour to maintain and improve dialogue with both partners.

Dialogue with the United States should prevent the proliferation of disputes and develop that multifaceted cooperation which is so important to the two sides.

The Community must also make an all-out effort to broaden and strengthen its links with Japan.

The Community's general aim should be to encourage Japan in its efforts to integrate more fully into the multilateral trading and payments system and to step up cooperation with Japan, wherever appropriate, with a view to improving the overall balance of relations.

Although none of its bilateral relations will be neglected, recent developments in the Community (enlargement and the internal market) mean that the Commission will be forced to concentrate on strengthening and adapting certain links, notably with its immediate neighbours (non-member Mediterranean countries and EFTA countries).

¹ Bull. EC 10-1985, point 1.4.1 *et seq.*

² Bull. EC 1-1986, point 1.3.1 *et seq.*

³ Bull. EC 11-1985, point 2.3.52.

⁴ Bull. EC 11-1985, point 2.3.4.

3. Proposals for agricultural prices and related measures for 1986/87

Proposals in line with the Green Paper

1.3.1. On 12 February the Commission sent the Council its proposals on agricultural prices and certain related measures for the 1986/87 marketing year (→ point 2.1.107).¹ At the same time the Commission placed before the Council its proposals for the adaptation of the market organizations for cereals and beef/veal² which had been advocated in two memoranda presented at the end of 1985.³ These proposals follow those on action to encourage the permanent cessation of milk production which the Commission made in early November.⁴

This set of proposals, which constitutes a single indivisible whole, is in line with the guidelines proposed by the Commission following the consultations held in connection with the Green Paper,⁵ which were the subject of a comprehensive document sent to the Council at the end of December 1985.⁶

Faced with the very disturbing growth of structural imbalances on the markets and the consequent growing cost to the budget, the Commission, rather than proposing stopgap and drastic measures which many producers would find excessive, proposed a package of measures whose effectiveness will depend on their being convergent, selective and continuous. 'Convergent' in that action will not rely on one single instrument but involve all those instruments which are available, directing them all towards the same target: a better balance between supply and demand for agricultural products in sectors which are in surplus. 'Selective' in that, wherever possible and necessary, account will be taken of those problems which affect certain groups of farmers, particularly those which are structurally in the weakest position. 'Continuous' because the measures will not merely involve an extension of the reforms already introduced into the CAP in recent years but must also be

continued consistently in the future so that they can produce results.

The other main thrust of the Commission's initiative in this field is an improvement of the present situation as regards levels of intervention stocks, which have built up to high levels in recent years. Because of their size, these stocks are tending to depress the markets and entail heavy charges on the Community budget. In order to work them down to more reasonable levels, the Commission has announced its intention to propose an exceptional three-year disposal programme.

Price levels

1.3.2. In view of the foregoing, the Commission takes the view that for the majority of products the common prices should be maintained at the same level as in 1985/86. However, for a few products prices will have to be adjusted either upwards (peas and field beans, lupins, cauliflowers, aubergines) or downwards (certain varieties of tobacco, intervention prices for olive oil, durum wheat and some fruit and vegetables). Furthermore, the agri-monetary adjustments proposed in connection with the dismantling of existing negative compensatory amounts mean that the Commission's proposals entail an average increase in prices of 0.9% for the Community of Ten. Also, the 1986/87 marketing year is the first stage in the alignment of agricultural prices in Spain and Portugal during the period of transition on the common prices.

¹ COM(86) 20 final.

² OJ C 53, 7.3.1986; COM(86) 30 final; COM(86) 31 final.

³ Bull. EC 11-1985, point 2.1.127 *et seq.*; Bull. EC 12-1985, point 2.1.154 *et seq.*

⁴ Bull. EC 10-1985, point 2.1.102.

⁵ Bull. EC 7/8-1985, point 1.2.1 *et seq.*

⁶ Bull. EC 12-1985, point 1.2.1 *et seq.*

Analysis by product

1.3.3. As regards cereals, the Commission proposes first of all to give practical form to three of the measures which it had suggested in its Memorandum on adjustments to the common organization of the market in cereals,¹ i.e. financial co-responsibility of producers, emphasis on quality and adjustment of intervention mechanisms.

The aim of the co-responsibility levy is to make producers contribute to the cost of the disposal of surplus production. This can be achieved by means of a levy on quantities placed on the market or sent direct to intervention by the producer, the first 25 tonnes being exempt. The long-term aim is to make the revenue from the levy match the burden on the EAGGF budget caused by intervention in respect of quantities exceeding a certain reference level. For 1986/87, however, the Commission proposes that the co-responsibility levy be 3%.

The emphasis on quality could be increased by providing less encouragement for the production of feed wheat and introducing more stringent requirements as regards the specific weight of barley, accompanied by a scale of reductions.

Lastly, it is proposed that intervention in this sector be confined to part of the marketing year.

As regards the price proposals proper, the Commission wishes to maintain the prices applying in 1985/86 except in the case of rye (-1%), which is to be reincorporated into the common intervention price system. Furthermore, since the price ratio between durum wheat and common wheat seems to have unduly favoured durum, the growing of which has been encouraged even in countries where it is not a traditional crop, the Commission proposes that a more satisfactory price ratio be achieved by narrowing the gap between the intervention prices for the two cereals. For 1986/87 this will take the form of a reduction in the price of durum wheat of around 4.4%. In order partly to attenuate the impact of the

reduction in the intervention price on farmers' incomes, it is also proposed that the aid for durum be increased by 6.84%. As regards common wheat, the Commission proposes that the reference price be abolished so as to eliminate the incentive to production provided in the past by the special intervention measures for common wheat of minimum bread-making quality.

1.3.4. The system of guarantee thresholds for rape and sunflower seed has not been as effective as expected. The Commission therefore proposes that it be replaced by a system of maximum quantities at guaranteed prices similar to that applied for cotton, which entails a system of advances by means of which the consequences of exceeding the maximum quantities (3.5 million tonnes for rape and 1.7 million tonnes for sunflower) can be felt during the marketing year. The institutional prices should remain unchanged.

1.3.5. In the beef/veal sector, in addition to a freeze on prices, the Commission proposes that the role of intervention as a safety net be restored and that it be confined, from 1 December 1987, to situations of serious market disturbance. To compensate for the effect of this change, it is proposed that a single direct premium be introduced, to be paid only to producers specializing in beef/veal. This single premium would comprise a basic amount for the first 50 cattle (20 ECU per head) and a 'suckler cow' amount for all suckler cows (20 ECU per head). It would encompass the main elements of the present suckler cow premium.

1.3.6. As regards milk, the Commission proposes that, in view of the market situation, the target price should remain unchanged and the rate of the co-responsibility levy for 1986/87 be kept at 2% of the target price. The Commission points out that, despite the fall in milk deliveries since the introduction of the supplementary levy and the activation of additional disposal

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

measures, butter stocks have increased. To reduce them, the disposal programme will have to continue for several years. Also, stocks of skimmed-milk powder have fallen substantially, mainly because of the reduction in deliveries and the impact of the disposal measures. The Commission therefore proposes that the gradual adaptation of the fat/protein ratio be continued. It takes the view that the fat component of the target price should be reduced further and the value of the skimmed-milk increased accordingly. The new fat/protein ratio would be 46.13:53.87. The proposed measure would reduce the intervention price for butter by 4.0%. The corresponding increase in the intervention price for skimmed-milk powder would be 3.5%.

1.3.7. For the other sectors, the proposed adjustments to the common prices (expressed in ECU) are as follows:

Sugar. The basic price for sugar beet and the intervention price for white sugar to remain unchanged.

Olive oil. The target price and the production aid to remain unchanged; a 5% reduction to be made in the intervention price so as to discourage massive deliveries into intervention and promote greater fluidity on the market.

Fresh fruit and vegetables. The basic price to remain unchanged except for cauliflowers (+1%) and aubergines (+1%); the buying-in price to be reduced by 2.5% for citrus fruit, 5% for apricots, tomatoes and peaches; the buying-in price for pears, apples and table grapes to remain unchanged.

Tobacco. Norm prices and premiums to be frozen for varieties in greatest demand, reduced by 2% for varieties in some demand, reduced by 4% for intermediate varieties and by 6% for varieties difficult to dispose of.

Pigmeat. Prices to be frozen.

Sheepmeat. Prices to be frozen and the ewe premium to be paid only on the first 500 ewes, except in less-favoured areas.

Agri-monetary measures

1.3.8. The Commission proposes no change in the existing positive monetary compensatory amounts, but would like to see adjustments made in the negative MCAs. For Italy, the Commission proposes that the applied MCAs be dismantled by 2.5 points. For France, in accordance with the undertaking given by the Council on 23 May 1985,¹ the Commission proposes that the 1.5 point neutral margin which remains for all agricultural products (except pigmeat, sheepmeat, wine and milk products, for which it has already been abolished) should now be discontinued. In the case of Greece, the Commission proposes a dismantling of the applied MCAs which is in line with the general economic guidelines decided on by the Greek Government and approved by the Commission when the drachma was devalued on 14 October 1985; this would mean a dismantling of 14.4 points. Lastly, where the United Kingdom is concerned, fluctuations in the value of sterling are such that the MCAs are sometimes positive and sometimes negative; the Commission intends to make a proposal at a later stage in the light of the future performance of this currency.

Programme for disposal of stocks

1.3.9. The other area in which the Commission intends to take decisive action is that of intervention stocks, the total value of which reached 19 500 million ECU at 30 November 1985. Stocks of milk products and beef account for more than half of this figure. The Commission feels that an additional programme for the disposal of old stocks of butter and beef should begin in 1986. The programme provides for the disposal of an additional 270 000 tonnes of butter and 200 000 tonnes of beef and entails expenditure estimated at 1 155 million ECU for 1986.

¹ OJ L 137, 27.5.1985; Bull. EC 5-1985, point 2.1.89.

Economic and financial implications

1.3.10. The Commission estimates that its proposals on prices and related measures would yield a saving to the budget in 1986 of 408 million ECU. However, allowing for the extra expenditure entailed by the deterioration in the economic situation (in particular the fall in the dollar compared with original forecasts) and by the cost of the additional programme for the disposal of old stocks, the Commission concludes that, as far as can be seen for the moment, an additional appropriation of 790 million ECU will be needed for 1986.

Conclusions

1.3.11. In making its proposals, the Commission stressed the indivisible nature of the package—the proposals to adapt current legislation, particularly on milk, cereals, beef/veal and oilseeds, and the price proposals proper. The Commission is asking the Council to adopt the decisions relating to each of these product groups before the beginning of the relevant marketing year. Failing this, and if the decisions relating to the adaptation of current legislation are not taken in time, the Commission will be obliged to withdraw some or all of its proposals and replace them with others based on current legislation but achieving the desired results as regards the control of production

and of budget costs. Owing to the nature of the arrangements currently in force, the new proposals would, for some products, prove far less satisfactory than the present proposals from the point of view of their impact on farmers' incomes.

1.3.12. Unveiling the Commission's proposals to the press, the Commission Vice-President with special responsibility for agriculture, Mr Andriessen, stressed that they follow up the Green Paper.

He pointed out that the level of prices proposed was designed to take account of the real market situation without jeopardizing farmer's incomes. The seriousness of the situation on certain markets might otherwise have justified drastic reductions in the prices of a number of products.

As regards the related measures, Mr Andriessen confirmed the Commission's decision to implement the measures already announced at the end of 1985 concerning adjustments to the market organizations for beef/veal and cereals; for cereals a co-responsibility levy of 3% for producers has also been proposed.

Furthermore, Mr Andriessen underlined the need for a specific programme to reduce the heavy stocks of products in surplus in the course of 1986, 1987 and 1988.

1.3.13. The Council started its scrutiny of the Commission's proposals on 24 and 25 February (→ point 2.1.106).

4. Improving competitiveness and industrial structures in the Community

Commission communication to the Council

1.4.1. On 26 February the Commission sent the Council a communication entitled 'Improving competitiveness and industrial structures in the Community'.¹ This was drafted in response to requests by the European Council meeting in Brussels in March 1985² and in Milan in June 1985³ that the Commission prepare a report on the European economy and on its shortcomings in terms of growth and employment. It develops the analysis set out in the Commission's papers 'Strengthening the technological base and competitiveness of Community industry'⁴ and 'Towards a European Technology Community'.⁵ It pays greater attention to the international environment and to the social dimension of the problems.

The document aims to provide the two sides of industry, the Member States and the Community institutions with a basis for discussion from which to develop proposals for action. It is part of the overall process of reflection on economic and social strategy, comprising not only work on strengthening the Community's technological base but also work on completing the internal market⁶ and implementing a cooperative growth strategy for higher employment,⁷ and it is to be followed by a detailed analysis of a social strategy for job-creation at Community level.

The general industrial context in the Community

1.4.2. The Commission observes that Community industry has, since the beginning of the 1980s, entered a new and dynamic stage of growth, following a difficult decade when it experienced relatively slow growth in the high-growth sectors and

a reduction in its share of high-demand markets.⁸

The renewal was marked by a recovery in business profitability, the faster spread of new technologies, the continued restructuring of certain industries in difficulty and a recovery in investment, though we will have to wait and see whether the latter represents a long-term trend. Renewal was facilitated by efforts within the Community to promote a more favourable environment for business and by the convergence of political priorities on industrial development. However, it has not yet led to a significant reduction in unemployment.

The most prominent features of the frame of reference for Community industry are:

- (i) the far-reaching changes affecting industry through the emergence of new productive sectors and fundamental changes in economic structures (the black economy and the expansion of barter trading);
- (ii) diversity within the Community, which has increased with enlargement;
- (iii) the openness of the Community market to outside competitors, which means that European industry is in constant competition with its international rivals; this is reflected in the import penetration rate on the Community market, which stood at 13% for industrial products in 1985 (compared with 11% in the United States and 5% in Japan).

1.4.3. The Commission goes on to identify the position and the specific characteristics

¹ COM(86) 40 final.

² Bull. EC 3-1985, point 1.2.4.

³ Bull. EC 6-1985, point 1.2.6.

⁴ Bull. EC 3-1985, point 3.4.3.

⁵ Bull. EC 6-1985, point 1.5.1 *et seq.*

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

⁷ Bull. EC 10-1985, point 1.3.1 *et seq.*

⁸ Bull. EC 1-1986, point 2.1.2. See also *European Economy* No 25, Office for Official Publications of the European Communities, L-2985 Luxembourg.

of Community industry in the international context and the strategies pursued by the other main industrial powers (the United States, Japan and the Pacific region).

Factors determining industrial competitiveness in the Community

1.4.4. The Commission draws the following conclusions from its analysis of the industrial situation in the Community:

(i) In general, European industry has started to recover, with its cost competitiveness improving, investment picking up markedly and exchange-rate fluctuations working — until 1985 — in its favour. This improvement should not lead to an underestimation of the structural adjustments which are still required since Japanese industry still enjoys comparative advantages in most areas, especially investment rate, cost of capital and unit labour costs.

(ii) Industrial competitiveness is increasingly determined by technology, and here the Community's performance leaves room for improvement. Community industry is still handicapped by its relative slowness in incorporating technological progress into its production processes and its lack of success in converting its technological potential into industrial and commercial gain. However, the situation varies so widely that this general verdict must not be allowed to obscure the revival now under way, particularly in the capital goods industries.

General factors

1.4.5. The level and trend of costs, both for labour and for capital, are among the most important quantifiable factors affecting competitiveness. The domestic trend in labour costs (of which wages are only one of several factors) is only to a small extent reflected in international competitiveness, because exchange rates have become sharply out of line with purchasing power parities. Between 1972 and 1985 unit labour

costs expressed in a common currency fell in the Community and rose substantially in the United States and to a lesser extent in Japan, while Community unit labour costs expressed in national currencies rose at a rate halfway between those of the United States and Japan. However, differentials in productivity growth meant that labour costs per unit of output in the United States and the Community developed in a comparable fashion, while those of Japan declined substantially. With the current volatility of the exchange markets, these positions can be quickly reversed, and it therefore remains appropriate to use real unit labour costs expressed in national currency as an indicator of cost developments in the short term, confirming the advantage of Japan over both the Community and the United States.

Changes in the cost of capital are harder to measure than changes in the cost of labour. Real long-term interest rates affect companies differently, particularly because of the great differences in conditions for depreciation. In contrast to the situation observed in several Community countries, the very high interest rates now prevailing in the United States have been borne almost entirely by consumers, since the real burden to industry has been cut through the implementation of new rules governing depreciation and investment tax credits.

1.4.6. Although cost trends are an important factor determining competitiveness, the capacity to develop new products and to meet demand is of even greater significance. In turn, the level of investment is a very important indicator of the state of the productive apparatus: since 1973, the rate of investment in European industry has been declining steadily while investment in American (and to a lesser extent, Japanese) industry has been increasing.

This slowdown in industrial investment is such that the upswing now under way in the Community in no way compensates for the accumulated handicap. The structure of investment is of particular importance for competitiveness. Thus it is in the high-

growth sectors (computers and office machines, electrical and electronic goods, chemicals and pharmaceuticals) that the slowdown has been most marked in the Community and the acceleration most significant in the United States and Japan.

Technological factors

1.4.7. The research and development effort for the Community as a whole is, as a proportion of GNP, comparable to that of Japan and of the United States. However, it concentrates on basic research, while our main competitors have directed their efforts more towards R&D with a view to later practical industrial uses. This has meant that Community industry is lagging behind its main competitors in crucial areas — semiconductors, new materials, chemistry and biochemistry.

1.4.8. As far as production technology is concerned, the Community has, after a relatively slow start, been able to catch up with and even overtake the United States and narrow the gap with Japan in the use of industrial robots.¹ It nevertheless has much progress to make in better integrating new information technology into the production process in all sectors (flexible manufacturing, reliability of machinery and simplification of new production systems). As far as product technology (the incorporation of new technologies in the product itself) is concerned, Japanese industry had proved second to none, especially in high-value-added consumer goods. For its part, European industry has often been too late in launching new products or introducing new product specifications: for reasons relating in particular to the structure of Community R&D, product innovation has been too slow.

Sectoral aspects

1.4.9. The Commission's study of the competitiveness of Community industry has

revealed differences between sectors, in terms of both the current situation and the trend.

As far as manufacturing industry is concerned, the Community has serious weaknesses; in particular, it is too little involved in the highest-growth sectors (particularly computers and electronics) and in the fast-expanding markets. Community industry has even been losing market share within the Community: between 1973 and 1982 the rate of external penetration of these sectors rose from 10% to 17% for the Community, but from 6.3% to 10.2% for the United States and from 4.2% to 5.2% for Japan.

In the service sector, however, the situation is potentially satisfactory. The integration of the Community internal market appears to be one of the essential factors for further improving competitiveness not only in the service industries themselves, but also in other industries using their services.

Opposing strategies

1.4.10. The increased awareness of Community industry should not, however, mask the challenge to European industry of growing international competition and the growth strategies of its major industrial competitors.

Japan: a systematic strategy

1.4.11. Analysis of our competitors strategies has shown that Japan's success will continue to be the main challenge to the industrial development of her competitors. It is based on the extremely high economic and social unity of the Japanese system and on the concentration of her productive structures and exports, and is reflected in the high level of investment and the capture of the home markets.

¹ Supplement 6/85 — Bull. EC; Bull. EC 4-1985, point 1.1.1 *et seq.*

Just as much as the unity of the Japanese economy, the efficient method used by Japanese business and by the public authorities to promote industrial and technological development and the priority given to industrial growth at the expense of other objectives, particularly in the social sphere, have been, and still are, key factors in the success of the Japanese economy.

This method consists in systematic cooperation between all parties concerned (i.e. industry, government, laboratories and universities) to set and attain clearly defined industrial and technological development objectives.

American aspirations

1.4.12. The United States' aim of restoring the technological domination and vigour of its industry, particularly by means of measures in the areas of fiscal and tax policy, civil and military research, commercial policy, deregulation and industrial cooperation, could also have serious consequences for Community industry.

The intensification of Japanese competition led the American Administration to carry out an assessment of the competitiveness of United States industry which reached the following two conclusions: first, that US industry's competitiveness is being eroded, particularly in high-technology industries; second, that the main challenge to the United States is posed by Japan and the Pacific region, not by Europe. Industrial cooperation between US and Japanese companies has spread from the motor industry¹ to many others, especially high-technology industries.²

The emergence and development of the Pacific axis

1.4.13. The emergence of the Pacific axis is a third area of concern for the industrial future of the Community. The chief problem for Community industry is to avoid

succumbing to the fiercer competition linked to the growth (4% per annum until the year 2000) of the newly industrializing countries in this region, whose type of industrial specialization has more in common with that of the Community than with that of the United States or Japan, without being able to exploit the advantages of access to their new markets.

US trade with the Pacific countries has already overtaken US trade with Europe and will be double it by 1995 if current growth rates are sustained. If the Pacific countries are going to take a growing share of the world market in the years ahead, what can be done to ensure adequate outlets for European industry on heavily protected markets, against competitors with a series of major advantages over European firms for historical (Japan) or geographical (USA) reasons? Secondly, how can the Community respond to the growth of the newly industrializing countries and its impact on competition on the world market, in terms both of the direct effect of exports from those countries on the world market and of the possible shift towards a new division of labour within the Pacific region, a trend which already seems to have started and which would further consolidate the Pacific countries' competitive position? Japan is already gaining most from this growth in the Asian countries, to which it can sell capital goods and components in return for raw materials and food. In this way it is helping to speed up the growth of their exporting industries and at the same time expanding those branches of its economy which are complementary to those of its near neighbours.

The Community awakening

1.4.14. The Commission concludes its communication by saying that the Com-

¹ Supplement 2/81 — Bull. EC; Bull. EC 6-1981, point 2.1.22.

² For advanced manufacturing equipment, see Supplement 6/85 — Bull. EC.

munity will be able to meet these challenges and achieve dynamic growth in its industry, taking due account of social needs and respecting international balance, only by better exploiting its industrial, technological and commercial advantages.

It identifies eight areas to be examined with a view to improving the Community's industrial competitiveness:

- (i) completing the internal market of the Community;
- (ii) reaffirming the Community's commitment to free international trade;
- (iii) strengthening the industrial base of the Community;

(iv) promoting the adjustment of production structures;

(v) encouraging the revitalization of European industry;

(vi) making a firm commitment to achieving the objective of economic and social cohesion in the Community;

(vii) making it easier to adapt the Community's human resources;

(viii) stimulating dialogue and consultation on economic and social matters in the Community.



PART TWO

**ACTIVITIES
IN FEBRUARY 1986**

1. Building the Community

Economic and monetary policy

Economic situation

2.1.1. At the beginning of March the Commission, acting in accordance with Article 2 of the Council Decision of 18 February 1974,¹ sent the Council a communication on the economic situation in the Community in the first quarter of 1986.²

This document, which is sent each year at the same time and which does not usually alter the main economic guidelines adopted by the Council during the previous year,³ is given much greater importance this year by two major question-marks affecting the world economic situation: the exchange rate of the dollar and the extent of the fall in the price of oil. These factors have led the Commission to make substantial revisions to all the major components of its previous forecasts.

Despite these uncertainties, by comparison with its October estimates,⁴ the Commission expects that the Community will in 1986 see a sharp fall in inflation (to 3.3%, as compared with 3.9% in its October estimate, from 5.3% in 1985 for the Community of Ten and to 4.0% from 5.8% for the Community of Twelve), a reduction in interest rates, which should follow falling prices, faster growth (up from 2.2% in 1985 to 2.8% in 1986, for both the Community of Ten and the Community of Twelve, as against 2.5% in the October estimate), as the result of a greater increase in household consumption (3.3% as compared with 2.7% in the October estimate for the Ten) and an upsurge in investment (by 4.5%, while only 3.7% was forecast in October). Unemployment is expected to fall only slightly (by 0.3%) to 10.9%, as compared with the estimate of 11.1% in October for the Community of Nine since harmonized figures for Greece, Spain and Portugal are not yet available.

However, this fall in unemployment, which is quite unsatisfactory, shows that this prob-

lem remains as serious as ever, despite the improvement in the general economic situation. It emphasizes the urgent need for rapid implementation of the cooperative growth strategy for more employment proposed by the Commission in October⁴ and adopted by the Council in December.³ The Commission therefore invites the governments and the two sides of industry to examine the following questions:

- (i) Has social dialogue been embarked upon in the Member States with the necessary resolve with a view to implementing that strategy?
- (ii) Does the foreseeable development of consumers' real incomes and of the structure of demand correspond, in all Member States, to the common objective of promoting employment-creating investment?
- (iii) How should economic policy react in member countries where the decline in oil prices causes a loss of wealth in the economy?
- (iv) Is the room for manoeuvre for economic policy being exploited correctly in those countries where it exists or is growing?
- (v) Is sufficient headway being made in the adjustment of public finance in the countries where the deficit is particularly high?

European Monetary System

Operation of the EMS

2.1.2. On 20 February Parliament adopted a resolution on the European Monetary System (→ point 2.4.19).⁵

¹ OJ L 63, 5.3.1974.

² COM(86) 114 final.

³ OJ L 377, 31.12.1985; Bull. EC 12-1985, point 2.1.2.

⁴ Bull. EC 10-1985, point 1.3.1 *et seq.*

⁵ OJ C 68, 24.3.1986.

Community borrowings

Loan to Greece

2.1.3. In February the Commission carried out a fourth Community borrowing operation, for SFR 227 million (→ point 2.3.6), thus completing the financing of the first instalment (875 million ECU) of the loan which the Community decided to grant Greece for balance-of-payments support in November 1985.

Economic Policy Committee

2.1.4. At its 165th meeting, held on 6 February with Mr Milleron in the chair, the Economic Policy Committee examined the effects of the fall in oil prices. The Spanish members of the Committee presented a report on the state of the Spanish economy at the time of Spain's accession to the Community.

Monetary Committee

2.1.5. The Monetary Committee held its 320th meeting in Brussels on 13 February, with Mr Tietmeyer in the chair. It discussed the problems posed by international indebtedness, on which the Chairman of the Committee was to report to the next Council meeting on economic and financial affairs.

Internal market and industrial affairs

Council

2.1.6. On 4 February the Council took note of a progress report from the Presidency on the action programme proposed in the Commission's White Paper on completing the internal market.¹ The Council had agreed on the principle of a regular review of such reports on 7 October 1985.² This first report covered both progress made in achieving the objectives set for 1985 and some prospects for 1986 in the areas covered by the White Paper.

For the Commission, Lord Cockfield, the Member with special responsibility for the internal market, gave details of the proposals to be presented in the coming months. In conclusion the Council stressed how important it felt it was to pursue the discussions energetically so that the deadlines laid down in the White Paper could be met.

The Council adopted a decision on the coordinated development of computerized administrative procedures (CD project) (→ point 2.1.45) and took a favourable view of the conclusion of the International Convention on the Harmonized Commodity Description and Coding System for Use in International Trade (→ point 2.1.53).

The Council discussed the findings of the intergovernmental conference on the Community patent held in Luxembourg from 4 to 18 December,³ with particular reference to the date on which the Convention would enter into force. It became clear in the course of the discussions how Member States' positions had changed since the conference.

The Council continued its discussion of the proposal for a Regulation abolishing certain postal charges for customs presentation⁴ and the proposal for a Directive on the limitation of noise emitted by hydraulic and rope-operated excavators and by dozers, loaders and excavator-loaders.⁵

Free movement of persons and freedom to provide services

Mutual recognition of diplomas and access to occupations

Veterinary surgeons

2.1.7. At a meeting held on 11 and 12 February the Advisory Committee on Veter-

¹ Bull. EC 6-1985, point 1.3.1 *et seq.*

² Bull. EC 10-1985, point 2.1.11.

³ Bull. EC 12-1985, point 2.1.22.

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

⁵ OJ C 356, 31.12.1980; Bull. EC 10-1980, point 2.1.50; Bull. EC 12-1985, point 2.1.15.

inary Training heard an initial series of five reports, each on a different Member State, and a general review of the aims and scope of continuing training in the Member States. The reports, together with those to be given at the Committee's next meeting, provide the basis on which the Committee will draw up a report, possibly accompanied by recommendations.

The Committee also exchanged views on the initial work undertaken to follow up the report and recommendations adopted at its meeting on 12 and 13 February 1985.¹

2.1.8. The *ad hoc* Group of Senior Officials responsible for the free movement of veterinary surgeons held a wide-ranging discussion on the implications of the accession of Spain and Portugal at its meeting on 13 February. It also discussed the situation of each Member State as regards locums in veterinary medicine at national and Community level, and completed the statistics on the migration of veterinary surgeons in 1984² (see Table 1).

Free movement of goods

Safeguard measures for Greece

2.1.9. Together with the Greek authorities, the Commission made the first quarterly general review provided for in its Decision of 22 November 1985 authorizing Greece to take certain safeguard measures, in particular to require a deposit upon the importation of various goods.³ At the request of the Greek Government, the Commission authorized a number of changes in the lists of goods concerned: some of the products for which a deposit of 80% of the cif value was required have been transferred to the list of those subject to a deposit of 40%. Other products have been removed from the lists. In conjunction with the Greek authorities, the Commission also examined the effect of such measures on the Greek economy.

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2.1.10. On 21 February Parliament adopted a resolution on the renaming of horses and ponies, something which makes it difficult for studbook organizations to document the pedigree of these animals and so constitutes an obstacle to their free movement (→ point 2.4.19).⁴

Removal of technical and administrative barriers to trade

Industrial products

2.1.11. On 21 February Parliament endorsed⁴ the Commission's proposal to the Council of 22 May⁵ for a second amendment to the Directive of 22 November 1973 on the approximation of the laws of the Member States relating to detergents.⁶

Foodstuffs

2.1.12. In accordance with the provisions of the Council Directive of 15 July 1980 on the exploitation and marketing of natural mineral waters,⁷ which entered into force on 17 July 1984,⁸ the Commission received a second supplement to the list of natural mineral waters recognized by the United Kingdom.⁹

2.1.13. On 19 July 1985, in the dispute between the Community and the United States over pasta products, the Council adopted a Regulation concerning export refunds for macaroni, spaghetti and similar products which gave the Commission authority to apply different rates of refund

¹ Bull. EC 2-1985, point 2.1.6.

² The tables showing statistics on the migration of doctors, nurses responsible for general care, dental practitioners and midwives are in Bull. EC 12-1985, point 2.1.12.

³ OJ L 373, 31.12.1985; Bull. EC 11-1985, point 1.3.3.

⁴ OJ C 68, 24.3.1986.

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

⁶ OJ L 347, 17.12.1973.

⁷ OJ L 299, 30.8.1980.

⁸ Bull. EC 7/8-1984, point 2.1.18.

⁹ OJ C 37, 18.2.1986; OJ C 240, 21.9.1985; OJ C 110, 4.5.1985.

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

	Germany	France	Italy	Netherlands	Belgium	Luxembourg ²	United-Kingdom	Ireland	Denmark	Greece
Total	9	91	1	6	2		7	5	1	9
Nationals of:										
Germany	1	3			2		1		1	
France	2						1			
Italy	1						1	1		
Netherlands	2	2	1	3			2			
Belgium	1	82		2		2	1			
Luxembourg										
United Kingdom		2		1				4		
Ireland										
Denmark										
Greece	2	2					1			9
Who qualified in:										
Germany		1		1	2		1		1	
France	3						1			
Italy	1						1	1		
Netherlands	2	1	1				2			
Belgium	1	86		4		2	1			
Luxembourg										
United Kingdom		2		1				4		
Ireland										
Denmark										
Greece	2	1					1			

¹ The table, as the heading suggests, does not include Community nationals who acquired their qualification in a Member State whose nationality they do not possess and in which they were authorized to practise. (These are effectively migrant students rather than migrant veterinary surgeons.) It does include all migrant veterinary surgeons provided they have received authorization to practise in that State.

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

for exports to different destinations.¹ From 1 November 1985 the conditions on which these products could be imported into the United States were altered to an extent that provided grounds for Commission action that would enable Community exporters to compete fairly on the US and Canadian markets again.

To effect this, the Commission adopted a Regulation on 21 February laying down detailed rules for granting export refunds on certain agricultural products exported in the form of goods not covered by Annex II to the Treaty.²

*

2.1.14. On 25 February the Commission sent the Council a communication entitled 'Improving competitiveness and industrial structures in the Community' (→ point 1.4.1 *et seq.*).

Steel

The Community steel industry

Market management

Crisis measures

Production quotas

2.1.15. On 3 February the Commission adopted amended abatement rates for the first quarter of 1986³ (provisionally adopted on 27 November 1985⁴), slightly reducing the production quota for hot-rolled flat strip (Ia) and the share of the quota of cold-rolled sheet (Ib) which may be delivered in the common market.

Table 2 — *Definitive rates of abatement for establishing the production quotas for the first quarter of 1986*

Product	Production quota	Share of the quota which may be delivered in the common market
Ia Hot-rolled flat strip, including hoop and sheet	45	41
Ib Cold-rolled sheet		

2.1.16. On 24 February the Commission adopted the provisional abatement rates which will be used as a basis for establishing production quotas for the second quarter.⁵

Table 3 — *Rates of abatement for establishing the production quotas for the second quarter of 1986*

Product	Production quota	Share of the quota which may be delivered in the common market
Ia Hot-rolled flat strip, including hoop and sheet	48	49
Ib Cold-rolled sheet	42	41
Ic Galvanized sheet	16	24
II Reversing-mill plate	42	49
III Heavy sections	50	54
IV Wire rod	36	39
VI Merchant bars	40	40

¹ OJ L 188, 20.7.1985; Bull. EC 7/8-1985, point 2.3.14.

² OJ L 45, 22.2.1986.

³ OJ L 31, 6.2.1986.

⁴ OJ L 340, 18.12.1985; Bull. EC 11-1985, point 2.1.26.

⁵ OJ L 48, 26.2.1986.

Statistics

2.1.17. On 24 February the Commission adopted a Decision designed to provide a legal basis for the statistical survey on the iron and steel industry.

In view of the continuing precarious situation in the industry, the administration of which, in the enlarged Community, will be increasingly dependent on the rapid availability of reliable data on production, raw materials and energy supply, orders received, deliveries and employment, the Commission must have access to reliable statistics within the shortest possible time in order to discharge its responsibilities under the ECSC Treaty.

Market situation

Community production

2.1.18. Production in the Community continues to be stable. For the Twelve, production in December 1985 was 10.132 million tonnes, compared with 10.349 million tonnes in December 1984; for the Community less Greece, the corresponding figures are 10.037 and 10.273 million tonnes. Production in January 1986 was 11.088 million tonnes (10.941 million tonnes in January 1985).

According to the latest available statistics crude steel production for the whole of 1985 in the Community of Ten was 120.4 million tonnes, i.e. very slightly higher (0.4%) than in 1984.

Table 4 shows crude steel production by Member State since 1980

Table 4 — *Crude steel production*

	<i>million tonnes</i>					
	1980	1981	1982	1983	1984	1985
Belgium	12.3	12.3	10.0	10.2	11.3	10.7
Denmark	0.7	0.6	0.6	0.5	0.5	0.5
Germany	43.8	41.6	35.9	35.7	39.4	40.5
Greece	0.9	0.9	0.9	0.9	0.9	0.1
France	23.2	21.2	18.4	17.6	18.8	18.8
Ireland	0.0	0.03	0.1	0.1	0.2	0.2
Italy	26.5	24.8	24.0	21.8	24.1	23.6
Luxembourg	4.6	3.8	3.5	3.3	4.0	3.9
Netherlands	5.3	5.5	4.4	4.5	5.7	5.5
United Kingdom	11.3	15.3	13.7	15.0	15.2	15.6
EUR 9	127.7	125.1	110.5	108.7	119.2	120.4
EUR 10	128.6	126.1	111.4	109.5	120.1	—

The average capacity rate increased from 67.6% in 1984 to 69.7%. On the basis of the external trading figures for 11 months, imports are estimated at 9.8 million tonnes (3.2% up on the previous year) and exports at 29.4 million tonnes (11.4% up on 1984), which means that consumption was some 101 million tonnes (2.2% down on 1984).

Based on these provisional data, import penetration increased year on year from 9.2% to 9.7% and is levelling out below the 10% limit which the Commission has set itself.

A (seasonally adjusted) increase of 5% over December 1985 can be expected in January 1986. Also, according to early returns pro-

duction in the Nine will be 9.5 million tonnes in February — less than the 9.78 million tonnes of January and about the same as the 9.54 million tonnes of February 1985.

The world market in 1985

2.1.19. The 1985 balance sheet for the world steel market, drawn up by the United Nations Economic Commission for Europe, shows a slight increase in production and

consumption. The prospects for 1986, however, are less encouraging and most countries forecast a slight drop in consumption, quite apart from the effect of the falls in the oil price and the dollar.

World crude steel production in 1985 exceeded 1984 levels by 10 million tonnes (1.4%) and the very poor 1982 outturn by 75 million tonnes (11.6%). Nevertheless, it is still 3.6% below the 1979 record.

Table 5 shows developments in world steel production.

Table 5 — *World steel production*

	1000 tonnes				
	1985	1984	1979	85:84 (%)	85:79 (%)
<i>World production</i>	719.9	709.9	746.5	+ 1.4	- 3.6
USSR and Eastern-bloc countries	215.4	214.2	209.4	+ 0.5	+ 2.8
China and other State-trading countries	55.2	50.2	40.2	+ 10	+ 37.3
Total, State-trading countries	270.6	264.4	249.7	+ 2.3	+ 8.4
<i>Western world</i>	449.4	445.6	496.8	+ 0.9	- 9.5
Developing countries	75.0	70.0	54.3	+ 7	+ 38.1
Industrialized countries	374.4	375.5	442.5	- 0.3	- 15.4
United States	80.4	83.9	123.7	- 4.3	- 35
Japan	105.2	105.6	111.7	- 0.3	- 5.8
The Ten	120.7	120.2	141.1	+ 0.4	- 14.5
The Twelve	135.5	134.4	154.0	+ 0.8	- 12

Accession-related measures

Delivery of Portuguese and Spanish steel products in the Community market

2.1.20. On 10 February the Commission requested the Council's assent to and the ECSC Consultative Committee's opinion on two draft decisions establishing the delivery levels of ECSC steel products of Portuguese and Spanish origin onto the rest of the common market.

The Portuguese and Spanish Act of Accession provides that, in return for allowing Portugal and Spain, with the authoriza-

tion of the Commission, to grant aid to steel undertakings for periods of five and three years respectively from the date of accession, deliveries of ECSC steel products originating in Portugal and Spain to the rest of the Community market are to be subject to quantitative limits for the said periods and that the Portuguese and Spanish authorities are to supervise developments strictly. The Commission is therefore proposing that, in 1986, deliveries of ECSC steel products of Spanish origin into the rest of the Community market, excluding Portugal, may not exceed 827 500 tonnes; Portuguese deliveries (excluding Spain) may not exceed 80 000 tonnes.

Accompanying document and production certificate

2.1.21. Also on 10 February, for technical reasons, the Commission sought the assent of the Council and the opinion of the ECSC Consultative Committee with a view to extending by an additional period of two months (up to 28 February) the deadline for the application to deliveries originating in, or sent to, Portugal and Spain of the Decision of 23 December 1983 introducing a production certificate and an accompanying document for deliveries of certain products.¹

Trade with non-member countries

Exports

Retaliatory measures against the United States in respect of semi-finished products

2.1.22. The retaliatory measures decided by the Council in January² in response to the unilateral measures taken by the United States in respect of semi-finished products became effective on 15 February. Up to 15 November 1989 imports into the Community of fats of bovine cattle, fertilizers and coated paper originating in the United States will remain subject to quantitative restrictions. On 14 February the Commission allocated the 1986 import quotas for these products to the Member States.³

For their part, on 19 February the American authorities adopted retaliatory measures in response to the Community's which relate mainly to the management of the quota for semi-finished products.

Following this escalation of restrictive measures Mr Willy De Clercq, Member of the Commission with special responsibility for external relations and trade policy, made a statement setting out the Commission's position and the frame of mind in which it will conduct further discussions:

'One of the parties involved in this matter has to keep its cool. The economic stakes are too high for us to indulge in irresponsible escalation of restrictive measures. It would be disastrous if international trade problems were to be turned into a fighting match.

As regards the conflict over steel, the Community had no choice but to react, as it had said it would, to the unilateral measures taken by the United States against exports of semi-finished products from the Community. These measures were economically unjustified and contrary to the Arrangement negotiated on 31 October 1985.

We regretted having to do this and we constantly reiterated in our contacts with the United States authorities that we were prepared to seek a more satisfactory solution for both sides. A period of 45 days elapsed before our measures entered into force, more than time enough to resume the dialogue on this problem.

The US authorities nevertheless considered that the time was not ripe for this.

Let common sense prevail. The Community is open to discussion in order to find a negotiated, reasonable solution....'

*

2.1.23. Parliament adopted a resolution on 20 February on the American restrictions on imports of semi-finished steel products from the Community in which it notes with concern the increasingly protectionist behaviour of the United States (→ point 2.4.19).⁴

Special steels

2.1.24. The United States terminated the safeguard measures it had applied since 1984 to exports of stainless steels (or special steels) originated in the Community under the general arrangement on Community steel exports,⁵ and the Community has therefore not renewed the retaliatory meas-

¹ OJ L 373, 31.12.1983; Bull. EC 12-1983, point 2.1.15; OJ L 89, 29.3.1985; Bull. EC 12-1985, point 2.1.30.

² OJ L 30, 5.2.1986; Bull. EC 1-1986, point 2.1.20.

³ OJ L 40, 15.2.1986.

⁴ OJ C 68, 24.3.1986.

⁵ Bull. EC 11-1985, point 2.1.34; OJ L 355, 31.12.1985; Bull. EC 12-1985, point 2.1.36.

ures it adopted on 6 February 1984 and extended to 28 February 1986.¹

Imports

Autonomous measures

2.1.25. Under Article 71(3) of the ECSC Treaty, Germany and the Benelux countries have asked the Commission to authorize the application of safeguard measures to imports of products originating in Eastern-bloc countries and released for free circulation in another Member State.

2.1.26. The Commission also initiated an anti-dumping procedure in respect of certain iron or steel sheets and plates imported from Yugoslavia.² The share of the market in these products accounted for by imports from Yugoslavia increased from 0.1% in 1980 to 1.2% in 1984 and 2.8% in the first half of 1985. Prices are between 16% and 33% below those charged by Community manufacturers.

Research and technology

Community R&D policy

Stimulation of European scientific and technical cooperation and interchange

2.1.27. Meeting in Brussels on 21 February, the Committee for the European Development of Science and Technology (Codest) examined the problem of the budgetary fluctuations that are liable to affect the implementation of the 1985-88 stimulation plan.³ It was concerned that such fluctuations might lead to the rejection of too many proposals this year. The proposals already submitted represent a total of 50 million ECU, and more are expected.

From the projects that the Commission is currently considering the Committee drew up a list of 13 research grants and 14 twin-

ning schemes for approval as a matter of priority.⁴ These different schemes involve nearly 80 research teams in virtually all the Member States. The projects relate in particular to modelling studies on the circulation of ocean waters, the study of the modes of soil aggregation under the influence of non-crystalline mineral colloids and organic compounds of plant or microbial origin, the analysis of the structure of materials through the study of valency electrons, and the synthesis and spectroscopic study of bioactive peptides, hormonal polypeptides and proteolytic enzyme inhibitors.

2.1.28. On 20 and 21 February the Commission, in conjunction with the publishers Autrement and the newspaper *Le Soir*, held a symposium in Brussels on the topic of science and technology in Europe: informing and communicating. The symposium was attended by 250 people involved in the problems of information in research and technology: public relations officers of private and public research centres, national and international officials and journalists.

The different speakers and participants endeavoured to identify the problems associated with the specific nature of information on research and technology and to pick out the best ways of making the general public more familiar with European research, and more particularly Community research.

International cooperation

2.1.29. On 25 February the Council adopted a Decision⁵ concerning the conclusion of an Agreement⁶ extending and amending the Agreement between the Community and Switzerland on a concerted-

¹ OJ L 40, 11.2.1984; Bull. EC 2-1984, point 2.2.18; OJ L 59, 27.2.1985; Bull. EC 2-1985, point 2.2.13.

² OJ C 38, 19.2.1986.

³ OJ L 83, 25.3.1985; Bull. EC 12-1985, points 1.7.1 and 1.7.2.

⁴ Bull. EC 1-1986, point 2.1.23.

⁵ OJ L 75, 20.3.1986.

⁶ Bull. EC 11-1985, point 2.1.184.

action project in the field of the detection of the tendency to thrombosis.¹

COST projects

2.1.30. On 4 February the Council adopted² a Decision³ concerning the conclusion of an Agreement extending until 31 December 1986 the Community's concerted-action programme in the field of shore-based marine navigation aid systems (COST Project 301) and the corresponding Community-COST Concertation Agreement.⁴

*

2.1.31. On the basis of the report⁵ presented by Mr Rolf Linkohr during Parliament's first October part-session, which was chiefly devoted to Europe's response to technological challenge,⁶ on 21 February Parliament adopted a resolution on technology transfer (→ point 2.4.19).⁷

Sectoral R&D activities

Energy

Nuclear fusion energy

Latest achievements of JET

2.1.32. In order to reach, in tokamak-type devices such as JET,⁸ the temperature of 100 million degrees Celsius that is necessary for a sufficient number of fusion reactions to be set off, it is essential to supplement the heat source constituted by the plasma current itself (ohmic heating) with additional heat sources. Operation of the JET machine therefore includes a programme of additional heating which in 1988 will deliver a total of 25 million watts to the plasma: 15 million watts through the emission of electromagnetic radio frequency waves and 10 million watts through the injection of neutral particles.

While 6 million watts of radio frequency heating had already been installed, the first neutral particle injection line, which has a

nominal capacity of 5 million watts, was recently connected to the machine and has operated successfully: it has already supplied 4.4 million watts to the plasma for five seconds.

Although not yet highly significant from a purely scientific standpoint (the power injected is still relatively small and the duration insufficient), the results obtained are extremely encouraging: the plasma density has doubled with respect to ohmic heating conditions, and the temperature at the centre has increased by some 10 million degrees. This is a technical achievement of some merit, the fruit of close cooperation between JET, the associated laboratories and European industry.

Industry

2.1.33. On 25, 26 and 27 February the Commission held in Marseilles, in conjunction with the Centre for Studies on Advanced Systems and Technologies, a symposium on research and technology in extreme environments. The symposium brought together researchers from the Community, other European countries, Canada, Japan and the United States. It was intended to enable the participants to compare the status of their respective programmes, their organizational and management methods and their technical achievements and projects in space, the oceans and the nuclear field.

The mastery of 'extreme' environments — whether they occur naturally, as in space or at the bottom of the sea, or are the result of human activities, as in the case of radioactivity — calls for the implementation of highly complex technological systems that integrate the latest developments in robot-

¹ OJ L 78, 25.3.1980; OJ L 83, 29.3.1982.

² OJ L 33, 8.2.1986.

³ Bull. EC 11-1985, point 2.1.187.

⁴ OJ L 378, 31.12.1982; Bull. EC 12-1982, point 2.1.179.

⁵ Bull. EC 10-1985, point 2.5.16.

⁶ Bull. EC 10-1985, point 2.5.8 *et seq.*

⁷ OJ C 68, 24.3.1986.

⁸ Bull. EC 6-1985, point 2.1.168.

ics, electronics, materials science, etc. The aim of the symposium was to share experience with a view to enhancing the methods of devising and implementing the technological systems developed in each of the different fields.

New technologies

Information technology

Esprit programme

2.1.34. The Commission published in the *Official Journal* a call for proposals¹ for the organization in 1986, 1987 and 1988, in close cooperation with it, of an Esprit Technical Week, to be held in Brussels and attended by 1 000 specialists it will invite.

It is planned to hold the 1986 Esprit Technical Week² in Brussels from 29 September to 3 October.

Telecommunications

RACE

2.1.35. On 25 February the Commission announced the results of the call for proposals for RACE definition phase Part II (technology evaluation and exploration),³ which is intended to establish the broad lines of a future Community network for integrated broadband communication and define the technology necessary for putting it into effect in the 1990s.

Over 80 proposals were submitted, of which 31 have been selected, involving more than 100 organizations. All the contracts have now been negotiated and cover a total cost of some 40 million ECU, to be cofinanced by the Community, and work has begun on the majority of the projects selected. The RACE definition phase is scheduled to last 18 months, and its results will be used by the Council in making further strategic decisions towards the end of 1986.

Standardization

2.1.36. The Commission also announced the outcome of the call for proposals for the establishment of European conformity testing services for information technology and telecommunications. This initiative will facilitate the application of standards to products by providing harmonized conformity testing facilities at a number of sites in the Community.

Some 15 centres have undertaken to develop the necessary facilities and procedures, with co-funding of nearly 10 million ECU from the Community during the start-up period, after which the centres are expected where possible to continue the work on a commercial basis. Data relating to equipment passing the agreed tests could be exchanged throughout the Community; such equipment could be covered by the current proposals for mutual recognition of type approval in the IT and telecommunications fields when they are adopted.⁴

Traditional industries

Technical coal research

2.1.37. In accordance with Article 55 of the ECSC Treaty, the Commission decided on 25 February to transmit to the ECSC Consultative Committee, for opinion, and to the Council, for assent, its draft technical coal research programme for 1986.⁵ The programme comprises 60 projects (selected from 90 applications), whose total cost amounts to 36.6 million ECU, some 60% of which will be financed by assistance from the ECSC operating budget, i.e. 22 million ECU, including 104 200 ECU for the dissemination of knowledge and associated costs. The programme is mainly geared to the following objectives: reducing costs and increasing productivity in coal mines; the

¹ OJ C 40, 21.2.1986.

² 1985 Esprit Technical Week: Bull. EC 9-1985, point 2.1.137.

³ OJ C 249, 1.10.1985; Bull. EC 9-1985, point 2.1.139.

⁴ OJ C 232, 12.9.1985; Bull. EC 5-1985, point 2.1.21.

⁵ COM(86) 107.

rational utilization of existing deposits; the upgrading and rational use of products and by-products; improving working conditions, safety and environmental protection; and the rapid application of research results.

The largest amounts are devoted to the following subsectors: roadway drivage systems, methods of working and techniques of coal winning, modern management, preparation and transport of products, and coking of coal.

Raw materials

2.1.38. On 21 February Parliament adopted an opinion¹ on the Commission's proposal relating to a multiannual research action programme on materials (raw materials and advanced materials — 1986-89)² and on a support policy for research and development in the new materials sector. Parliament agrees in general with the content of the programme proposed by the Commission, which is subdivided into four subprogrammes: raw materials, secondary raw materials, wood as a renewable raw material, and advanced materials.

It nevertheless regrets that the fourth subprogramme, devoted to research on advanced materials, had not been given priority, and therefore calls on the Commission to carry out a full assessment of European R&D capacity in that sector and estimate the medium-term advanced materials requirements of European industry, so that the programme can be adapted to the needs of international competition and a genuine Community policy pursued in that area. At all events, Parliament recommends the Commission to ensure that research carried out under the multiannual programme complements rather than competes with programmes on industrial technologies (Brite), information technology (Esprit) and high-temperature materials and materials from work conducted at the JRC's Petten Establishment.

Environment

2.1.39. On 19 February Parliament adopted an opinion¹ on the Commission's

proposal for three multiannual research programmes in the field of the environment,³ which relate to environmental protection, climatology and major technological hazards.

As far as environmental protection is concerned, Parliament regrets that the Commission, when presenting its proposal, did not take advantage of the opportunity to review the entire research action programme on the environment.⁴ It wishes to see closer integration of the various research programmes and a coordinated timetable for the research action programme and the framework programme, and proposes that the programme be reviewed in the course of the second year to take account of the new approach adopted in the JRC programme (1987-90) and the framework programme (1987-91).

Parliament broadly agrees with the proposals for the climatology programme, but wishes to see the JRC involved in that area of research.

Lastly, Parliament is opposed, for the time being, to the inclusion of an extensive section on major technological hazards, as this aspect is already largely covered by direct research carried out by the JRC's Ispra Establishment. It therefore calls on the Commission, when it comes to review the JRC's multiannual research programme (1984-87), to integrate the programme on major technological hazards into the programme on industrial hazards that is already being carried out at the JRC and to entrust the latter with the task of coordinating the necessary contractual research.

2.1.40. The Economic and Social Committee too adopted an opinion (→ point 2.4.34) on the Commission proposal for a Decision adopting multiannual research and development programmes in the field of the environment (1986-90).³

¹ OJ C 68, 24.3.1986.

² OJ C 220, 30.8.1984; Bull. EC 7/8-1985, point 2.1.224.

³ OJ C 301, 25.11.1985; Bull. EC 7/8-1985, point 2.1.230.

⁴ OJ L 101, 11.4.1981.

⁵ OJ L 3, 5.1.1984; Bull. EC 12-1983, point 2.1.225.

Health and safety

2.1.41. In the context of the 1985-89 radiation protection research programme,¹ from 17 to 19 February the Commission, in conjunction with the Karlsruhe Centre for Nuclear Research, held a seminar on the risks of tritium for man and the environment.

Tritium contributes to the total radiological dose from the nuclear fission cycle and will be produced in any future nuclear fusion reactors. It diffuses rapidly in the environment and can be transformed into many organic compounds whose transport, metabolic behaviour and toxicity vary considerably. It is not yet possible fully to assess the risks presented by tritium during routine operations or uncontrolled emissions. The aim of the Karlsruhe seminar was to take stock of existing knowledge in the area.

It emerged that whereas the fate of tritium contained in water is now well established, much remains to be learnt about the behaviour of elementary tritium and tritiated hydrocarbons. If the mechanisms governing the oxidation of elementary tritium in the soil and the transformation of tritium in the environment are to be understood, research is still necessary on the incorporation and half-life of this element in molecules of biological significance.

Close coordination with the Community's fusion programme¹ and cooperation with the United States, Canada and Japan should enable the researchers taking part in the radiation protection programme to build the dynamic models that are necessary for determining the doses received by man.

Industrial innovation and the information market

Transnational measures to promote innovation

Technology transfer and innovation management advisory services to small business

2.1.42. Under the plan for the transnational development of the supporting infra-

structure for innovation and technology transfer,² on 21 February the Commission published in the *Official Journal*³ a third call for proposals for the promotion of transnational cooperation between technology and innovation management advisory services to small and medium-sized enterprises.⁴

The appropriations available are intended to cover up to 50% of the specific costs of cooperation. The closing date for the submission of proposals is 10 May 1986.

Technology fairs

2.1.43. Under the plan for the transnational development of the supporting infrastructure for innovation and technology transfer,² on 13 February the Commission published in the *Official Journal* a call for proposals for the organization of group visits for heads of firms from one Member State to technology fairs in other Member States.⁵ The available appropriations (200 000 ECU) are intended to cover up to half the costs of organizing some 20 visits to fairs in 1987. The closing date for the submission of proposals by public or private innovation and technology-transfer advisory agencies is 31 May 1986.

Multilingual projects

2.1.44. As part of its fourth plan of action (1986-90) for the improvement of the transfer of information between European languages,⁶ from 11 to 14 February the Commission held a world conference on the Systran system in Luxembourg. In addition to the Commission departments responsible for the development and implementation of machine translation, representatives of all the companies and institutions using

¹ OJ L 83, 25.3.1985; Bull. EC 3-1985, point 2.1.141.

² OJ L 353, 15.12.1983; Bull. EC 11-1983, point 2.1.29.

³ OJ C 40, 21.2.1986.

⁴ OJ C 125, 22.5.1985; Bull. EC 12-1985, point 2.1.42; OJ C 210, 10.8.1984.

⁵ OJ C 33, 13.2.1986.

⁶ Bull. EC 10-1985, point 2.1.36.

Systran in the United States, Canada, Japan and Europe took part.

In the first part of the conference the various aspects of the operation of Systran at the Commission, in Europe and throughout the world were presented. In the second part, participants in four workshops discussed the quality of the translations, the equipment required for entering, revising and transmitting texts, and recommendations for the coordination of future efforts and the pooling of existing resources, software and multilingual thesauri.

The Commission representatives presented plans for a modern and efficient infrastructure aimed at making Systran available to all Commission translators in the coming years.

Customs union

Simplification of customs formalities

Computerizing administrative procedures in intra-Community trade

2.1.45. On 4 February the Council adopted a Decision relating to the coordinated development of computerized administrative procedures (CD project).¹ Noting the proposals² presented by the Commission pursuant to its resolution of 15 May 1984,³ the Council made the Commission responsible for the coordination necessary for implementation of the project.

It also set up a committee to assist the Commission in the execution of the various tasks involved. Via the committee procedure, the Commission will adopt standards in a number of fields:

(i) syntax rules for the purpose of data exchange between the Commission and Member States, between the customs administrations of one Member State and another, and between the Commission or national customs administrations and per-

sons, whether natural or legal, who are authorized to exchange data by electronic means with them;

(ii) data element descriptions, codes, message formats and transmission standards for use in these exchanges;

(iii) minimum standards to ensure physical protection against unauthorized access to data subject to such exchanges.

These measures will be adopted in conformity with guidelines for the use of information technology standards laid down by the Caddia Steering Committee.⁴

As regards intra-Community trade, the Decision provides that in implementing the CD project the Commission and the Member States must have due regard to the implications and results of all actions aimed at achieving completely and effectively the conditions for a single market in the Community by 1992 at the latest.

Single document

2.1.46. In February the Economic and Social Committee gave its opinion (→ point 2.4.31) on the proposal for a Regulation⁵ amending that of 8 July 1985 introducing Community export and import declaration forms.⁶

General legislation

Accession-related measures

2.1.47. On 20 February the Commission adopted a Regulation on methods of administrative cooperation to provide during the transitional period for free movement of goods in trade between the Community as

¹ OJ L 33, 8.2.1986.

² OJ C 15, 16.1.1985; Bull. EC 11-1984, point 2.1.27; OJ C 167, 6.7.1985; Bull. EC 6-1985, point 2.1.39; OJ C 329, 19.12.1985; Bull. EC 12-1985, point 2.1.45.

³ OJ C 137, 24.5.1984; Bull. EC 5-1984, point 2.1.6.

⁴ OJ L 96, 3.4.1985; Bull. EC 3-1985, point 2.1.23.

⁵ OJ C 348, 31.12.1985; Bull. EC 12-1985, point 2.1.44.

⁶ OJ L 179, 11.7.1985; Bull. EC 7/8-1985, point 2.1.35.

constituted on 31 December 1985 on the one hand and Spain and Portugal on the other, and in trade between the two new Member States.¹

In accordance with the Act of Accession, the Regulation establishes arrangements designed to ensure that goods fulfilling the necessary conditions are able to benefit from the dismantling of tariffs between Spain, Portugal and the Ten.

2.1.48. On 28 February the Commission adopted a Regulation laying down transitional measures for trade within the Community in goods obtained in Spain, Portugal or another Member State under a procedure providing for the suspension or refund of customs duties or other charges—compensatory levy.² The Regulation allows the goods in question to qualify for the appropriate Community treatment in another Member State during the transitional period, while ensuring that a levy is paid on any third-country components incorporated in the goods without customs duty having been charged in the Member State of manufacture.

Customs procedures with economic impact

Processing under customs control

2.1.49. On 17 February the Council adopted a Regulation³ amending the list annexed to its Regulation of 26 September 1983 on arrangements permitting goods to be processed under customs control before being put into free circulation.⁴

Accession-related measures

2.1.50. On 10 February the Commission adopted a Regulation⁵ on transitional measures for inward processing, outward processing and processing under customs control in trade between Member States of the Community as constituted on 31 December 1985 and Spain or Portugal and also in trade between the two new Member

States for such time as customs duties are levied in such trade.⁵

Common Customs Tariff

Accession-related measures

2.1.51. On 24 February the Council adopted a Regulation on the basic duties to be used by the Ten for the purpose of working out the successive tariff reductions necessary in connection with the accession of Spain and Portugal.⁶

2.1.52. On 26 February the Commission adopted a similar Decision concerning ECSC products originating in Spain.⁷

Nomenclature

2.1.53. On 4 February the Council came down in favour of the conclusion of the International Convention on the Harmonized Commodity Description and Coding System⁸ and agreed to adopt a formal decision once the necessary procedures had been accomplished.

2.1.54. On 2 and 11 February the Commission adopted two Regulations to ensure uniform application of the CCT nomenclature, classifying:

- (i) a preparation of uncooked bovine meat under subheading 16.02 B III b);⁹
- (ii) pants for the use of by incontinent persons under subheading 48.21 F II.¹⁰

The Committee on Common Customs Tariff Nomenclature also approved an agree-

¹ OJ L 46, 25.2.1986.

² OJ L 52, 28.2.1986.

³ OJ L 43, 20.2.1986.

⁴ OJ L 272, 5.10.1983; Bull. EC 9-1983, point 2.1.27.

⁵ OJ L 36, 12.2.1986.

⁶ OJ L 50, 28.2.1986.

⁷ OJ L 51, 28.2.1986.

⁸ OJ C 120, 4.5.1984; Bull. EC 4-1984, point 2.1.31.

⁹ OJ L 30, 5.2.1986.

¹⁰ OJ L 39, 14.2.1986.

ment on the classification of goods in heading 32.12.¹

Accession-related measures

2.1.55. On 25 February the Council adopted a Regulation authorizing Spain and Portugal to include national subdivisions for certain agricultural products within the Common Customs Tariff nomenclature.²

Economic tariff matters

Tariff quotas

2.1.56. In February the Council adopted a Regulation opening Community tariff quotas for Spanish imports of fishery products falling within CCT heading or subheading 03.01, 03.03, 16.04 and 23.01 B, originating in the Canary Islands (1986).²

2.1.57. The Council also adopted a number of Regulations opening, allocating and providing for the administration of Community tariff quotas in respect of:

- (i) certain fishery products falling within CCT heading or subheading 03.01, 03.03, 16.04 and 23.01 B, originating in the Canary Islands (1986);²
- (ii) certain types of polyvinylpyrrolidone falling within CCT subheading ex 39.02 C XIV a);³
- (iii) coffee, unroasted and not freed of caffeine, falling within CCT subheading 09.01 A I a), and cocoa beans, whole or broken, falling within heading 18.01;²
- (iv) certain polyethylene terephthalate films falling within CCT subheading ex 39.01 C III a).⁴

Accession-related measures

2.1.58. To take account of the accession of Spain and Portugal, the Council adopted Regulations:

- (i) amending Regulations Nos 1520/85, 1521/85 and 1522/85⁵ opening, allocating

and providing for the administration of Community tariff quotas in respect of certain wines falling within CCT subheading ex 22.05 C, originating in Spain (1985-86);³

- (ii) repealing Regulations Nos 1523/85, 1524/85, 1525/85, 1526/85 and 1527/85⁵ opening, allocating and providing for the administration of Community tariff quotas in respect of certain wines falling within CCT subheading ex 22.05 C, originating in Portugal (1985-86);³

- (iii) amending Regulation No 1531/85⁶ opening, allocating and providing for the administration of a Community tariff quota in respect of ferrophosphorus falling within CCT subheading ex 28.55 A;³

- (iv) amending Regulations Nos 3132/85, 3130/85 and 3131/85⁷ opening, allocating and providing for the administration of Community tariff quotas in respect of certain products falling within CCT headings 08.03 and 55.09 and Chapter 27, originating in Spain (1986).⁴

Origin

2.1.59. In accordance with Protocol No 2 to the Act of Accession of Spain and Portugal, the Council adopted a Regulation on 25 February on the definition of the concept of originating products and methods of administrative cooperation in trade between the customs territory of the Community, Ceuta and Melilla and the Canary Islands.

It is largely based on the existing Mediterranean agreements (e.g. with Yugoslavia or Morocco) and includes a cumulation provision. This system should facilitate compliance with the rules and means that when a product has been manufactured in one of the territories concerned operators can take

¹ OJ C 37, 18.2.1986.

² OJ L 50, 28.2.1986.

³ OJ L 43, 20.2.1986.

⁴ OJ L 44, 21.2.1986.

⁵ OJ L 150, 8.6.1985; Bull. EC 5-1985, point 2.1.29.

⁶ OJ L 147, 6.6.1985; Bull. EC 6-1985, point 2.1.47.

⁷ OJ L 304, 16.11.1985; Bull. EC 10-1985, point 2.1.43.

account not only of stages of processing carried out within that territory but of any intermediate products or raw materials coming from one of the other territories.

To avoid trade deflection motivated by the possibility of obtaining a 'drawback', there is a clause which excludes the mere carrying out of the 'minimal operations' concerning origin in these territories.

The lists of specific exceptions to the criteria for change of tariff heading (List A and List B) are modelled on the EEC-Yugoslavia Agreement for agricultural products¹ (Common Customs Tariff Chapters 1 to 24) and the EFTA Agreements for industrial products.²

A new provision is laid down in the explanatory notes to take care of the special situation of fishing vessels in the Canary Islands.

Competition

Restrictive practices, mergers and dominant positions: specific case

Mergers

Röchling-Possehl

2.1.60. On 5 February³ the Commission authorized, under Articles 65 and 66 of the ECSC Treaty, the formation of a joint venture, named 'Stahlcenter Röchling-Possehl GmbH & Co KG', Mannheim, by Röchling Eisenhandel KG, Ludwigshafen, and Possehl Eisen- und Stahl GmbH, Mannheim (a wholly owned subsidiary of Saarlux). It also approved the accompanying agreement despite the restraint it imposed on competition.

The transaction aims to concentrate the commercial activities of the two companies in the Mannheim/Ludwigshafen area by operating a single depot (the Possehl depot at Mannheim) and closing the Röchling

depot at Ludwigshafen. It should contribute to restructuring and consolidation by increasing the efficiency and profitability of the two parent companies, which is necessary following the reduced profitability from sales over the last four years. Consideration of the venture under Article 66 shows that the share of the market in the Federal Republic of Germany (the only country in which the joint venture and the two parent companies operate) served by the two depots to be merged is extremely small, amounting to only 0.3%. Even allowing for the possible group effect on the German market of the two groups indirectly involved (Röchling and Sacilor, which carries on business in Germany not only through Possehl but also through Saarlux), their market share represents approximately 4.8% of total sales. On that market, the parties face keen competition from many larger steel companies, both members of groups and independent operators.

The Commission therefore authorized the formation of Stahlcenter Röchling-Possehl considering that it satisfied the tests of Article 66(2). The authorization granted under Article 65(2) concerns an accompanying agreement between the parent companies in which they undertake not to compete on the market of the joint venture. The Commission considered this agreement to be an essential accompanying measure to the formation of the joint venture and that its only aim was to ensure that it was viable and to avoid compromising the positive effects hoped for. It therefore authorized the agreement until 31 December 1993, taking the view that it satisfied the tests of Article 65(2).

State aids

Regional aids

Germany

2.1.61. On 19 February the Commission took a final decision under Article 92(1) of

¹ OJ L 41, 14.2.1983; Bull. EC 1-1983, point 2.2.21.

² EFTA origin rules: see OJ L 385, 31.12.1982; Bull. EC 7/8-1982, point 2.2.49.

³ OJ L 39, 11.2.1986.

the EEC Treaty finding against assistance granted under the joint Federal Government/*Länder* programme ('Gemeinschaftsaufgabe') for the improvement of regional economic structures¹ in the labour market regions of Landsberg and Miesbach,² on the grounds that the latter were not particularly disadvantaged. Nevertheless, applications for these aids may continue until 30 June 1986. This decision does not concern assistance to tourism and infrastructure.

However, the Commission authorized the granting of assistance in the Kleve-Emmerich labour market region, in respect of which it had also initiated the Article 93(2) procedure, until 31 December 1986, taking into account the recent sharp increase in unemployment there.² It will then review the situation in the region.

France

2.1.62. On 19 February the Commission initiated the Article 93(2) procedure in respect of assistance towards job-creation in four areas within the Nord-Pas-de-Calais region. This assistance involves the French Government paying part of the wages in respect of new jobs created in those areas of the Nord-Pas-de Calais most severely affected by the restructuring of the steel, coalmining, shipbuilding and textile industries, for a period of three years. The Commission does not consider the link between regional employment problems and the restructuring of those industries to have been demonstrated as regards the areas of Bruay, Douai and Boulogne. In the Roubaix-Tourcoing area the unemployment rate is not much higher than elsewhere in the region, and the area also borders on a Belgian area where regional assistance has recently been prohibited, which increases the risk of distortions of competition.

Industry aids

Food industry equipment

Belgium

2.1.63. On 26 February the Commission decided to terminate the Article 93(2) pro-

cedure initiated in respect of State assistance taking the form of a capital injection of BFR 125 million in a company in Tournai manufacturing equipment for the food industry.³

The Belgian Government had informed the Commission that this represented the release of part of the participating interest of BFR 145 million which it had decided to take in the capital of the undertaking in 1982 and which had been the subject of the Commission Decision of 17 April 1984 requiring the aid to be discontinued.⁴

Aluminium

Belgium

2.1.64. On 26 February the Commission decided to terminate the Article 93(2) procedure initiated in respect of aid of 600 million which the Flanders region intended to grant to a manufacturer of semi-finished aluminium products. The information supplied to the Commission led it to conclude that the intervention by the Flanders region in the form of a participating interest of BFR 250 million in the capital of the company instead of the BFR 600 million originally planned did not include any forms of assistance falling within Article 92(1) of the Treaty.

Agricultural machinery

France

2.1.65. On 12 February the Commission initiated the Article 93(2) procedure in respect of the plan to grant assistance towards restructuring an agricultural machinery firm located in St Dizier, Angers and Croix, notified by the French Government. The proposed assistance would consist of a low-interest loan of FF 135 million

¹ OJ C 316, 4.12.1981; Bull. EC 11-1981, point 2.1.37.

² Bull. EC 1-1985, point 2.1.11.

³ Bull. EC 10-1984, point 2.1.47.

⁴ OJ L 276, 19.10.1984.

together with FF 40 million in subsidies. The information so far supplied to the Commission by the French Government does not disclose factors rendering the aid justifiable.

Telecommunications equipment

France

2.1.66. On 12 February the Commission initiated the Article 93(2) procedure in respect of the proposed granting of investment aid to a telecommunications equipment firm, notified by the French Government. These funds are intended for modernization of the company's subsidiaries, modernization of various sections and the stepping-up of computer-aided design facilities, automation of manufacturing equipment and the development of office automation products.

The proposed assistance forms part of a general programme and would consist of an interest-rate subsidy and a two-year period of grace before repayments started.

The Commission considered that most of the investments concerned straightforward modernization. Furthermore, on the information supplied by the French Government, it could not identify any aspects that might justify the grant of part of the assistance.

Hollow glass

France

2.1.67. On 12 February the Commission decided to initiate the Article 93(2) procedure in respect of assistance to a hollow glass manufacturer at Albi. This consists of subsidies of FF 30 million granted by the public authorities, together with loans at preferential rates of interest totalling FF 30 million, designed to rescue the fourth-largest French manufacturer of hollow glass.

Hollow-glass products are traded between Member States and there is competition between Community producers. The Com-

mission therefore considered these measures to be incompatible with the common market within the meaning of Article 92.

Paper manufacturing

France

2.1.68. On 26 February the Commission decided to terminate the second Article 93(2) procedure¹ which it had initiated on 28 September 1984² in respect of aid amounting to some FF 2 300 million which the French Government had intended to grant to the main French newsprint and coated paper producer, situated in Upper Normandy (La Chapelle Darblay). This assistance had not been notified pursuant to Article 93(3). The French Government informed the Commission that the assistance would permit the restructuring of the company and a large investment programme and stressed that it would lead to reductions in the workforce and production capacity.

Following several changes to the restructuring plan, including a substantial reduction in the proposed aid, the Commission concluded that the remaining assistance (in the form of FF 1 100 million of equipment subsidies and a loan of FF 250 million on extremely favourable terms) could qualify for exemption under Article 92(3)(c).

Man-made fibres

Italy

2.1.69. On 12 February the Commission, after hearing the parties concerned as provided in Article 93(2) and having scrutinized the proposal of the Italian Government to grant financial assistance to a nationalized producer of man-made fibres and yarns with production facilities in Pisticci, Ottana and Porto Torres, decided to withdraw its reservations and to terminate the procedure

¹ OJ L 273, 16.10.1984; Bull. EC 9-1984, point 2.1.33.

² Bull. EC 9-1984, point 2.1.34.

which it had initiated on 20 February 1985.¹ The Commission took the view that the modifications of the initial aid scheme proposed by the Italian Government during the course of the procedure altered the plan so substantially that the amended proposal qualified for exemption under Article 92(3)(c) and could therefore be considered compatible with the common market.

Under the amended proposal only investment projects relating to conversion to polyester non-woven products, to general services directly linked to such conversion and to R&D activities equally outside the traditional man-made fibre and yarn field are to be aided.

Taking the view that the amended proposal now conforms to the Community principles governing aid to the man-made fibre and yarn industry,² the Commission no longer opposes the granting of LIT 17 375 million in loans at reduced interest rates and of LIT 6 939 million in grants for the benefit of the above projects, which form part of a total investment amounting to LIT 100 790 million.

Employment, education and social policy

Employment

Employment and the labour market

2.1.70. A joint meeting of the Sedoc³ group and the group on exchanges of placement service officials between Member States was held on 12 February, at which the 14th programme of exchanges⁴ was approved. The programme covers 1986 and provides for exchanges of some 400 officials, including frontier placement service officials and Sedoc officials and instructors. It was decided to organize exchanges to provide technical aid for labour market organization in Greece and Portugal. The training programme for Sedoc office staff in Greece, Spain and Portugal was adopted.

2.1.71. On 20 February, Parliament adopted four resolutions on specific employment measures, action taken on a special European plan for employment, a European employment strategy and giving a social dimension to the Community (→ point 2.4.19).⁵

Education and vocational training

Cooperation in education

2.1.72. In response to the Council resolution of 3 June 1985 on equal opportunities for boys and girls in education,⁶ a working party composed of representatives of national equal opportunities agencies was appointed to implement the resolution, in particular the coordination and assessment of Community action. The working party held its first meeting in Brussels on 6 and 7 February, at which participants described the positive actions under way in their countries. They also indicated how each Member State proposed to give effect to the action programme set out in the resolution. They proposed various measures which could be undertaken jointly by several Member States in cooperation with the Commission.

Youth exchanges

2.1.73. On 5 February the Commission adopted for transmission to the Council a proposal for the 'Yes for Europe' programme (Youth exchange scheme for Europe)⁷ accompanied by a proposed Council Decision designed to stimulate and improve the quality of youth exchanges in the Community. The programme is a follow-up to experience acquired by the Commission since 1964 in the management of

¹ Bull. EC 2-1985, point 2.1.39.

² OJ C 171, 10.7.1985; Bull. EC 5-1985, point 2.1.35.

³ European system for the international clearing of vacancies and applications for employment.

⁴ Bull. EC 4-1985, point 2.1.51.

⁵ OJ C 68, 24.3.1986.

⁶ OJ C 166, 5.7.1985; Bull. EC 6-1985, point 2.1.69.

⁷ COM(86) 52.

exchange programmes for young workers¹ and the adoption by the European Council in Milan of the report of the *Ad Hoc* Committee on a People's Europe.²

The 'Yes for Europe' programme has been allocated 30 million ECU for the first years (1987-89), which should enable at least 80 000 16 to 25-year-olds to stay for one week or more in another Member State, in direct contact with its economic, social and cultural environment.

At present, three countries—France, the Federal Republic of Germany and the United Kingdom—play a preponderant role in youth exchanges in the Community through their political and financial efforts in this field. The 'Yes for Europe' programme is designed to extend such exchanges to all the Member States, stimulate young people's individual development and make them aware of the European dimension of the society in which they live, and organize exchanges among those who have few opportunities of this nature.

The exchange operations will account for 80% of the proposed budget and will be administered by agencies in each Member State, to each of which will be attributed objectives in proportion to the size of its youth population. The programmes selected will be required to conform to certain standards: in particular, they should increase young people's awareness of the European dimension, maintain a certain balance between young people from different social, economic and cultural backgrounds, and concern regions of the Community which are not strongly represented in youth exchanges. The Commission will monitor the implementation of the programme.

To guarantee the quality of the exchanges, a number of complementary measures—taking up the remaining 20% of the allocation—are also envisaged: support for information and promotion activities carried out by national agencies; aid for setting up non-governmental organizations to organize youth exchanges; aids for training youth workers and financing exchanges of experience.

Living and working conditions and social protection

Fight against poverty

2.1.74. In granting financial aid for four projects for marginal groups, the Commission brought to a close the first stage³ of Community action to combat poverty, which is part of the programme adopted by the Council on 19 December 1984.⁴ A total of 65 projects were included in the first stage, receiving Community aid amounting to some 18 million ECU. The task of coordinating and assessing the projects and disseminating the findings is in the hands of two research institutes in the Federal Republic of Germany and the United Kingdom under contract to the Commission.

Equal rights for men and women

2.1.75. In February the Council approved the guidelines for the Community's participation in the United Nations Commission on the Status of Women held in Vienna on 24 February to 5 March 1986.

2.1.76. A seminar on income taxation and equal treatment for men and women in the Community took place in Oxford, United Kingdom, on 17 and 18 February. This was the first phase of a rethinking of ideas on this subject as provided for by the new Community medium-term action programme on equal opportunities for men and women (1986-90).⁵

Three aspects were examined: the Member States' tax systems, their effect on women's employment and the possible reform of these systems with a view to reducing bias as regards women's employment. The discussions clearly showed that many tax systems are based on outmoded principles and attitudes and thus include features which

¹ Bull. EC 12-1984, point 2.1.93.

² Bull. EC 6-1985, point 1.2.3.

³ Bull. EC 10-1985, point 2.1.63.

⁴ OJ L 2, 3.1.1985; Bull. EC 12-1984, point 2.1.95.

⁵ Supplement 3/86 — Bull. EC; Bull. EC 12-1985, point 2.1.106.

have a negative impact on women's employment. This was particularly true of systems based on the aggregation of the spouses' incomes. In the interests of equal treatment, all direct discrimination against women had to be done away with, while only a system under which individuals were taxed separately could prevent indirect discrimination.

2.1.77. The first meeting of the Steering Committee on Women and Television took place in Brussels on 11 February. Representatives of senior personnel management of television stations in all 12 Community countries met to discuss the promotion of equal opportunities within their organizations.

The establishment of the Steering Committee was one of the recommendations of the Seminar on Women and Television held in Brussels in June 1985¹ and was accordingly requested in the new medium-term action programme on equal opportunities for women.²

The Committee's role will be to act as a forum for the exchange of information and ideas, to stimulate positive actions, to provide a mechanism for the regular monitoring of the employment situation of women, and to stimulate the organization by television stations of cooperative action at national or regional level with equal opportunities agencies, women's groups and trade unions.

Social integration of handicapped people

2.1.78. In response to the conclusions reached by the Council and the Ministers of Education meeting within the Council on 4 June 1984,³ the Commission organized in Brussels from 12 to 14 February the first joint meeting of the liaison group on the problems of handicapped people and the working group on educational integration of disabled people. The discussions mainly concerned the coordination of Community action for disabled people in the education and social sectors.

Social security for migrant workers

2.1.79. A judgment by the Court of Justice recently declared Article 73(2) of Regulation

No 1408/71⁴ invalid. Under this provision workers subject to French law receive benefits for members of their families residing outside France on the basis of the provisions applying in those countries rather than those in effect in the worker's host country as is the case in the other Member States.⁵

Paul Finet Foundation

2.1.80. The Executive Committee of the Paul Finet Foundation examined 302 applications for study grants and awarded 255 grants totalling BFR 4 238 689.

Social aspects of sectoral policies

2.1.81. The Joint Committee on Social Problems of Agricultural Workers held a plenary meeting in Brussels on 25 February attended for the first time by Spanish and Portuguese representatives. The Committee reviewed its work in 1985. It adopted a report on the determination of minimum safety requirements for the use of plant protection products and decided to transmit it to the Commission and continue its work in this area. It also adopted an opinion calling for the improvement of agricultural statistics, particularly on trends in the employment of permanent or seasonal workers, and statistics on Spain and Portugal.

Health and safety

Public health

2.1.82. The second meeting of the *ad hoc* committee of experts responsible for drawing up scientific recommendations on measures to be taken against cancer was held in Paris on 19 and 20 February (→ point 2.1.91).

¹ Bull. EC 6-1985, point 2.1.76.

² Supplement 3/86 — Bull. EC; Bull. EC 12-1985, point 2.1.106.

³ Bull. EC 6-1984, point 2.1.58.

⁴ OJ L 149, 5.7.1971.

⁵ OJ C 39, 20.2.1986; Bull. EC 1-1986, point 2.4.25. The judgment will be analysed in detail in the quarterly review of cases in the 'Court of Justice' section of Bull. EC 4-1986.

2.1.83. On 27 February the Economic and Social Committee delivered a favourable opinion (→ point 2.4.32) on the Commission's communication to the Council of 13 December 1985 concerning action against cancer.¹

2.1.84. In the context of health education, with particular reference to the prevention of psychotropic drug abuse, the Commission is participating in a programme organized jointly by the Council of Europe and the World Health Organization. Although the programme centres on a group of schools, the educational campaign has been enlarged to cover the local administrative area and the immediate social environment. Two meetings were held, one at Arese, near Milan, in Italy and one at Newcastle in the UK, at which the status of the pilot projects, the difficulties encountered and appropriate remedial measures were discussed.

Health and safety at work

2.1.85. In accordance with the decisions taken at the plenary meeting of the Advisory Committee on Safety, Hygiene and Health Protection at Work held on 28 and 29 November 1985,² two *ad hoc* groups met in Luxembourg.

The *ad hoc* group on information relating to safety, which met on 4 February, drafted an opinion concerning the establishment of a system for the rapid exchange of information on the dangers arising from the use of certain products at work.

At its meeting on 10 and 11 February, the *ad hoc* group on pathogenic substances examined the problems posed by the protection of workers in the biotechnology sector and of workers handling pathogenic substances.

Health and safety (Euratom)

2.1.86. Acting under Article 33 of the Euratom Treaty, the Commission delivered a favourable opinion on a draft radiation protection measure to be introduced by

Denmark in implementation of the Council Directives of 15 July 1980³ and 3 September 1984⁴ amending the Directives laying down the basic safety standards for the health protection of the general public and workers against the dangers of ionizing radiation.

2.1.87. On 20 February Parliament adopted four resolutions on the recent discharges of radioactive material from the Sellafield reprocessing plant in the UK and on the false information given in respect of those emissions (→ point 2.4.19).⁵

2.1.88. A seminar held in Luxembourg from 19 to 21 February on the correct medical treatment for overexposure to ionizing radiation was attended by some 50 experts from different disciplines in the Member States. This meeting made it possible to update existing medical and scientific knowledge of the subject.

Culture

Transnational cultural itineraries

2.1.89. On 17 February the Ministers responsible for cultural affairs meeting within the Council formally adopted the resolution on the establishment of transnational cultural itineraries⁶ which they had approved in December.⁷

A people's Europe

Youth, education, exchanges and sport

Youth exchanges

2.1.90. On 5 February the Commission adopted a proposal for a programme and a

¹ Bull. EC 12-1985, point 2.1.41.

² Bull. EC 12-1985, point 2.1.115.

³ OJ L 246, 17.9.1980; Bull. EC 7/8-1980, point 2.1.54.

⁴ OJ L 265, 5.10.1984; Bull. EC 9-1984, point 2.1.55.

⁵ OJ C 68, 24.3.1986.

⁶ OJ C 44, 26.2.1986.

⁷ Bull. EC 12-1985, point 2.1.124.

Council decision on the introduction of a three-year programme (1987-89) to promote youth exchanges in the Community under the title 'Youth exchange scheme for Europe' (→ point 2.1.73).

Health and social welfare

Action against cancer

2.1.91. On 19 and 20 February, at the initiative of the Commission, the *ad hoc* expert committee held its second meeting in Paris; this group was set up to make recommendations on action to be taken at Community level in the fight against cancer.¹ Mr Delors, Mr Narjes (Vice-President with special responsibility for research and science) and Mr Marín (Vice-President with special responsibility for social affairs and employment) represented the Commission. Mr Delors spoke of the four areas for action which would shortly be the subject of communications to the Council:

- (i) prevention, including the campaigns which will form part of 'Europe against cancer' weeks;
- (ii) training, mainly directed towards general practitioners and cancer specialists;
- (iii) research: special action on cancer is planned for the next medical research programme;
- (iv) harmonization of legislation in the fields of drugs, consumer protection and working conditions.

2.1.92. On 27 February the Economic and Social Committee adopted a favourable opinion (→ point 2.4.32) on the communication on action against cancer transmitted by the Commission to the Council on 13 December 1985.²

Coordinated application of structural financial instruments

Integrated operations

Studies

2.1.93. On 3 February the Commission approved a grant of UKL 15 000 towards a

study costing UKL 20 000 for the integrated operation in Belfast, Northern Ireland.

Environment and consumers

Environment

New directions

2.1.94. As part of the follow-up to the European Council meetings in Brussels³ and Luxembourg,⁴ on 25 February the Commission sent the Council a communication setting out new directions in environment policy.⁵ With European Year of the Environment coming up in 1987, the Commission has now set out general guiding principles for Community action in this field.

The Council is due to start discussing the communication on 6 March. The Commission paper stresses that a strict environment policy is not just compatible with but is in fact essential to long-term economic growth and can create jobs. Beyond that, the Commission declares that it will take due account of these new directions when drafting the fourth Community action programme on the environment. In the meantime the Commission calls on the Council to support a series of priority objectives, including:

- (i) expand the 'polluter pays' principle and apply it more widely;
- (ii) retain prevention as one of the key objectives of environment policy;
- (iii) take account of environmental needs in national and Community legislation;
- (iv) assist with the implementation of environment policy in disadvantaged regions and declining industrial areas;
- (v) make big cuts in air pollution and discharges of pollutants into the sea, and in

¹ Bull. EC 12-1985, point 2.1.41; Bull. EC 1-1986, point 2.1.78.

² Bull. EC 12-1985, point 2.1.41.

³ Bull. EC 3-1985, point 1.2.5.

⁴ Bull. EC 11-1985, point 1.1.1.

⁵ COM(86) 76 final.

particular into the North Sea and the Mediterranean Sea;

(vi) formulate worldwide codes of practice for hazardous chemicals, wastes and plants;

(vii) adopt appropriate environmental regulations for the biotechnology field;

(viii) support completion of the internal market by harmonizing product standards in the Community by 1992 with a view to protecting the environment;

(ix) launch a five-year demonstration project programme to explore the job-creating potential of environmental policies;

(x) bolster the Community's international role, particularly in relation to the special problems facing the developing countries.

Environment and the EEC Treaty

2.1.95. On 17 February Parliament adopted a resolution criticizing the vagueness and inadequacy of the Single Act¹ in defining Community environment policy. It also specified the amendments to the EEC Treaty which it felt were necessary to take account of this policy (→ point 2.4.19).²

European Year of the Environment

2.1.96. On 17 February Parliament adopted a resolution on the European Year of the Environment (→ point 2.4.19).²

Prevention and reduction of pollution and nuisances

Chemical products

Foreign trade

2.1.97. On 12 February the Commission transmitted a proposal for a Council Regulation designed to minimize the risks inherent in the export of certain pesticides and other dangerous chemicals to non-Community countries, particularly developing countries.³ A series of arrangements have been proposed.

First, the importing countries would be forewarned of any exports planned (prior notification).

Second, after 1988 the importing country would have 60 days to refuse the product entry to its territory, based on the 'informed choice' principle (prior consent). If the intended country of destination does refuse, the Community would ban exportation of the product. At present, neither the Community nor most of the Member States have the power to prevent exportation in such cases.

Finally, the proposal includes rules on packaging and labelling and on imports of the products in question into the Community.

At the same time, the Commission is also proposing a campaign within OECD and UNEP to secure international agreement on the 'prior consent' principle.

Major-accident hazards

2.1.98. On 18 and 19 February the authorities responsible for implementing the Council Directive of 24 June 1982 on the major-accident hazards of certain industrial activities⁴ agreed to a Community-wide exchange of information on hazardous industrial activities. Details of industrial activities covered by Article 5 of the Directive are to be sent to the Commission. They will remain confidential, but the Commission will give the other Member States general details to allow Community-wide comparison of notes on the measures taken to prevent major-accident hazards and on how the rules laid down in the Directive are working.

2.1.99. In February the Economic and Social Committee endorsed (→ point 2.4.36) the amendment to the Council Directive on this subject,⁴ as proposed by the Commission on 21 October 1985.⁵

¹ Supplement 2/86 — Bull. EC.

² OJ C 68, 24.3.1986.

³ COM(86) 77.

⁴ OJ L 230, 5.8.1982; Bull. EC 6-1982, point 2.1.92.

⁵ OJ C 305, 26.11.1985; Bull. EC 10-1985, point 2.1.88.

Protection and use of resources

Natural resources

'Silva' conference

2.1.100. The International Conference on Trees and Forests ('Silva') was held in Paris from 5 to 7 February (→ point 2.1.135).

2.1.101. On 19 February Parliament adopted a resolution on agriculture and the environment (→ point 2.4.19).¹

Consumers

Physical protection and product safety

Cosmetics

2.1.102. On 28 February the Commission again amended a number of annexes to the Commission Directive of 27 July 1976 concerning the approximation of the laws of the Member States relating to cosmetic products,² to take account of technical developments in this field. The new amendment contains a revised version of the list of substances and colouring agents permitted until 31 December 1985.

Accidents caused by products

2.1.103. On 21 February Parliament delivered a favourable opinion¹ on the proposal transmitted by the Commission to the Council in January 1985 on the introduction of a Community system of information on accidents involving consumer products.³

Protection of economic and legal interests

Unfair terms in contracts

2.1.104. On 21 February Parliament adopted a resolution (→ point 2.4.19)¹ on unfair terms in contracts,⁴ in which it stressed the need to afford consumers better protection against unscrupulous suppliers

and redress imbalances in bargaining strength by appropriate legislation.

Consumer information, education and representation

Education

2.1.105. In February the Economic and Social Committee gave an Opinion (→ point 2.4.35) on the draft resolution concerning consumer education in primary and secondary schools sent by the Commission to the Council on 6 August 1985.⁵

Agriculture

Council

2.1.106. On 24 and 25 February the Council discussed in detail the Commission's proposals on agricultural prices and related measures for 1986/87, including the proposals for changes in the common organization of the markets in cereals and beef and veal (→ point 1.3.1 *et seq.*).⁶

Ministers were rather critical of the proposals. In particular they felt that farmers would be disappointed by the short-term nature of the solutions offered (no socio-structural proposals), that insufficient account had been taken of the problem of agricultural incomes, and that some measures were unfair. Budgetary and international constraints were discussed at length.

There was broad political agreement on the outlines of a compromise concerning production refunds for starch products and sugar used in the chemical industry.⁷

¹ OJ C 68, 24.3.1986.

² OJ L 262, 27.9.1976.

³ OJ C 117, 11.5.1985; Bull. EC 12-1984, point 2.1.137.

⁴ Supplement 1/84 — Bull. EC; Bull. EC 2-1984, point 2.1.94.

⁵ OJ C 238, 19.9.1985; Bull. EC 7/8-1985, point 2.1.133.

⁶ Bull. EC 11-1985, point 2.1.127 *et seq.*; Bull. EC 12-1985, point 2.1.154 *et seq.*

⁷ OJ C 341, 21.12.1984; Bull. EC 11-1984, point 2.1.96; Bull. EC 9-1985, point 2.1.95.

Table 6 — Price proposals for individual agricultural products

Product and type of price or amount (Period of application)	1985/86		Proposals 1986/87		Spain			Portugal		
	Amounts ECU/ tonne	% increase	Amounts ECU/ tonne	% increase	Amounts ECU/tonne		% increase	Amounts ECU/tonne		% increase
					1985/86	1986/87		1985/86	1986/87	
1	2	3	4	5	6	7	8	9	10	11
Common wheat 1.7.86-30.6.87										
• Target price	254.98 ¹	- 1.6 ¹	256.16	0.5	—	256.16	—	—	—	—
• Common single intervention price	179.44 ¹	- 1.8 ¹	179.44	0.0	173.57	174.41	0.5	—	—	—
• Reference price for bread wheat — average quality	209.30 ¹	- 1.8 ¹	—	—	—	—	—	—	—	—
Barley 1.7.86-30.6.87										
• Target price	232.61 ¹	- 1.6 ¹	233.86	0.5	—	233.86	—	—	—	—
• Common single intervention price	179.44 ¹	- 1.8 ¹	179.44	0.0	164.34	166.50	1.3	—	—	—
Maize 1.7.86-30.6.87										
• Target price	232.61 ¹	- 1.6 ¹	233.86	0.5	—	233.86	—	—	—	—
• Common single intervention price	179.44 ¹	- 1.8 ¹	179.44	0.0	173.57	174.41	0.5	—	—	—
Sorghum 1.7.86-30.6.87										
• Target price	232.61 ¹	- 1.6 ¹	233.86	0.5	—	233.86	—	—	—	—
• Intervention price	179.44 ¹	- 1.8 ¹	179.44	0.0	164.34	166.50	1.3	—	—	—
Rye 1.7.86-30.6.87										
• Target price	234.61 ¹	- 1.6 ¹	233.86	- 0.3	—	233.86	—	—	—	—
• Intervention price	181.23 ¹	- 1.8 ¹	179.44	- 1.0	169.14	169.16	0.0	—	—	—
Durum wheat 1.7.86-30.6.87										
• Target price	357.70 ¹	0.0 ¹	357.70	0.0	—	357.70	—	—	—	—
• Intervention price	312.08 ¹	0.0 ¹	298.23	- 4.4	211.00	215.45	2.1	—	—	—
• Aid ²	101.31 ¹	0.0 ¹	108.24	6.8	—	15.46	—	—	—	—
Rice 1.9.86-31.8.87										
• Target price — husked rice	548.37	1.6	548.37	0.0	—	548.37	—	—	—	—
• Intervention price — paddy rice	314.19	0.0	314.19	0.0	248.64	258.00	3.8	—	—	—
Sugar 1.7.86-30.6.87										
• Basic price for sugarbeet	40.89	0.0	40.89	0.0	52.89	52.74	- 0.3	42.46	42.46	0.0
• Intervention price for white sugar	541.80	1.3	541.80	0.0	688.30	685.00	- 0.5	528.00	531.70	0.7
Olive oil 1.11.86-31.10.87										
• Production target price	3 225.6	2.0	3 225.6	0.0	3 225.6	3 225.6	0.0	3 225.6	3 225.6	0.0
• Intervention price	2 276.2	0.0	2 162.4	- 5	1 355.1	1 401.2	3.4	2 125.2	2 132.8	0.4
• Production aid ³	709.5	2.0	709.5	0.0	92.6	154.6	66.4	0	71.0	—

Rape seed	1.7.86-30.6.87										
• Target price		464.1 ¹	- 1.8 ¹	464.1	0.0	414.3	419.3	1.2	464.1	464.1	0.0
• Intervention price		421.5 ¹	- 1.8 ¹	421.5	0.0	371.7	376.7	1.3	421.5	421.5	0.0
Sunflower seed	1.8.86-31.7.87										
• Target price		573.5	- 1.5	583.5	0.0 ⁵	416.9	432.6	3.8	508.4	514.9	1.3
• Intervention price		524.7	- 1.5	534.7	0.0 ⁵	368.1	383.8	4.3	459.6	466.1	1.4
Soya beans	1.9.86-31.8.87										
• Guide price		575.8	1.0	575.8	0.0	424.7	439.8	3.6	575.8	575.8	0.0
• Minimum price		506.7	1.0	506.7	0.0	355.6	370.7	4.2	506.7	506.7	0.0
Dried fodder											
• Fixed-rate aid	1.4.86-31.3.87	8.49	1.0	8.49	0.0	0	1.21	—	0	1.21	—
• Guide price	1.4.86-31.3.87	178.92	1.0	178.92	0.0	143.78	148.80	3.5	178.92	178.92	0.0
Peas and field beans ⁴	1.7.86-30.6.87										
• Activating price		506.4	- 1.2	509.6	0.6	500.2	504.1	0.8	506.4	509.6	0.6
• Guide price		324.8	- 1.9	328.0	1.0	320.8	324.6	1.2	324.8	328.0	1.0
• Minimum price — peas		283.5	- 1.9	286.3	1.0	279.5	282.9	1.2	283.5	286.3	1.0
— field beans		273.5	- 5.4	276.2	1.0	273.5	276.2	1.0	273.5	276.2	1.0
Lupins	1.7.86-30.6.87										
• Activating price		482.5	0.9	485.0	0.5	458.2	464.0	1.3	482.5	485.0	0.5
• Minimum price		317.9	0.0	321.1	1.0	305.4	310.3	1.6	317.1	321.1	1.0
Flax	1.8.86-31.7.87										
• Guide price (seed)		554.1	1.0	554.1	0.0	445.3	460.8	3.5	554.1	554.1	0.0
• Fixed-rate aid (fibre) (per ha) ³		355.09	1.0	355.09	0.0	—	50.73	—	—	50.73	—
Hemp	1.8.86-31.7.87										
• Fixed-rate aid (per ha) ³		322.48	1.0	322.48	0.0	—	46.07	—	—	46.07	—
Silkworms	1.4.86-31.3.87										
• Aid per box of silkseed ³		108.67	1.0	108.67	0.0	—	15.52	—	—	15.52	—
Cotton	1.9.86-31.8.87										
• Guide price		960.2	2.0	960.2	0.0	—	960.2	—	—	960.2	—
• Minimum price		912.3	2.0	912.3	0.0	—	912.3	—	—	912.3	—
Milk	1.4.86-31.3.87										
• Target price		278.4	1.5	278.4	0.0	—	—	—	—	—	—
Butter ⁶		3 132.0	- 2.0	3 006.7	- 4.0	3 886.0	3 664.6	- 5.7	—	—	—
• Intervention price		1 740.4	4.9	1 800.9	+ 3.5	2 687.4	2 614.5	- 2.7	—	—	—
Skimmed-milk powder ⁶											
• Intervention price		3 889.3	1.9	3 922.3	+ 0.8	—	—	—	—	—	—
Grana padano cheese 30-60 days ⁶											
• Intervention price											

Table 6 (continued)

Product and type of price or amount (Period of application)	1985/86		Proposals 1986/87		Spain			Portugal		
	Amounts ECU/ tonne	% increase	Amounts ECU/ tonne	% increase	Amounts ECU/tonne		% increase	Amounts ECU/tonne		% increase
					1985/86	1986/87		1985/86	1986/87	
1	2	3	4	5	6	7	8	9	10	11
Grana padano cheese 6 months ⁶										
• Intervention price	4 803.3	1.6	4 838.1	+ 0.7	—	—	—	—	—	—
Parmigiano-Reggiano 6 months ⁶										
• Intervention price	5 291.9	1.5	5 326.7	+ 0.7	—	—	—	—	—	—
Beef/veal 1.4.86-1.4.87										
• Guide price for adult bovines	2 050.2	0.0	2 050.2	0.0	1 831.7	1 863.0 ⁸	1.7	—	—	—
• Intervention price for adult bovines	1 845.2	0.0	1 845.2	0.0	1 647.6	1 676.7	1.7	—	—	—
Sheepmeat ⁷ 5.1.87-3.1.88										
• Basic price (carcase weight)	4 323.2	1.0	4 323.2	0.0	4 323.2	4 323.2	0.0	4 323.2	4 323.2	0.0
Pigmeat 1.11.86-31.10.87										
• Basic price (carcase weight)	2 033.3	0.0	2 033.3	0.0	2 033.3	2 033.3	0.0	(1 960) ⁹	(2 033.3)	(+ 3.7)
Fruit and vegetables — Basic price										
• Cauliflowers 1.5.86-30.4.87		1.0		1.0	—	—	—	—	—	—
• Tomatoes ¹⁰ 11.6.86-30.11.86		- 3.0		0.0	—	—	—	—	—	—
• Peaches ¹⁰ 1.6.86-30.9.86		- 1.5		0.0	—	—	—	—	—	—
• Lemons 1.6.86-31.5.87		- 3.0		0.0	—	—	—	—	—	—
• Pears 1.7.86-30.4.87		0.0		0.0	—	—	—	—	—	—
• Table grapes 1.8.86-31.10.86		0.0		0.0	—	—	—	—	—	—
• Apples 1.8.86-31.5.87		0.0		0.0	—	—	—	—	—	—
• Mandarins ¹¹ 16.11.86-28.2.87		- 3.0		0.0	—	—	—	—	—	—
• Sweet oranges ¹¹ 1.12.86-31.5.87		- 3.0		0.0	—	—	—	—	—	—
• Apricots 1.6.86-31.7.86		- 1.5		0.0	—	—	—	—	—	—
• Aubergines 1.7.86-31.10.86		1.0		1.0	—	—	—	—	—	—
Table wine 1.9.86-31.8.87										
• Guide price Type RI	3.42	0.0	3.42	0.0	1.98	2.19	10.6	—	—	—
• Guide price Type RII	3.42	0.0	3.42	0.0	1.98	2.19	10.6	—	—	—
• Guide price Type RIII	53.30	0.0	53.30	0.0	30.86	34.07	10.4	—	—	—
• Guide price Type AI	3.17	0.0	3.17	0.0	1.83	2.02	10.4	—	—	—
• Guide price Type AII	71.02	0.0	71.02	0.0	40.98	45.27	10.5	—	—	—
• Guide price Type AIII	81.11	0.0	81.11	0.0	46.80	51.70	10.5	—	—	—

Raw tobacco ¹²	1986 harvest							
• Forchheimer Havanna, Beneventano, Mavra, Tsebelia	Price	- 2.5	Price	- 6			Price	- 6
• Burley Ferm.	Premium	- 4.0	Premium	- 6			Premium	- 6
• Havana Esp.					Price	- 6		
• Badischer Geudertheimer, Paraguay, Nijkerk, Missionero, Round-Tip, Xanti-Yaka, Perustitza, Erzegovina, Kaba Koulak (non-classic)	Price	- 1.0	Price	- 4	Premium	- 6	Premium	- 6
• Santa Fé	Premium	- 1.0	Premium	- 4				
• Round Scafati					Price	- 4	Price	- 4
• Badischer Burley, Burley I, Burley GR, Virginia GR, Kaba Koulak (classic)	Price	0.0	Price	- 2	Premium	- 4	Premium	- 4
Zichnomyrodata, Myrodata Agrinion	Premium	1.0	Premium	- 2				
• Burley Esp.					Price	- 2	Price	- 2
Burley P.					Premium	- 2	Premium	- 2
• Virgin D, Bright, Virgin GR, Basmas, Maryland, Katerini, Kentucky	Price	0.0	Price	0				
• Virgin Esp.	Premium	1.0	Premium	0	Price	0	Price	0
• Virgin P.					Premium	0	Premium	0
Seeds ¹³		0.0						

¹ Interim Commission decision.

² In the case of Greece, aid for durum wheat was aligned on the Community level for 1985/86, which represented (in ECU) an increase of 27.8% for the regions having received national aid prior to accession and 13.4% for the other regions in Greece.

³ In the case of Greece for 1985/86:

Olive oil — production aid was aligned on the Community level (an increase in ECU of 28.9%);

Flax — fixed-rate aid was aligned on the Community level (an increase in ECU of 27.8%);

Hemp — fixed-rate aid was aligned on the Community level (an increase in ECU of 27.8%);

Silkworms — aid was aligned on the Community level (an increase in ECU of 13.4%).

⁴ The reductions at the beginning of 1985/86 were due to the introduction of a system of monthly increases.

⁵ Taking into account the change in the oil content of the standard quality.

⁶ The adjustments for milk products take account of a revaluation of the components of milk (the fat/protein ratio was 48.22:51.78 in 1985/86 and is 46.13:53.87 for 1986/87).

⁷ It was decided that the basic price for the transitional marketing year of 1985/86 should remain unchanged and that the basic price for the 1986 marketing year be increased by 1% to 4 323.2 ECU/t (carcase weight).

⁸ As for the Ten, these prices relate to 'live weight'. They correspond to intervention prices for carcase weight (R3) of 3 072.8 ECU/t for 1985/86 and 3 125.2 ECU/t for 1986/87.

⁹ Basic price ESC 290.607 × 0.00674624 (rate in force since 18.12.85) = 1 960.5 ECU/t.

¹⁰ In the case of Greece, the differences in ECU for 1985/86 were + 3.6% for tomatoes and + 4.0% for peaches; for 1986/87 they will be + 6.47% for tomatoes and + 5.28% for peaches.

¹¹ In the case of Greece in 1985/86, the prices were aligned on the Community prices, i.e. an increase of 0.8% for mandarins and 3.7% for sweet oranges. A change in the basic price/withdrawal price ratio is proposed in the related measures.

¹² For 1985/86 the figures for the Greek varieties were increased by incorporating the fourth (and last) 25% of national aid. For the Spanish and Portuguese varieties, the basis for the 1986/87 proposals was the average of the 1983-85 guaranteed prices.

¹³ The Council decided that the aids would remain unchanged for 1985/86 and 1986/87.

Table 7 — *Agri-monetary proposals 1986/87*

	Sector	Present situation ¹			New situation					Revaluation/ Devaluation	Effect on prices (%)
		Green rate (1 ECU =)	Monetary gap		Green rate (1 ECU =)	Monetary gap					
			real	applied		real	applied	Dismantling of gap			
								real	applied		
France	Milk/pigmeat/ wine/sheepmeat	7.10590	0.0	0	} 7.10590	—	—	—	—	—	—
	Other	7.00089	- 1.500	0		—	—	—	—	- 1.478	+ 1.500
Italy ²	All sectors	1 482.00	- 5.548	- 4.5	1 511.00	- 3.514	- 2.0	2.034	2.5	- 1.919	+ 1.957
Greece ²	All sectors	102.345	- 37.053	- 35.3	114.626	- 22.360	- 20.9	14.693	14.4	- 10.714	+ 12.000

¹ At 3.2.1986.² Reference period: 22 to 28.1.1986.

The President reported on the International Conference on Trees and Forests (→ point 2.1.135) and stressed that the future of European woodlands would continue to be a subject for Community attention. Mr Andriessen, Commission Vice-President with special responsibility for agriculture and forestry, confirmed that the Commission would shortly be presenting proposals in this connection.

The Council noted a request by Italy for aid to help Italian olive growers who had suffered as a result of bad weather in January. The Commission drew attention to the fact that it had recently sent a proposal to the Council on aid for the replanting and conversion of olive groves damaged by frost.¹

The proposal for a Council Regulation on the designations used in the marketing of milk and milk products was also discussed.² The Council heard statements by several Member States on the desirability of Community measures to restrict sales of imitation milk products. The Commission confirmed that it would report on this before 1 April. The Council also noted a request by the German delegation for measures to harmonize national provisions on minimum standards of protection for intensively reared calves. The Commission said it would look into the matter.

In preparation for the application from 1 March of the provisions of the Act of Accession of Spain and Portugal on agriculture, the Council formally adopted more than 60 regulations and directives on the application of the market organization rules for the various agricultural products, the arrangements for trade between the Ten and the two new Member States and for trade between the latter and non-Community countries. Two of the instruments concerned agrimonetary matters (→ point 2.1.108).

Agricultural prices and related measures for 1986/87

2.1.107. On 12 February the Commission sent to the Council its proposals on agricul-

tural prices and related measures for 1986/87 (→ point 1.3.1 *et seq.*). For most products the 1985/86 prices are maintained, but some adjustment is desirable or necessary in several cases. Taking account of the agrimonetary adjustments proposed by the Commission, the average price increase resulting from the proposals is 0.9% on the preceding year.

Table 8 — *Consequences of the Commission proposals on agricultural support prices in ECU and national currency*

	% change in prices ¹	
	in ECU ²	in national currency ³
Belgium	0	0
Denmark	0	0
Germany	0	0
Greece	- 0.4	11.6 ⁵
France	0	0.8
Ireland	0	0
Italy	- 0.6	1.4 ⁶
Luxembourg	0	0
Netherlands	0	0
United Kingdom	0	0
EUR 10	- 0.1	0.9
Spain ⁴	1.8	1.8
Portugal ⁴	2.1	2.1

¹ Percentage difference between the support prices proposed for 1986/87 and the support prices in force when the proposals were adopted. In the case of Spain and Portugal: percentage difference between the prices proposed for 1986/87 and the prices applicable from 1 March 1986 to the beginning of 1986/87.

² Common prices in ECU (intervention of equivalent price) weighted according to the relative importance of the various products on the value of agricultural production subject to common prices.

³ Common prices in ECU converted into national currency at the green rates given in these proposals.

⁴ Taking into account the effect of the alignment of Greek, Portuguese and Spanish prices on common prices due to accession arrangements.

⁵ Calculated on the basis of a dismantling of 2.5 points of MCA (reference period: 22 to 28.1.1986).

⁶ Calculated on the basis of a dismantling of 14.4 points of MCA (reference period: 22 to 28.1.1986).

¹ COM(86) 88 final.

² OJ C 111, 26.4.1984; Bull. EC 4-1984, point 2.1.98; Bull. EC 3-1985, point 2.1.88.

Economic aspects of the common agricultural policy

Agrimonetary measures

2.1.108. On a Commission proposal, the Council fixed the agricultural conversion rates for the peseta and escudo to be applied from 1 March, the date on which the common agricultural policy would effectively apply to Spain and Portugal.

In order to avoid monetary compensatory amounts being applied immediately, the rates were set on the basis of the average market rates recorded on 24 and 25 February, multiplied by the correcting factor applicable in the agrimonetary system.¹

Market organizations

Cereals

2.1.109. The Commission proposals to the Council on agricultural prices for 1986/87 included measures relating to the adjustment of the common organization of the market in cereals (→ point 1.3.3).

Market situation

2.1.110. According to the figures available to the Commission departments, the quantity of usable common wheat produced in 1985/86 was 60.5 million tonnes, compared with 70.3 million in 1984/85. This drop is due to two factors:

- (i) the area under common wheat was reduced as a result of damage due to the hard winter in 1984/85 (10.7 million hectares compared with 11.4 million in 1984);
- (ii) yields fell because weather during the growing period was less favourable than in the previous year (56.4 quintals per hectare compared with 61.7 in 1984).

Despite an increase of 6.8 million tonnes in carryover stocks at 31 July compared with 31 July 1984 (14 million tonnes compared with 7.2 million), the quantities of common

wheat available on the Community market in 1985/86 are still 3 million tonnes lower than in the preceding year.

However, carryover stocks at 31 July 1986 will no doubt be higher than a year earlier because price increases on the Community market have reduced the quantities of common wheat used in animal feed and because world market demand has declined, especially because of an increase in USSR production.

The cost to the Community budget will no doubt be greater than in 1984/85 because of higher storage costs and an increase in the average level of export refunds due to the fall in the dollar and the drop in world market prices for agricultural products (72.2 ECU per tonne for the first six months of the year, compared with 40 ECU per tonne for 1984/85 as a whole).

2.1.111. In 1985 Community production of durum wheat was considerably below the 1984 figure (5.3 million tonnes compared with 6.1 million tonnes). The area under durum wheat in 1985 was much the same as in 1984, but yield per hectare was lower (23.6 quintals compared with 27.5 quintals in 1984).

Beef/veal

2.1.112. The Commission's agricultural price proposals for 1986/87 included measures relating to the adjustment of the common organization of the market in beef and veal (→ point 1.3.5).

Market situation

2.1.113. Like the previous year, 1985 was a very difficult one for the beef market. The slaughtering of dairy cows in response to the introduction of milk quotas in 1984 went on well into 1985, adding further pressure to an already weak market.

¹ OJ L 51, 28.2.1986.

The average Community market price at the beginning of 1985 was 77.5% of the guide price and remained at this relatively low level throughout the first half of the year, only to decline even further towards the end of the year.

Total production of beef and veal in 1985 is estimated at 7.3 million tonnes, exceeding consumption by 300 000 to 400 000 tonnes. Imports stood at about 490 000 tonnes whereas the 1985 export performance is estimated at about the same level (approximately 800 000 tonnes) as in 1984, without any increase in the level of export refunds.

In order to support the market the Commission bought hindquarters and forequarters into intervention on a permanent basis. For three weeks in October intervention was extended to carcasses and half-carcasses, but despite an intake of the order of 115 000 tonnes in that period prices hardly showed any movement.

The total intake in 1985 amounted to approximately 450 000 tonnes. Sales from intervention, assisted to a large extent by special selling conditions for export adopted by the Commission in autumn 1985, amounted to approximately 400 000 tonnes. End-of-year intervention stocks totalled 734 000 tonnes, up 60 000 tonnes from the end of 1984.

In the management of the market the Commission on two occasions in 1985 introduced temporary schemes of aid for private storage of beef. Under the one in April (which was open to all categories) 72 000 tonnes were contracted, while under the August-November scheme (for male animals only) contracts were made for 172 000 tonnes. At the end of 1985 approximately 100 000 tonnes were still in store under those schemes.

In 1986 production will start to be influenced by the reduction in the dairy herd, and any new measures in the dairy sector could have further adverse effects on the beef market due to increased slaughterings.

Consumption in 1986 is forecast to increase only slightly from the 1985 level, while

imports may be reduced by 20 000 to 30 000 tonnes following adjustments made in some of the preferential import schemes.

Exports in 1986 will be affected by the continuing disposal of intervention meat as undertaken by the Commission in the context of its Green Paper. Exchange rate movements and the buying power of the Community's trading partners will be equally determining factors for the volume of 1986 exports.

Market prices are expected to recover in the course of the year, though the average level will still be well below the guide price. Consequently, operators will continue to turn to intervention to sell their products; however, in view of the proposed adjustments in the intervention system (→ point 1.3.5), the quantity to be purchased is forecast to be 100 000 tonnes lower than the 1985 intake.

The above observations do not take account of the accession of Spain and Portugal, but the structure of production, consumption and trade in those two Member States is not expected to have any significant impact on the Community market.

Milk and milk products

Market situation

2.1.114. The period January to October 1985 saw reductions, compared with the corresponding period in 1984, of 2.3% in milk collection, 6% in butter production and 10% in production of skimmed-milk powder. These figures are distinctly higher than those for the first six months of 1985, which had shown a significant drop on the previous year's figures. The trend is still upward and reference quantities allocated to milk producers and purchasers under the additional levy scheme could be exceeded at the end of the year in Belgium, France, Germany, Ireland, Luxembourg and The Netherlands.

Provisional figures for 1985 show a marked drop in commercial exports of butter/but-

teroil compared with 1984 (down 27.8% at 30 September 1985). This is due to sharper competition from other exporting countries such as New Zealand and Australia. The figures at 30 September 1985 indicate an increase of 8.9% in skimmed-milk powder exports compared with the previous year and a drop of 7.8% for whole-milk powder, 0.5% for condensed milk and 14.1% for cheese.

Intervention stocks (public and private) in February 1986 were as follows (February 1985 figures in brackets): butter 1 144 742 tonnes (882 190 tonnes); skimmed-milk powder 597 347 tonnes (505 112 tonnes); cheese 94 580 tonnes (80 500 tonnes).

2.1.115. On 24 and 25 February the Council considered the Commission's proposal on compensation for the definitive discontinuation of milk production.¹

The Council recognized that the imbalance between production and outlets on the milk market, together with the level of current stocks, gave cause for concern, but there were still differences of opinion as to how the proposal should be applied.

Parliament gave its opinion on the Commission's proposal on 21 February.² While noting that the proposal incorporated some comments which it had made earlier, Parliament still had reservations and put forward a number of amendments.

Wine

2.1.116. As a result of the recent prolongation of one of the periods during which wine-growers had to fulfil certain distillation requirements in order to be eligible for intervention aid,³ the Commission was obliged on 3 February to adjust the regulations governing intervention during the period concerned.⁴

On 12 February, to alleviate any problems caused by the lowering, from 1 September 1986,⁵ of the maximum total levels of sulphur dioxide in wine other than sparkling and liqueur wines, the Commission author-

ized⁶ the release for consumption, until stocks were depleted, of wine of Community origin produced before 1 September 1986 and wine originating in non-member countries imported before 1 September 1987 provided that their sulphur dioxide content did not exceed the level fixed before 1 September 1986.

On 18 February the Commission extended by three weeks the final date for presenting delivery contracts for the preventive distillation of table wine in the current year to ensure that quantities were sufficient to enable the target figure to be attained.⁷

On 25 and 27 February the Commission fixed the special rates for the conversion of free-at-frontier and reference prices for imported liqueur wines into national currencies.⁸

Finally, on 28 February the Commission announced its intention to introduce compulsory distillation of table wine for 1985/86.⁹ The measure should become effective during March.

Accession-related measures

2.1.117. Following a proposal from the Commission, on 25 February the Council adopted a number of regulations necessitated by the accession of Spain and Portugal.¹⁰ These included the general rules on the regulatory amounts introduced by the Act of Accession on imports into the Ten of wine from Spain during the period of successive price alignments,¹¹ adaptation of average prices on representative markets in Spain during the same period,¹² fixing of the quota for imports into Portugal of certain

¹ Bull. EC 10-1985, point 2.1.102.

² OJ C 68, 24.3.1986.

³ OJ L 290, 1.11.1985.

⁴ OJ L 29, 4.2.1986.

⁵ OJ L 320, 29.11.1985.

⁶ OJ L 38, 13.2.1986.

⁷ OJ L 42, 19.2.1986.

⁸ OJ L 48, 26.2.1986.

⁹ OJ C 47, 1.3.1986.

¹⁰ OJ L 54, 1.3.1986.

¹¹ COM(86) 78.

¹² COM(86) 57.

wines from the Community in the period 1 March to 31 December 1986 during which such wines are subject to quantitative restrictions,¹ and the list of wines produced in Portugal and treated as quality wines produced in specified regions.²

On 5 February, following the accession of Spain, the Commission stipulated that the validity of licences for viticultural products originating in Spain should be valid until 28 February 1986, by way of derogation from the usual validity of four months from the date of issue.³ In addition, the Commission stipulated that holders of licences whose initial validity went beyond 28 February could, on request, obtain reimbursement of their security.

On 18 February various technical adjustments were made to a series of regulations on account of the accession of Spain and Portugal.⁴

Sugar

2.1.118. On 21 February Parliament commented⁵ on the Commission proposals to amend the Regulation on the common organization of the sugar market.⁶ Parliament protested vigorously against the decision in principle on the amended proposal taken by the Council at its 9 and 10 December meeting⁷ without consulting Parliament with the result that its opinion became merely a formality.

It nevertheless made a number of comments and suggestions which it asked the Commission to include in future proposals, emphasized its intention to monitor closely developments on the sugar market both inside and outside the Community, demanded to be consulted on any revision in two years' time of the quotas and levy, as provided for in the Council's decision in principle, and stated that it would take no final decision until then.

Flax and hemp

2.1.119. In view of the problems encountered in the marketing of flax and hemp

fibres, on 5 February the Commission adopted a Regulation enabling private storage aid to be granted to holders of such fibres in the Community.

The Regulation provides that storage contracts may be concluded before 31 March for three, four or five months. It should be possible to restore market balance for the next marketing year.

Seeds and propagating material

2.1.120. On 27 February the Commission adopted a Decision authorizing the use of EEC labels in certain cases where seed packages from non-member countries are re-labelled within the Community; it also adopted a Directive limiting the marketing of seed of certain species of fodder plants and oil and fibre plants to 'basic' and 'certified' seed.

Proposals were made to the Council providing for the progressive inclusion of Spain and Portugal in the existing Community seed arrangements.

Structures

2.1.121. At the end of February the Council agreed in principle, pending formal decisions after receipt of Parliament's opinion, on three proposals for specific regional measures to overcome the structural handicaps to farming in certain areas.⁸ The underlying purpose is not only to safeguard employment but also to protect the environment.

A sum of 47 million ECU over a period of six years is to be granted for the improvement of beef-cattle farming in certain less-

¹ COM(86) 61.

² COM(86) 82.

³ OJ L 31, 6.2.1986.

⁴ OJ L 48, 26.2.1986.

⁵ OJ C 68, 11.3.1986.

⁶ OJ C 219, 29.8.1985; Bull. EC 7/8-1985, point 2.1.155; Bull. EC 12-1985, point 2.1.164.

⁷ Bull. EC 12-1985, point 2.1.165.

⁸ Bull. EC 1-1986, point 2.1.104.

favoured areas of the Massif central, France.

A total of 74.4 million ECU will be granted over six years for the promotion of agriculture in the mountain areas of Friuli-Venezia Giulia, Veneto, Trentino-Alto Adige, Lombardy, Valle d'Aosta and Piedmont, northern Italy.

Lastly, 25 million ECU for a period of five years will be granted for the promotion of agriculture in the islands off the northern and western coasts of Scotland, with the exception of the Outer Hebrides.

Legislation

Veterinary and animal husbandry legislation¹

2.1.122. The outbreak of foot-and-mouth disease in Italy persists. Some foci are due to a different virus strain from that detected in the initial foci. Between December and February the Commission therefore adjusted the restrictions on exports of cattle, pigs and meat from Italy to take account of the new developments.²

The situation as regards foot-and-mouth disease in Argentina has improved, and in December it was possible to scale down the protective measures against offals from that country.³ A review of the epidemiological situation showed that classical swine fever had been eradicated from certain parts of Germany, which were therefore re-established as 'officially free' or 'free' of the disease.⁴

The Commission approved the third amendment presented by Italy⁴ and the second amendment presented by Greece⁵ to their plans for the accelerated eradication of classical swine fever. Under the Community arrangements to finance certain emergency veterinary measures, the Commission decided to contribute towards compensation for damages due to African swine fever in Belgium.³

Plant health legislation

2.1.123. In December the Council adopted amendments⁶ to the Community plant health rules introduced by Directive 77/93/EEC,⁷ to simplify procedures for updating a large number of technical provisions, in particular those relating to plants and plant products originating in non-member countries.

On 19 December 1985 the Commission adopted a decision modifying the conditions for authorizing imports of oak logs from North America.³ This had become necessary because of difficulties in the implementation of the previous provisions and because of recent technical developments.

The Commission also proposed that the Council should amend certain detailed provisions of the plant health regime to take account of the situation in the new Member States.⁸

Competition

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

Germany

Bavaria:

- (i) replanting of vineyards destroyed by frost;
- (ii) measures to improve agricultural structure, especially with a view to landscape conservation.

¹ Bull. EC 11-1985, point 2.1.144.

² OJ L 379, 31.12.1985; OJ L 21, 28.1.1986; OJ L 72, 15.3.1986.

³ OJ L 379, 31.12.1985.

⁴ OJ L 334, 12.12.1985.

⁵ OJ L 68, 11.3.1986.

⁶ OJ L 372, 31.12.1985, OJ C 186, 13.7.1984; Bull. EC 6-1984, point 2.1.109.

⁷ OJ L 26, 31.1.1977.

⁸ COM(85) 784 final.

Baden-Württemberg: aid for promoting consumer information about agricultural products and the improvement of product quality.

Schleswig-Holstein: aid for the purchase of private woodlands and land for afforestation.

France

Aid from Ofival for stimulating production of horse meat and rabbit meat.

Denmark

Aid for rabbit farming.

2.1.125. The Commission decided to initiate the Article 93(2) procedure in respect of the following aids:

Italy

Sicily: Act to amend Regional Act No 16 of 2 March 1981 concerning:

(i) subsidies for the sterilization of soil in glasshouses (50% of costs); the rate of subsidy has been increased to 60% for small farmers and 80% for cooperatives and associations thereof (Sections 2 and 3);

(ii) interest rate subsidies of 7.5% to cooperatives which had not received operating credits in several preceding years (Section 15).

Abruzzi: amendment of Regional Act No 31 of 3 June 1982 by Regional Act No 25 of 11 April 1985 concerning:

(i) a two-year extension to the aid scheme (Section 66) for the purchase of feeding-stuffs;

(ii) aid (Section 20) for the purchase of breeding poultry (male).

2.1.126. The Commission decided to terminate partially the Article 93(2) procedure in respect of a regional aid scheme in Italy (Calabria) involving the refinancing in 1985 of Regional Act No 21 of 2 June 1980 on certain measures to assist agriculture.

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2.1.127. In February Parliament adopted resolutions on agriculture and the environment and on the genetic diversity of cultivated plants and trees (→ point 2.4.19).¹

Forestry

2.1.128. In February the Commission was active on two fronts. On 10 February it sent the Council a complementary memorandum² to its discussion paper of last December;³ the complementary memorandum and the discussion paper together form what is known as the 'Forestry memorandum' and are the subject of far-reaching discussions with the various Community institutions and Community-level organizations representing the main interest groups. The Commission will lay specific proposals before the Council when all the consultations are completed.

The Commission took an active part in the International Conference on Trees and Forests ('Silva') in Paris from 5 to 7 February.

The complementary memorandum

2.1.129. The complementary memorandum on Community action in the forestry sector presents a general picture of the state of woodlands throughout the Community, outlines the forestry policies and programmes of the Member States and describes the Commission's activity hitherto in this field.

It then sketches out a strategy for the Community in the future, placing emphasis on improved protection of forests and woodland, measures to increase the added value of forestry resources and promotion of the development of forestry.

Recent Community activity

2.1.130. After underlining that forests will have a vital role to play in the implemen-

¹ OJ C 68, 24.3.1986.

² COM(86) 26 final.

³ Bull. EC 12-1985, points 2.1.171 and 2.1.172.

tation of the changes needed to resolve present socio-economic problems, the Commission points out that the number of measures it has recently taken in this connection reflect its growing interest in a sector long overlooked in the process of European integration.

Since there is no specific Community policy on forestry, the measures have been instituted under a variety of other policies (agricultural policy, research policy, regional policy, environment policy, development policy).

Some 470 million ECU has been spent by the Community in the last five years to promote afforestation of marginal land, the improvement of derelict woodland, forest development and forest protection, the safeguarding and extension of forested areas in the developing countries and the development of forestry research.

The European Investment Bank has also contributed with loans for Community forestry measures to part-finance a number of afforestation/reafforestation schemes in the Community and some other countries.

*Lack of a Community policy:
need for more intensive
coordinated measures*

2.1.131. The Commission feels that it is acceptable for the Community to develop forestry activities through non-forestry policies since the introduction of a true Community policy on forestry still encounters intransigent opposition from certain member countries. However, this approach requires more active coordination at Community level if the activities are to be more coherent and effective from the forestry point of view.

Because of the manifold functions that woodlands are called upon to fulfil and the complexity of the forest ecosystem, it is important that the various measures be conceived not only in relation to their specific importance for the policies under which they are implemented but in relation to

their direct and indirect implications for the whole forestry industry.

Some of the measures envisaged

2.1.132. Without presuming as to the choices it will make and the priorities it will adopt when it puts forward new proposals after current consultations, the Commission lists in its memorandum some 50 measures which could remedy certain shortcomings in the Community's forestry sector and help to solve some of the major problems facing it. Particular mention may be made of the following:

(i) Forest protection: establishment of a network for monitoring the state of health of Community woodlands, increasing plant health protection, strengthening systems for the prevention and control of forest fires, developing an emergency plan to cope with forest disasters, establishing a code of good ecological conduct for forests and introducing rules to promote a more balanced relationship between silviculture and game shooting.

(ii) In an effort to increase added value in the forestry sector, the Commission proposes to encourage private owners to draw up basic forest management plans, to improve maintenance, to practise more systematic thinning and to form groups to obtain advice and services relevant to forest management.

The Commission also recommends measures to improve efficiency of operation in the wood-based industries, the organization of the cork industry, experiments and demonstration projects to promote non-wood forest products, and incentives for the formation of forestry/shooting associations.

(iii) On the subject of forest development, the proposed measures concern afforestation of land hitherto used for farming.

Two types of measure are envisaged:

(a) measures to encourage farmers to extend farm woodlands (reinforcement of the forestry provisions in the March 1985 Regulation on improving the efficiency of

agricultural structures);¹ setting up pilot and demonstration projects concerning wood production; introduction of financing arrangements to ensure income continuity for farmers engaging in afforestation on some of their land;

(b) measures to stimulate specific afforestation schemes, particularly major undertakings of European interest and the creation of woodlands around urban areas.

(iv) On the question of forests in developing countries, the Commission proposes a Community strategy for tropical forests, with demonstration projects in French Guiana.

In conjunction with this memorandum the Commission presented a memorandum on measures to combat desertification in Africa,² including measures to develop forestry in countries facing the problem of spreading desert due to deforestation.

Need for accompanying measures

2.1.133. These forestry measures should be accompanied by measures to ensure their effectiveness, including measures to promote forestry research, to ensure the dissemination of research findings through demonstration projects and advisory services, to set up a Community programme of forest statistics, a bank of forestry data at European level and the encouragement of advanced research into the economic and taxation aspects of European forests.

Conclusions

2.1.134. The Commission hopes that the wide-ranging consultations on its memorandum will lead to further progress towards the inclusion of forestry among the Community's preoccupations.

It feels that the era of sporadic and patchy forestry measures by the Community is over and that the forestry sector, together with all the upstream and downstream activities, should from now on be considered as an industry in its own right which must be safeguarded, developed and enhanced in

parallel with efforts to find fundamental solutions to the socio-economic challenges now facing the Community.

Attendance at 'Silva' conference

2.1.135. The Commission took an active part in the International Conference on Trees and Forests ('Silva') from 5 to 7 February. The Conference, which came at the end of a long series of events organized throughout the world in 1985, the International Year of the Forest, was attended by several Heads of State or Government and numerous ministers, representing 53 countries, international institutions and organizations. The Conference was also attended by observers from 32 other countries and international organizations.

Particular attention was given to problems affecting trees and forests in Europe and the arid regions of Africa. It was therefore of special concern to the Community.

Mr Clinton Davis, the Commission Member with special responsibility for the environment, spoke in plenary session and in the working parties for Europe and Africa. He stressed the considerable risks of ecological disaster facing mankind as the result of the current practice of destroying — for immediate benefit — the basic resources which should assure the survival of mankind in the future. He referred to the Commission's memoranda on forests and desertification and outlined the Community's strategy in these matters.

Mr Delors, in an address given at the closing session, said that in the effort to combat desertification in Africa attention would be concentrated on two priority tasks, namely:

- (i) special schemes to encourage reafforestation of the Fouta Djallon, an upland plateau in Guinea where the major rivers of West Africa all take their source;
- (ii) schemes to combat the adverse consequences of indiscriminate use of fuelwood,

¹ OJ L 93, 30.3.1985; Bull. EC 3-1985, point 2.1.11.

² Bull. EC 1-1986, point 1.3.1 *et seq.*

for instance by the introduction of new types of energy in urban areas.

On the subject of Europe's woodland heritage and its protection against present-day hazards, the President of the Commission described the three main lines of approach to the problem:

(i) protection of existing woodlands by efforts to combat the true causes of deterioration and to return to original and traditional practices which have proved their value in ensuring that forests offer a favourable environment for the people;

(ii) better use of Community forests by a cooperative approach, accompanied by job-creation measures;

(iii) general enhancement of the countryside by the designation of natural woodland reserves and forest parks.

Stressing the need for solidarity between Europe and Africa, the President of the Commission launched an appeal for a programme to involve young people and volunteers in measures to renovate forests and prevent desertification and famine.

Fisheries

Resources

Internal aspects

National measures

Protection of local stocks

2.1.136. The Commission, acting under Article 19 of Regulation (EEC) No 171/83,¹ approved the following measures:

(i) on 25 February, a French Order of 31 October 1985 amending a 1983 Order laying down conditions to govern trawl fisheries in the Pertuis Breton, the Pertuis d'Antioche and the Courreau d'Oléron;

(ii) on 27 February, a United Kingdom Order making a number of technical adjustments to the text of the original Order under the Inshore Fishing (Scotland) Act 1984, which applies to certain fishing zones along the Scottish coast up to six miles from the baselines and which the Commission approved in draft form on 3 June 1985.²

Measures stricter than Community rules

2.1.137. On 3 February the Commission took note of a Danish Order introducing with effect from 24 August 1985 rules to govern the inspection of catches of industrial fish. Referring to certain control measures applicable to landings of industrial fish under this Order, the Commission found these rules to be compatible with Article 20(1) of Regulation (EEC) No 171/83.¹

External aspects

Bilateral relations

Senegal

2.1.138. On 24 February³ the Council approved the conclusion of an Agreement in the form of an exchange of letters concerning the extension until 30 April 1986 of the Protocol establishing the fishing rights and financial compensation provided for in the Fisheries Agreement between the Community and the Government of the Republic of Senegal.⁴ The Agreement had been initialled on 13 January.⁵

Madagascar

2.1.139. On 24 February the Council approved⁶ the conclusion of the Agreement between the Community and the Democratic Republic of Madagascar on fishing off the coast of Madagascar. The Agree-

¹ OJ L 24, 27.1.1983.

² Bull. EC 6-1985, point 2.1.142.

³ OJ L 75, 20.3.1986.

⁴ OJ L 361, 31.12.1985; Bull. EC 12-1985, point 2.1.197.

⁵ Bull. EC 1-1986, point 2.1.119.

⁶ OJ L 73, 18.3.1986.

ment had been signed in Antananarivo on 28 January.¹

Japan

2.1.140. On 24 January the Council approved a Regulation establishing, for the period from 3 March to 30 June 1986, certain measures for the conservation and management of fishery resources applicable to vessels flying the Japanese flag in waters falling under the sovereignty or jurisdiction of Portugal.²

Guinea

2.1.141. On 24 February the Commission sent to the Council a proposal for a Decision³ on the conclusion of an Agreement in the form of an exchange of letters, initialled on 28 January,⁴ concerning an interim extension of the Protocol annexed to the agreement between the Government of the Republic of Guinea and the Community on fishing off the coast of Guinea⁵ for a period of six months from 8 February 1986.

Markets and structures

Market organization

Accession-related measures

2.1.142. In the context of the Community's enlargement, the Council, acting on a proposal from the Commission, adopted:

(i) on 17 February, a Regulation laying down rules for the application by Spain and Portugal of quantitative restrictions on fishery products;⁶

(ii) on 25 February, a Regulation fixing, for the period 1 March to 31 December 1986, the guide prices for certain fishery products listed in Annex I A and E to the Regulation of 29 December 1981⁷ (and included in the Act of Accession of Spain and Portugal) and amending the Council

Regulation of 17 December 1983⁸ as regards the guide price for Atlantic sardines and anchovies.⁹

2.1.143. Pursuant to the provisions of the Act of Accession the Commission also adopted:

(i) on 11 February, a Regulation laying down detailed rules for the grant of a storage premium for certain fishery products;¹⁰

(ii) on 13 February, a Regulation introducing a temporary derogation from the Community reference price system for fishery products imported into Portugal;¹¹

(iii) on 28 February, Regulations:

(a) 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;¹²

(b) 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;

(c) laying down detailed rules for the calculation of withdrawal and selling prices and fixing, for the period 1 March to 31 December 1986, the withdrawal and selling prices of certain fishery products listed in Annex I A and E to the Regulation of 29 December 1981⁷ and amending the Commission Regulation of 23 December 1985¹³ as regards the withdrawal prices for Atlantic sardines and anchovies;¹²

(d) fixing the reference prices for certain fishery products for the period 1 March to 31 December 1986;¹²

¹ Bull. EC 1-1986, point 2.1.122.

² OJ L 50, 28.2.1986.

³ COM(86) 103 final.

⁴ Bull. EC 1-1986, point 2.1.121.

⁵ OJ L 111, 27.4.1983; Bull. EC 3-1983, point 2.1.133.

⁶ OJ L 43, 20.2.1986.

⁷ OJ L 379, 31.12.1981; Bull. EC 12-1981, point 2.1.140.

⁸ OJ L 344, 21.12.1985; Bull. EC 12-1985, point 2.1.201.

⁹ OJ L 54, 1.3.1986; Bull. EC 1-1986, point 2.1.123.

¹⁰ OJ L 39, 14.2.1986.

¹¹ OJ L 40, 15.2.1986.

¹² OJ L 66, 8.3.1986.

¹³ OJ L 351, 28.12.1985; Bull. EC 12-1985, point 2.1.203.

(e) fixing the reference prices for intra-Community trade in anchovies and Atlantic sardines for the 1986 fishing year;¹

(f) fixing the compensatory allowance for Mediterranean sardines;¹

(g) fixing the storage premium for certain fishery products for the period from 1 March to 31 December 1986,¹

(h) amending the Regulation of 23 December 1985,² by reason of the accession of Spain, in respect of the list of fishery products for which a carry-over premium is granted.¹

2.1.144. Lastly, given the continuing risk of disturbance on the French market for yellowfin tuna intended for industrial processing, the Commission extended, by a Regulation of 10 February,³ the validity of the surveillance system applicable to imports of this product into France until 31 March 1986.⁴

Transport

Inland transport

Railways

ECSC rail tariffs

2.1.145. On 19 February the Commission sent to the Council a draft fifth supplementary agreement to the Agreement of 21 March 1955 on the establishment of through international railway tariffs for the carriage of coal and steel.⁵ This draft has to be approved by the Representatives of the Governments of the Member States of the ECSC meeting within the Council.

Road transport

Technical aspects

Road safety

2.1.146. In February France, Greece and Luxembourg, in conjunction with the Com-

munity institutions, officially proclaimed the opening of European Road Safety Year.⁶

Other events were also held in the Member States.

2.1.147. On 21 February Parliament adopted a resolution on the implementation of common measures under the Community's Road Safety Year programme to reduce the number of road accidents (→ point 2.4.19).⁷

Sea transport

Registration of ships

2.1.148. On 7 February the UN Conference for the Registration of Ships approved a convention aimed at regulating more effectively the use of open registry facilities. The convention would require establishment of a 'genuine link' between the vessel, its owner and the flag State. Every country, including those which permit open registry, would have to keep a shipping register recording all ships flying its flag.

The agreement will come into force when it has been ratified by 40% of the hundred or so signatory countries, representing at least 25% of world tonnage. Some provisions of the convention may be incompatible with Community law because they may introduce discrimination on grounds of nationality between seamen from the Member States.

The Commission is currently considering ways in which a conflict between the convention and Community law may be avoided.

¹ OJ L 66, 8.3.1986.

² OJ L 351, 28.12.1985; Bull. EC 12-1985, point 2.1.203.

³ OJ L 35, 11.2.1986.

⁴ OJ L 299, 13.11.1985; Bull. EC 11-1985, point 2.1.157.

⁵ COM(85) 51 final.

⁶ Bull. EC 1-1986, point 2.1.127.

⁷ OJ C 68, 24.3.1986.

Harmonization of the conditions of competition

2.1.149. On 17 February Parliament delivered its opinion¹ on the following Commission proposals to the Council:²

(i) a Directive amending the first Council Directive of 23 July 1962 on the establishment of common rules for certain types of carriage of goods by road between Member States (carriage to and from a Community seaport of goods imported or exported by sea);

(ii) a Regulation amending the Regulation of 1 December 1983 liberalizing the fixing of rates for the carriage to and from a Community seaport of goods imported or exported by sea;

(iii) a Directive on the organization of the markets for the carriage to and from a Community seaport of goods imported or exported by sea.

Parliament welcomed the fact that the Commission was taking greater account of seaports in transport policy and hoped that it could help through its proposal to put an end to discrimination in transport services between seaports and their hinterlands.

On the question of capacity policy, Parliament considered it vital, in view of the judgment of the Court of Justice of 22 May 1985,³ that there be comprehensive new arrangements for access to the transport market, both at national and Community level, and called on the Commission to take all action required to enable the Council to decide without delay on comprehensive new arrangements for market access.

On rates, Parliament considered the part of the Commission's proposal dealing with this matter to be a first step towards harmonization of the conditions of competition between Community seaports and emphasized the need for the inconsistencies inherent in such a partial solution to be kept to a minimum and deemed a number of amendments to the proposal to be necessary to that end.

As regards seaport policy in general, Parliament repeated the appeal which it made on 11 March 1983⁴ for the Community to focus its efforts in developing a common transport policy not only on capacity and rate policy measures but also on the harmonization of social legislation, specific taxes, technical regulations, infrastructure policy and the removal of frontier barriers and checks.

Multimodal transport

2.1.150. At its February part-session Parliament delivered a favourable opinion¹ on the proposal for amendment of the Council Directive of 17 February 1975 on the establishment of common rules for certain types of combined transport of goods between Member States.⁵

Energy

Specific problems

Solid fuels

Market situation

2.1.151. On 27 February the Commission approved a report on 'The market for solid fuels in the Community in 1985 and the outlook for 1986,⁶ for dispatch to the ECSC Consultative Committee for an opinion. This document states that the contribution of solid fuels to internal energy consumption stood at 22.7% in 1985 compared with 22.0% in 1984. Internal consumption of hard coal in the Ten rose to 290 million tonnes in 1985, an increase of 11% over 1984. For the Twelve, consumption of hard

¹ OJ C 68, 24.3.1986.

² OJ C 14, 16.1.1985; Bull. EC 12-1984, point 2.1.203.

³ OJ C 144, 13.5.1985; Bull. EC 5 1985, point 1.1.1 *et seq.*; Bull. EC 9-1985, point 3.4.1.

⁴ OJ C 96, 11.4.1983; Bull. EC 3-1983, point 2.4.14.

⁵ OJ C 139, 7.6.1985; Bull. EC 5-1985, point 2.1.105.

⁶ COM(86) 115.

coal in 1985 reached 314 million tonnes, an increase of 30 million tonnes or 11% over 1984.

The accession of Spain and Portugal has boosted Community coal potential, adding 19 million tonnes of coal equivalent in production and 26 million tonnes in consumption. In 1986 the continuing recovery in the United Kingdom and the steady flow of imports from non-member countries should bring coal supply to 324 million tonnes, the level attained by the Ten in 1979-82; production of lignite and peat is likely to fall slightly. Total demand from all sectors (power stations, coking plant, industry and residential) should expand by about 3% in 1986, unless there is a prolonged drop in oil prices.

The Community coal industry has to take world coal prices into account in its own sales policy, and these prices are falling. In view also of the continuous decline in the dollar since April 1985, the gap between prices of imported coal and production costs in the Community is steadily growing.

Lignite and peat

2.1.152. In response to the mandate given by Energy Ministers on 11 November 1985, the Commission sent to the Council on 25 February its second report¹ on the lignite and peat industries of the European Community.²

Lignite and peat may be insignificant in terms of total energy production and energy consumption in the Community, together accounting for no more than 3.8% (38.6 million tonnes of oil equivalent—toe) of the primary energy consumption of the Twelve (991 million toe). In some countries, how-

ever, these two fuels rank high in primary energy consumption: lignite accounts for about 10% of consumption in the Federal Republic of Germany, 24% in Greece and 13% in Spain, while peat has a share of about 13% in Ireland. Another important factor is that production and consumption are concentrated in the same countries. Thus the figures for 1984 show that 68% of Community lignite (Europe of the Twelve) was extracted and used in Germany, 17% in Greece and 13% in Spain, which explains why there is very little cross-frontier trade in these two fuels. The lignite and peat industries are generally profitable, so that these fuels remain competitive. In some cases lignite generates electricity at a cost comparable to that of nuclear energy, fuel oil or even imported coal. By contrast, it is still doubtful whether peat can compete with imported coal in electricity generation.

The Commission has reached the conclusion that the Community financial instruments previously used (ERDF, EIB) should continue to be used to facilitate the investment necessary for the development of lignite and peat. With regard to the financing instruments available for the future, the Commission drew attention to the launch of the new Community energy programme (Valoren)³ financed by the ERDF and to the importance of the specific Community measures planned under the integrated Mediterranean programmes. The Commission stressed that, under the new ERDF Regulation, the initiative in the case of most Regional Fund funding lies mainly with the Member States and not with the Community.

¹ COM(86) 95 final.

² First report: Bull. EC 10-1982, point 2.1.120.

³ Bull. EC 1-1986, points 2.1.80 and 2.1.82.

2. External relations

New round of multilateral trade negotiations

Meetings of Preparatory Committee

2.2.1. The Committee set up in November 1985 by the 41st meeting of GATT Contracting Parties to prepare the new round of multilateral trade negotiations met on 4 and 5 February and again on 25 and 26 February.¹

It continued January's discussion of subjects for possible inclusion in the new round, among them trade in agricultural products, dispute settlement procedures, tropical products, quantitative restrictions and other non-tariff measures, tariffs, structural adjustment and trade policy, trade in counterfeit goods, textiles and clothing, and exchange-rate fluctuations and their effect on trade and services.

The Community stated its position on each topic, having due regard to The Community's previous declarations in GATT and the Council statement of 19 March.²

The Preparatory Committee is due to make recommendations in time for a ministerial meeting called for September to decide on the opening of new trade negotiations.

Renewal of the Multifibre Arrangement

Negotiating directives

Council discussion

2.2.2. On 18 February the Council gave detailed consideration to the Commission's negotiating directives for renewal of the Multifibre Arrangement (MFA) and the bilateral agreements.³

General agreement was reached on a number of important points. Other aspects of

the Commission proposals will, however, have to be studied further at technical level before the next Council meeting.

*

2.2.3. On 21 February Parliament adopted a resolution on the possible renewal of the MFA (→ point 2.4.19).⁴

Commercial policy

Implementing the common commercial policy

Commercial policy instruments

Easing of restrictive measures

2.2.4. Under the Regulation of 14 November 1983 on import arrangements for products originating in State-trading countries, not liberalized at Community level,⁵ the Commission took the following measures:

(i) Opening of quotas:

Italy — Romania: yarn of regenerated textile fibres; bulked man-made viscose staple fibres;⁶

Italy — Bulgaria: yarn of regenerated textile fibres;⁷

Italy — Hungary: organic and inorganic chemicals;⁸

(ii) Changes in quotas:

United Kingdom — German Democratic Republic: textile products;⁸

¹ Bull. EC 11-1985, point 2.3.52.

² Bull. EC 3-1985, point 2.2.12.

³ Bull. EC 11-1985, point 2.3.4; Bull. EC 12-1985, point 2.3.9.

⁴ OJ C 68, 24.3.1986.

⁵ OJ L 346, 8.12.1983.

⁶ OJ C 27, 7.2.1986.

⁷ OJ C 34, 14.2.1986.

⁸ OJ C 41, 22.2.1986.

(iii) Changes in import arrangements:

Benelux — State-trading countries: removal of quantitative restrictions on the release for free circulation of a number of industrial products.¹

Trade protection

2.2.5. The trade protection measures taken in February are shown in Table 9.

¹ OJ C 30, 11.2.1986.

Table 9 — Trade protection measures

Council	Commission ¹
<p><i>Definitive anti-dumping duty and definitive collection of provisional duty on imports of:</i></p>	<p><i>Initiation of an examination procedure concerning illicit commercial practices consisting of exclusion from the United States market of:</i></p>
<p>Certain types of clogs originating in Sweden OJ L 32, 7.2.1986 (provisional duty amended: OJ L 333, 11.11.1985)</p>	<p>Certain kinds of aramid fibre manufactured by Akzo NV or its affiliated companies outside the United States OJ C 25, 5.2.1986</p>
<p>Roller chains for cycles originating in China OJ L 40, 15.2.1986 (provisional duty: OJ L 217, 14.8.1985)</p>	<p><i>Acceptance of undertakings and termination of anti-dumping investigation concerning import of:</i></p>
<p><i>Extension of provisional anti-dumping duty on imports of:</i></p>	<p>Certain kinds of clogs originating in Sweden OJ L 32, 7.2.1986 (provisional duty amended: OJ L 333, 11.11.1985)</p>
<p>Certain kinds of electronic weighing scales originating in Japan OJ L 32, 7.2.1986 (provisional duty: OJ L 275, 16.10.1985)</p>	<p>Roller chains for cycles originating in China OJ L 40, 15.2.1986 (provisional duty: OJ L 217, 14.8.1985)</p>
	<p>Fibre building board originating in Finland or Sweden OJ L 46, 25.2.1986 (reopening of procedure: OJ C 6, 9.1.1985)</p>
	<p>Certain categories of glass originating in Turkey, Yugoslavia, Romania, Bulgaria, Hungary or Czechoslovakia and imported into Greece OJ L 51, 28.2.1986 (initiation of procedure: OJ C 66, 14.3.1985)</p>
	<p><i>Termination of anti-dumping proceeding concerning imports of:</i></p>
	<p>Electronic typewriters manufactured by Nakajima All Precision Co Ltd originating in Japan OJ L 40, 15.2.1986 (provisional duty: OJ L 266, 9.10.1985)</p>
	<p><i>Expiry of anti-dumping duty on imports of:</i></p>
	<p>Mechanical alarm clocks (other than travel alarms) originating in the Soviet Union OJ C 35, 15.2.1986 (definitive duty: OJ L 344, 19.12.1980)</p>

¹ For steel products see point 2.1.26.

Export credits

2.2.6. On 28 February the Commission sent the Council a proposal for a Decision¹ on implementation of the agreement between participants in the OECD Arrangement on Export Credits concerning export credits for civil aircraft.²

Sectoral commercial policy measures³

Non-ferrous metals

2.2.7. On 10 February the Council adopted the Regulation allocating the Community quantitative export quotas for copper ash and residues and waste and scrap⁴ under the export arrangements in force for 1986⁵ for certain types of non-ferrous metal waste and scrap.

Relations with industrialized countries

Canada

2.2.8. The Industrial Cooperation and General and Preparatory Subcommittees of the EEC-Canada Joint Cooperation Committee met in Ottawa on 24 and 25 February. Cooperation activities since the last meetings in December 1984⁶ were reviewed and the potential for new areas of cooperation (ores and metals, rational use of energy, forestry products and the food industry, information technology, biotechnology, research on the environment and energy, etc.) was explored.

Japan

2.2.9. On 5 February the Commission adopted new proposals to the Council concerning future relations between the Community and Japan.⁷ Arguing that Japan is still insufficiently integrated into the world economy and that EEC cooperation with

Japan needs to develop further in order to match more closely EEC-US relations, the Commission recommends measures that will:

- (i) intensify dialogue and cooperation with Japan;
- (ii) ensure further opening-up of the Japanese market;
- (iii) restore a proper balance to economic relations between the two partners;
- (iv) increase Community efforts to improve its performance in Japan;
- (v) introduce new procedures and working methods within the Community.

On 18 February the Council held an initial policy debate on the question of relations with Japan, based on the recent Commission communication. Broadly speaking, the Member States endorsed the overall approach proposed by the Commission.

European Free Trade Association

2.2.10. On 22 February the Community and the EFTA countries completed negotiations for the adaptation of their free trade Agreements consequent upon enlargement and initialled the agreements. The outcome of the negotiations was fully in line with the Council guidelines issued between December and February,⁸ and the Commission guidelines contained in its initial proposals of July 1985.⁹ The results are of prime importance to the Community from three points of view — economic, political and legal:

Economic aspect. The negotiations concerned relations with countries to which the Community annually exports goods worth

¹ COM(86) 108 final.

² Bull. EC 1-1986, point 2.2.5.

³ For steel products see points 2.1.25 and 2.1.26.

⁴ OJ L 36, 12.2.1986.

⁵ OJ L 351, 28.12.1985; Bull. EC 12-1985, point 2.3.12.

⁶ Bull. EC 12-1984, point 2.2.15.

⁷ Bull. EC 10-1985, point 2.3.12.

⁸ Bull. EC 12-1985, point 2.3.21; Bull. EC 1-1986, point 2.2.15.

⁹ Bull. EC 7/8-1985, point 2.3.19.

some 80 000 million ECU, i.e. equivalent to the value of exports to the United States and Japan combined.

Political aspect. It had become a matter of urgency to break the deadlock in the negotiations, as it could have become critical and jeopardized the Community's relations with a group of countries which, along with the Community, was committed to the creation of a European economic zone.

Legal aspects. It had become vital to reach a solution before 1 March.¹ Failing this, a legal vacuum would have become inevitable and might have been filled by unilateral measures highly damaging to the Community.

Austria

2.2.11. Mr Leopold Gratz, Austria's Foreign Minister, visited the Commission on 24 February. During the visit, he and Mr Willy De Clercq, Member of the Commission with special responsibility for external relations and trade policy, reviewed their economic relations with the United States, Japan and the State-trading countries and held detailed discussions on bilateral relations between the EEC and Austria (extension of free trade Agreements to cover Spain and Portugal, and future cooperation in the numerous fields agreed on in Luxembourg in April 1984).² Mr Gratz also held discussions with Mr Narjes, Vice-President of the Commission with special responsibility for industrial affairs, research and science, on the subject of EEC-EFTA cooperation in research and development, and also with Mr Cheysson, Member of the Commission with special responsibility for North-South relations, on the grave situation in a number of regions in the southern hemisphere.

Sweden

2.2.12. During his visit to Sweden on 10 and 11 February Mr Narjes held detailed talks on industrial restructuring with his

official host Mr Thage Peterson, the Swedish Industry Minister.

Both sides stressed the need for broader relations between the Community and Sweden, particularly in the light of the recent accession of Spain and Portugal. It was recognized that the Luxembourg Declaration of 9 April 1984 would serve as a basis for industrial cooperation between the Community and the EFTA countries in general, and Sweden in particular.²

With regard to science and technology, the talks centred on the implementation of the framework agreement for scientific and technical cooperation between the Community and Sweden, signed in Brussels in January last year.³ The possibility of Swedish firms participating in Community R&D programmes was discussed in this context.

Relations with other countries and regions

Mediterranean countries

Mediterranean policy of the enlarged Community

Morocco

2.2.13. Following the initial meeting in May 1985 at which the Commission presented to Morocco the Community's offer concerning economic adaptation of the Agreement and proposals for strengthening cooperation,⁴ a preliminary round of negotiations took place in Brussels on 26 February.

The Moroccan delegation was led by Mr A. Guessous, Deputy Minister in the Prime Minister's Office, with responsibility for relations with the Community; for the

¹ Bull. EC 12-1985, point 2.3.21.

² Bull. EC 4-1984, point 1.2.1 *et seq.*

³ Bull. EC 1-1985, point 2.1.25.

⁴ Bull. EC 5-1985, point 2.2.30.

Commission, Mr Cheysson, Member with special responsibility for Mediterranean policy, took part in the opening session.

Cyprus

2.2.14. A second negotiating session on the implementation of the second phase of the Agreement between the Community and Cyprus took place on 21 February.¹ The Cypriot delegation presented a series of counterproposals to the position set out by the Community at the first session in December.¹ The Community delegation promised to study these in detail.

Malta

2.2.15. A joint team of Commission and European Investment Bank officials visited Malta from 5 to 7 February. The purpose of the mission was to identify projects which could be financed from the 13 million ECU of funds outstanding under the first financial protocol and the 29.5 million ECU available under the second financial protocol, signed on 4 December 1985.²

2.2.16. Mr Cheysson paid an official visit to Malta on 13 and 14 February. He had talks with the Prime Minister, Mr Mifsud Bonnici, covering bilateral relations between the Community and Malta, in particular financial cooperation and the adaptation of the Agreement following enlargement.

During the visit an exchange of letters to take account of the accession of Greece was signed as well as a joint memorandum on the programming mission carried out by the Commission and the Bank the previous week.

Egypt

2.2.17. The fourth meeting of the EEC-Egypt Cooperation Council³ was held in Luxembourg on 17 February under the chairmanship of Mr Van den Broek, the Netherlands Foreign Minister and President of the Council. The Commission was rep-

resented by Mr Cheysson. The Egyptian delegation was headed by Dr Abdel Meguid, Deputy Prime Minister and Foreign Minister.

The discussions on EEC-Egypt cooperation were preceded by a general statement on the Middle East by the Deputy Prime Minister, who repeated President Mubarak's proposal that a European contact group be set up to enhance the peace process and confirmed Egypt's support for an international conference on terrorism.

The two sides then reviewed the implementation of the Cooperation Agreement,⁴ expressed their satisfaction at the progress achieved and discussed ways of strengthening and developing EEC-Egypt cooperation in the future.

The Community also took due note of Egypt's request for a review of the Cooperation Agreement, with particular reference to trade and financial assistance, subjects which were covered under the separate process of negotiation to adapt the Agreement following the accession of Spain and Portugal.⁴

The Egyptian delegation reiterated its requests for an increase in food aid and the conclusion of long-term agreements on the supply of agricultural products, and stressed the need for a social protocol to cover Egyptian nationals working in the Community.

Asia

Pakistan

2.2.18. During his visit to Pakistan from 31 January to 2 February, Mr Cheysson met President Zia, Mr Junejo, the Prime Minister, Mr Ghulam Ishaq Khan, President of the Senate (who is also Chairman of the World Bank and IMF Development

¹ Bull. EC 12-1985, point 2.3.24.

² Bull. EC 11-1985, point 2.3.17.

³ Third meeting: Bull. EC 4-1984, point 2.2.23.

⁴ OJ L 266, 28.9.1978.

Committee), the Speaker of the National Assembly and several ministers.

The restoration of democracy (following the ending of martial law and the lifting of the state of emergency on 1 January) was a topic brought up by all those who had talks with Mr Cheysson.

Other questions reviewed included the state of EEC-Pakistan bilateral relations, notably Pakistan's trade deficit, the forthcoming MFA textile negotiations and financial and technical cooperation. Both sides recognized that the Community and Pakistan needed and would benefit from more regular consultations on world political and economic issues.

Bangladesh

2.2.19. During his visit to Bangladesh from 2 to 7 February, Mr Cheysson had meetings with President Ershad and a number of his ministers and addressed the Dhaka Chamber of Trade and Industry.

The emergence of the new SAARC regional organization, which came into being at the Dhaka summit meeting of December 1985, was welcomed and the prospects for cooperation with the Community discussed.¹

In discussions on bilateral relations, Bangladesh made clear its appreciation of the substantial aid received from the Community (development cooperation and food aid in particular). Mr Cheysson outlined the shape of broader cooperation measures: two new financing agreements were signed and provisions agreed concerning food aid for 1985; in addition, Bangladesh would benefit shortly from an extension of the Stabex system to cover the main unprocessed agricultural exports (jute, tea, hides and skins); in the longer term, the development of an overall food strategy would enable Bangladesh to move closer to its objective of self-sufficiency. With regard to trade in textile products, it was found that there was scope for Bangladesh to increase and diversify its exports to the Community.

Latin America

2.2.20. On 20 February Parliament adopted a resolution on the Caraballeda message for peace, security and democracy in Central America (→ point 2.4.20).²

State-trading countries

Council for Mutual Economic Assistance

2.2.21. On 31 January Mr De Clercq, Member of the Commission with special responsibility for external relations and trade policy, received the Romanian ambassador in Brussels (Romania is current president of the Council for Mutual Economic Assistance) and handed him a letter addressed to Mr Sychov, Secretary of the CMEA, together with a separate letter addressed to the Romanian Foreign Minister. During the first few days of February Mr De Clercq received the ambassadors in Brussels of the other European member countries of the CMEA and gave them similar letters addressed to their Foreign Ministers.

The letter to Mr Sychov states that the Community shares his objective of establishing official relations between the EEC and the CMEA. The Commission is ready to examine with the CMEA Secretariat the various ways of achieving that objective, including the idea of a joint declaration proposed in Mr Sychov's letters of June and September 1985.³ However, the Community considers that it would be pointless to establish relations with the CMEA in the absence of bilateral relations between its member countries and the Community. The Commission is therefore contacting these countries (only the European countries initially) to obtain their views on normalizing their relations with the Community.

¹ South Asian Association of Regional Cooperation, comprising: Afghanistan, Bangladesh, Bhutan, Burma, Maldives, Nepal and Pakistan.

² OJ C 68, 24.3.1986.

³ Bull. EC 6-1985, point 2.3.37; Bull. EC 7/8-1985, point 2.3.38; Bull. EC 10-1985, point 2.3.29.

The letters addressed to the governments of the East European members of the CMEA ask for each government's views on the normalization of its bilateral relations with the EEC; they recall the Community's readiness to conclude trade agreements with each country and express the opinion that an overall normalization of relations between the EEC and East European countries would contribute to improving economic and political relations in Europe.

Development

North-South relations

The developing countries debt problems

2.2.22. The developing countries' debt problems were discussed on the sidelines of the Council meeting on general matters at the end of January. The Council heard a statement from Mr Ruding, Finance Minister of the Netherlands, in his capacity as Chairman of the IMF Interim Committee. Stressing that the problem of debt needed to be dealt with case by case and by individual country, Mr Ruding proposed a plan of action to supplement the measures advocated by Mr Baker, the United States Secretary of the Treasury.¹ Mr Ruding's proposal concerned the responsibilities of the countries in debt, the industrialized countries, the multilateral institutions and the commercial banks in the administration of debt. In the ensuing discussion, reference was made to the need to examine more closely the political aspects of the issue and work out the Community's position in preparation for the Tokyo Western Economic Summit.

Cooperation within international organizations

United Nations General Assembly

Meeting of the Preparatory Committee

2.2.23. The Preparatory Committee for the special session of the United Nations

General Assembly on Africa to be held in New York in May met from 20 to 25 February with Mr Edgard Pisani in the chair.

In the absence of the basic document being prepared by the Organization of African Unity, the Committee could not formally adopt the agenda for the special session. An exchange of views was held, however, on the basis of the document prepared by the United Nations Secretariat.

The Community's position, with particular reference to the special session, on the problems of Africa's medium and long-term development will form the subject of a communication which the Commission will shortly present to the Council.

Colloquium on regional cooperation and food strategies in Africa

2.2.24. The Community took part in a World Food Council colloquium in Dakar from 30 January to 1 February on regional cooperation and food strategies in Africa.

The emphasis was on development measures at national level, notably to help family holdings, as a preliminary to cooperation at regional level. Suggestions were made concerning, for example, the role of regional trade, account being taken of existing informal trade, the strengthening of regional cooperation as regards research and gathering of statistics, and the need to halt the proliferation of international organizations in Africa.

The Commission representative described the common agricultural policy as an example of the formulation and implementation of an agricultural policy at regional level; on the basis of the experience gained in this context, a number of recommendations were made regarding the formulation and implementation of agricultural policies in Africa, at national and regional level.

¹ Bull. EC 12-1985, point 2.3.35 (footnote); Bull. EC 1-1986, point 2.2.28.

'Silva' conference

2.2.25. An International Conference on Trees and Forestry ('Silva') was held in Paris from 5 to 7 February (→ point 2.1.135). In preparation for this conference, the Commission presented a memorandum to the Council with a section on the promotion of forestry in the developing countries (→ point 2.1.132).

ACP-EEC Convention**Transitional measures**

2.2.26. In 28 February the ACP-EEC Committee of Ambassadors extended, with effect from 1 March until 30 June at the latest, the transitional measures governing relations between the ACP States and the European Community pending the entry into force of the third Lomé Convention. These measures — which were introduced in March 1985 — were due to expire on 28 February.¹

On 3 March the Council adopted the corresponding rules of procedure.

The transitional measures will now also concern Spain and Portugal; these two countries are, however, only progressively

adapting to the arrangements applicable under the Lomé Convention, as required by the Act of Accession.

The period of validity of the transitional measures concerning the OCTs has also been extended.

2.2.27. The third Lomé Convention, which was signed in December 1984, is to enter into force on the first day of the second month following the date on which the ratification instruments of all the Member States of the Community of Ten and of at least two thirds (i.e. 44) of the ACP States have been lodged.²

By 28 February, the ratification instruments of 44 ACP States and 7 Member States had been deposited.

Campaign against hunger in the world**Food aid**

2.2.28. With the endorsement of the Food Aid Committee, the Commission decided on allocations of food aid, to be financed from the Community budget (Table 10).

¹ OJ L 61, 1.3.1985; Bull. EC 2-1985, points 2.2.27 and 2.2.38.

² Bull. EC 12-1984, point 1.5.1 *et seq.*

Table 10 — *Food aid operations*

		tonnes			
		Cereals	Milk powder	Butteroil	Other products
Burkina-Faso 1985	cif	Donation of 1 540 000 ECU as a replacement for 10 000 tonnes of cereals			
Cape Verde 1985 1986	cif	9 000	300	100	beans 2 000
Burundi 1985	fd ¹		100		
Guinea 1985	cif	4 000			

		Cereals	Milk powder	Butteroil	Other products
UNHCR 1986	fd	65 000	2 000		sugar 500 vegetable oil 1 000 beans 2 500 fish 666
ICRC 1986	fd	40 000	1 000	1 500	sugar 800 vegetable oil 500 beans 1 500
Licross 1985 1986	fd	20 000	500 500	1 000	sugar 100 beans 1 250
WFP 1985 1986	fd	130 000	6 400 21 600	3 435 4 565	vegetable oil 500 beans 1 500
UNRWA 1986	fd	rice 1 725	2 500	800	sugar 900 sugar 200 beans 100 fish 600
UNRWA 1986 ²	fd				corned beef 800 tomato purée 500 crushed wheat (bulgur) 800
NGOs 1986	fd	70 000	21 000	1 350	sugar 1 000 vegetable oil 500 beans 1 700 fish 425
Ethiopia	fd	100 000			
Mauritania	fd	12 000	400	400	
Mali	fd	15 000			

¹ fd = free at destination.

² Plus a cash contribution of 4 million ECU.

2.2.29. On 20 February the Commission decided to grant emergency food aid in the form of 15 000 tonnes of cereals for refugees in camps in Thailand. The value of the aid, which will be distributed via the UNHCR, is about 3 million ECU.

Emergency aid

Yemen

2.2.30. Since 13 January there have been violent clashes in the People's Democratic

Republic of Yemen between government troops and rebel forces, resulting in the death of 10 000 to 12 000 people.

Following the appeal launched by the Government, and at the request of the Belgian section of 'Medecins sans frontières', the Commission decided on emergency aid of 450 000 ECU, as a result of which an aircraft was sent on 30 January with two teams of doctors and surgeons (12 people) on board, and medical supplies, medicines, vehicles and tents.

Trade promotion

Ocean village', with 6 and 3 ACP States respectively.

*ACP States***Financial and technical cooperation****International Tourism Exchange***ACP States*

2.2.31. At the International Tourism Exchange ('Internationale Tourismus-Börse') held in Berlin from 28 February to 3 March the Commission had a number of stands with the following themes: 'African village', with the participation of about 20 ACP States; 'Caribbean village', also with some 20 countries (in particular ACP States, OCTs); 'South Pacific village', and 'Indian

EDF financing decisions

2.2.32. In February the Commission allocated fourth and fifth EDF resources totalling 22 820 000 ECU to finance projects, programmes and emergency aid operations which it administers (Table 11).

Table 11

<i>million ECU</i>			
Sector/country	Project	Grants	Loans
<i>Rural production</i>			
Burkina-Faso	Fisheries	2.85	—
Suriname	Livestock production	0.72	—
<i>Economic infrastructure</i>			
Kenya	Roads and bridges	0.30	4.20
Solomon Islands	Port and urban infrastructure	7.55	—
<i>Social development</i>			
Benin, Burkina-Faso, Ivory Coast, Mali, Mauritania, Niger, Senegal, Togo	Improvement of equipment for the centres of the Organization for Coordination and Cooperation in the Control of Major Endemic Diseases	0.50	
Rwanda	Education and training (awards)	1.00	
Zimbabwe	Water engineering in rural areas	1.10	3.00
<i>Other</i>			
Economic Community of West African States (Ecowas)	Information and investment promotion campaigns in West Africa (West African Industrial Forum, Dakar)	0.70	
All ACP States/OCTs	Programme of short further training courses for 1986	0.40	
<i>Emergency aid</i>			
Uganda	Recent events	0.50	
Total		15.62	7.20

Asian and Latin American developing countries

2.2.33. On 21 February Parliament endorsed, subject to a number of amendments,¹ the Commission's proposal concerning the general guidelines for 1986 regarding financial and technical aid for the non-associated developing countries.²

Regional cooperation³

2.2.34. At the end of January and beginning of February, Mr Natali, Vice-President with special responsibility for cooperation and development, represented the Commission at a series of meetings in southern Africa on the economic and political problems of the region. These were the 1986 SADCC General Conference with cooperating partners in Harare, Zimbabwe, the ACP-EEC Joint Assembly in Ezulwini, Swaziland,⁴ and the meeting between the Foreign Ministers of the front-line States and of the Community in Lusaka, Zambia (→ point 2.4.1).

SADCC General Conference

2.2.35. Prior to the SADCC Conference, held on 30 and 31 January, a Memorandum of Understanding was signed on 28 January between Mr S. Makoni, Executive Secretary of SADCC, and the Commission representative. This is the first occasion on which a regional agreement of this kind has been established under the ACP-EEC arrangements, providing for resource programming based on an amount of some 110 million ECU for southern Africa over the next four to five years. Under this agreement the two focal sectors for regional support from the Community will be transport and communications for up to 40% of the indicative allocation, and food security and agriculture, which will absorb up to 30%. Significant regional assistance will also have to be provided in the field of manpower development, particularly for supporting operations in the two focal sectors. Up to 15% of resources will be assigned to priority

activities and to the continuation of ongoing work supported by the Community in other sectors.

In his speech at the SADCC, Mr Natali underlined the importance of this agreement, and of the contribution already made by the Community. Over the period 1980-85 Community aid to the value of some 1 100 million ECU has been committed to the SADCC countries, of which 443 million ECU has been provided through indicative programmes, 70 million ECU on a regional basis and the rest through other channels.

Under Lomé III, to which all the SADCC States (including Angola and Mozambique) are party, the amount available has risen to 776 million ECU in respect of the national indicative programmes and to a minimum of 110 million ECU for the regional programme. This amount of 886 million ECU could be considerably increased in the course of Lomé III through the use of other non-programmable resources such as Stabex, Sysmin, food aid, cofinancing with NGOs, and EIB operations.

Mr Natali also referred to the region's political problems and to the Community's commitment to the elimination of apartheid, which represented 'a violation of human rights and an affront to human dignity'. In this context, Mr Natali indicated that within its programme of restrictive and positive measures, the Community had committed itself to assisting the victims of apartheid in South Africa through programmes involving new provisions (for a total of 10 million ECU) in the 1986 budget.⁵ The Commission also expressed the wish that in the near future there would be a further signatory to Lomé from southern Africa, namely an independent Namibia.

¹ OJ C 68, 24.3.1986.

² OJ C 258, 8.11.1985, Bull. EC 10-1985, points 2.3.47 and 2.3.48.

³ For regional cooperation with the Asian developing countries, see point 2.2.19.

⁴ Bull. EC 1-1986, point 2.2.36.

⁵ Bull. EC 9-1985, point 2.5.1.

Cooperation via non-governmental organizations

2.2.36. In February the Commission committed 3.3 million ECU for the cofinancing in developing countries of 28 projects presented by 25 NGOs.

The Commission also contributed 304 963 ECU for six campaigns to increase European public awareness.

Visits

2.2.37. Mr Abdou Diouf, President of Senegal, and current President of the Organization of African Unity, paid an official visit to the Commission on 6 February and held talks with Mr Delors, with Mr Natali, the Member of the Commission with special responsibility for cooperation and development, and with a number of other Members of the Commission at a working meeting. Matters linked with Africa's economic and political situation formed the main subject of these talks, and in particular the rehabilitation of Africa's agriculture, the debt problem and southern Africa.

This visit followed on immediately from the Lusaka ministerial meeting (→ point 2.4.1) and at the close a joint communiqué was issued. Mr Diouf stressed that a policy of general sanctions against South Africa was essential in order to increase the pressure on the Pretoria Government.

The purpose of Mr Diouf's visit was also to brief the Community on the matters which will be discussed at the special session of the United Nations General Assembly on Africa (agriculture, debt) (→ point 2.2.23) and on the problems of replenishing the resources of the major multilateral agencies (UNDP, IDA, IFAD, FAO).

As regards bilateral relations between Senegal and the Community, the main points were the replenishment of Stabex resources and trade. In particular, the discussions focused on the Community rules regarding the maximum aflatoxin content of imported groundnut products and the landing in

Community ports of Community fishermen's tuna catches.

International organizations and conferences

United Nations

UN Conference on the Law of Treaties

2.2.38. On 18 February the Council adopted a Decision concerning supplementary directives for negotiations on the draft Articles prepared by the United Nations International Law Commission on the Law of Treaties between States and International Organizations or between International Organizations,¹ to be submitted as the basic proposal for consideration at the United Nations Conference to be held in Vienna from 18 February to 21 March.

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2.2.39. The Commission took part in the meeting of the Preparatory Committee for the UN General Assembly's Special Session on Africa, to be held from 27 to 31 May (→ point 2.2.23).

2.2.40. The Community took part in the World Food Council's symposium on regional cooperation and food strategies in Africa, which was held in Dakar, Senegal, from 30 January to 1 February (→ point 2.2.24).

2.2.41. The Preparatory Committee for the new round of GATT multilateral trade negotiations met twice in February (→ point 2.2.1).

Diplomatic relations

2.2.42. Since Spain and Portugal became members of the European Communities on

¹ Bull. EC 10-1985, point 2.3.53.

1 January, their missions to the Communities became the Offices of their Permanent Representatives. Accordingly, the number of diplomatic missions of non-member countries has dropped back to 127.

The President of the Council and the President of the Commission received the following ambassadors, who presented their letters of credence, to take effect on 3 February: HE Mr Ely Ould Allaf, Representative of the Islamic Republic of Mauritania to

the EEC and Head of Mission to the ECSC and Euratom; HE Mrs Ekila Liyonda, Representative of the Republic of Zaire to the EEC; HE Mr Robert Joyce, Head of Mission of Canada to the European Communities; HE Mr Mohammed Mohsin, Head of Mission of the People's Republic of Bangladesh to the European Communities; HE Mr Abdelmalek Cherkaoui Ghazouani, Representative of the Kingdom of Morocco to the EEC and Head of Mission to the ECSC and Euratom.

3. Financing Community activities

Financial operations

ECSC

Loans raised

2.3.1. In February the Commission made a private placing in marks for the equivalent of 3.6 million ECU.

Loans paid out

2.3.2. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission paid out loans in February for a total of 6.61 million ECU broken down as follows:

Industrial loans

2.3.3. Industrial loans (Article 54) totalling 3.60 million ECU were paid out for the rescheduling of various loans in the Federal Republic of Germany.

Subsidized housing

2.3.4. Loans for the building of subsidized housing amounted to 2.7 million ECU for

steelworkers and 310 000 ECU for mine-workers.

Euratom

Loans raised

2.3.5. In February the Commission made two private placings in Luxembourg francs for the equivalent of 9.29 million ECU.

EEC — Balance of payments

Loans raised

2.3.6. In February the Commission raised its fourth and final loan¹ as part of the first instalment of the 875 million ECU loan which the Community decided to grant to Greece in November to support its balance of payments.² This public issue of SFR 227 million has a term of six years and nine months, carries a coupon of 4 ⁷/₈% and was issued at par.

¹ Bull. EC 1-1986, point 2.3.4.

² Bull. EC 11-1985, point 1.3.2.

EEC — NCI

Loans raised

2.3.7. In February the Commission made a public issue of USD 100 million at 99 $\frac{7}{8}$ % for 10 years carrying a coupon of 9 $\frac{1}{8}$ %.

This issue is the first of its kind in that the Commission then agreed to a currency exchange arrangement with the Federal Home Loan Bank, an agency of the US Government, which recently launched an ECU loan in the United States. Under this arrangement, the Community will pay

interest and reimburse the FHLB in ECU while the FHLB will do the same with the Community dollar issue. This double transaction will allow the Community to receive the ECU and the FHLB to receive dollars on more favourable terms for the two parties. The main interest of this operation, however, is the new dimension that it gives to the ECU, further demonstrating the growing importance of the ECU as a financial instrument: for the first time, a US government agency is using the ECU as a borrowing currency in its own domestic market — with great success — with the approval of the US Treasury.

4. Political and institutional matters

European political cooperation

2.4.1. At the close of their meeting in Lusaka on 3 and 4 February the Foreign Ministers of the Member States and of the front-line States issued the following communiqué on the political situation in southern Africa:

‘1. The Foreign Ministers of the front-line States and those of the Member States of the European Community as well as a member of the Commission of the European Communities met in Lusaka, Zambia, on 3 and 4 February 1986 to consider the situation in southern Africa.

2. The meeting was held in an atmosphere of cordiality and complete trust and understanding.

3. The Ministers examined the general situation prevailing in the subregion. In particular, they reviewed recent developments and the current situation in South Africa and discussed such issues as the policies to be followed *vis-à-vis* South Africa aimed at contributing to the abolition of apartheid and thereby facilitating a peaceful solution in South Africa; the relations between the Republic of South Africa and other States in the region; and the question of the independence of Namibia.

4. Regarding South Africa, the Ministers deplored the violence and the progressively deteriorating situation inside that country resulting in the continuing loss of life and destruction of property. They attributed this state of affairs to the existence and entrenchment of the immoral policy of apartheid and the refusal by the South African Government to abolish that system to pave the way for negotiations with all its citizens regarding the future of that country.

5. The Ministers regarded South Africa’s policy of apartheid as a violation of the fundamental human rights laid down in the United Nations Charter and the Universal Declaration on Human Rights. In this regard, they reaffirmed their unqualified condemnation of apartheid and called for its total elimination in the interest of peace and stability in southern Africa.

6. In order to ameliorate the situation inside South Africa, the Ministers called on the Government of the Republic of South Africa to declare categorically that apartheid will be dismantled completely; to end the state of emergency; and to initiate a dialogue with the genuine representatives of those South Africans now excluded from the present government structure on the future of that country. As a necessary step, they appealed to the South African Government to release unconditionally all political prisoners and detainees, including

Nelson Mandela, to facilitate the process of negotiations. In this regard, they also urged the Government of South Africa to lift the ban on the African National Congress of South Africa, Pan Africanist Congress of Azania and other political parties so as to create an atmosphere conducive to the desired political dialogue. Furthermore, the Ministers welcomed the creation of a Group of Eminent Persons by the recent summit of the Commonwealth aimed at promoting a dialogue in South Africa and urged the Government of South Africa to cooperate with the Group.

7. Concerning the policies to be followed *vis-à-vis* the Republic of South Africa aimed at contributing to the abolition of apartheid, the Ministers considered a wide range of options. They stressed the importance of continuing international pressure on the Government of South Africa to bring about the abolition of apartheid through peaceful means, in the interest of peace and stability in South Africa itself and in the region.

8. They agreed that the measures against South Africa announced by the Community, the Commonwealth, the Nordic countries, the United States of America and other governments and organizations are very important. In the event that all these various measures fail to achieve the desired results, the Ministers agreed that further measures should be considered.

9. Regarding relations between the Republic of South Africa and other southern African States, they noted that the dismantling of apartheid would significantly contribute to the peaceful coexistence of all the States in the region. The Ministers condemned the military acts of aggression and destabilization perpetrated by South Africa against the neighbouring States in the region. In this connection they demanded the complete withdrawal of all South African troops from Angola. They deplored the loss of human life and destruction of property resulting from these actions on the part of South Africa. They recognized the fact that these actions cannot bring peace to the region; on the contrary, they endanger the peace and stability of the region.

10. The Ministers equally condemned South Africa's policy of destabilization in all its manifestations, including the use of any direct or indirect armed actions in neighbouring States, in particular Angola and Mozambique. In this regard they agreed to deny perpetrators of such actions any assistance or support.

11. In relation to Namibia, the Ministers condemned South Africa's continuing illegal occupation of that international territory and the stalemate in efforts aimed at securing its independence within the framework of the United Nations inde-

pendence plan for Namibia. In this connection, they reaffirmed the centrality and relevance of United Nations Security Council Resolution 435 (1978) which to date represents the only valid basis for a peaceful solution of the question of the independence of Namibia. They called for the implementation of this resolution without further delay. In this connection, the Ministers rejected attempts to delay Namibia's independence by linking it to the withdrawal of Cuban troops from Angola.

12. In this connection, the Ministers considered as null and void the so-called interim administration in Namibia which was set up contrary to Resolution 435, and appealed to all countries to desist from giving it any form of assistance.

13. The Ministers reaffirmed the commitment of their respective countries to work towards the abolition of apartheid in South Africa and to promote efforts aimed at bringing about independence for Namibia.

14. The Ministers expressed their thanks and appreciation to the Government and the people of Zambia for hosting the meeting and for the warm hospitality accorded to them during their stay in Lusaka.'

2.4.2. On 13 February the Presidency issued the following press communiqué concerning the meeting between Mr Van den Broek and Mr Pik Botha, Foreign Minister of the Republic of South Africa.

'On Friday 14 February Minister Van den Broek, representing the 12 Member States of the European Community, will have a meeting in Geneva with his South African counterpart.

Minister Van den Broek will communicate to his South African colleague in the clearest possible terms the Twelve's grave concern about developments in South Africa.

Minister Van den Broek will also draw the attention of the South African Minister to the conclusions of the consultations with the front-line States on 3 and 4 February in Lusaka.'

2.4.3. On 14 February the Presidency issued the following declaration by the Twelve on the situation in the Philippines:

'The 12 Member States of the European Community are deeply concerned about the developments arising from the presidential elections in the Philippines and in particular about the reports of fraud and violence.

They stress the great importance they attach to the strict respect for legal and constitutional procedures to ensure democratic elections.

In order to meet the expressed wishes of the Philippine people, they urge the Philippine authorities to facilitate a full and impartial investigation of these reports, commanding the full confidence of the Philippine people.'

2.4.4. On 24 February the Presidency issued the following declaration on relations between Costa Rica and Nicaragua:

'The Twelve welcomed the news that Nicaragua and Costa Rica, in their letters of 13 February 1986, put an end to their dispute and agreed to pave the way for constructive relations based on peaceful coexistence and mutual respect.

The Twelve fully support this gesture of goodwill, which constitutes a positive contribution to the easing of tension in the region and to the Contadora peace process.'

2.4.5. The Ministers for Foreign Affairs of the Twelve held a regular political cooperation meeting in The Hague on 25 February, during which they discussed East-West relations and the situation in the Middle East. They also adopted the following declarations on southern Africa, the Iran-Iraq conflict and Sri Lanka, as well as a press communiqué on the Philippines.

Declaration on southern Africa

2.4.6. 'The Ministers discussed recent developments in southern Africa. They reaffirmed their position as set out in the joint communiqué with the front-line States, issued in Lusaka on 4 February 1986, and expressed their grave concern about the progressively deteriorating situation and about the lack of real progress towards the abolition of apartheid. These concerns were conveyed in the most forthright terms to the Minister of Foreign Affairs of the Republic of South Africa by the Presidency on behalf of the Twelve in Geneva on 14 February 1986.

The Ministers reviewed President Botha's speech of 31 January 1986. They call upon the South African Government, as an earnest of its good intent, to implement as soon as possible the reforms announced in that speech. The Ministers concluded, nevertheless, that the proposed reforms as presented fell short of the urgent and far-reach-

ing measures which are required to abolish apartheid in the shortest possible term. Recent events in Alexandra have once again highlighted the seriousness of the situation.

The Ministers once more stressed the need for a national dialogue with the genuine representatives of those South Africans excluded from the present government structure. They call upon the South African Government to take the necessary measures to promote this dialogue without delay. These measures should involve, *inter alia*, the unconditional release of Nelson Mandela and all political prisoners and detainees, the lifting of the ban on the African National Congress and other political parties, the termination of the state of emergency as well as the suspension of the process leading to the "independence" of Kwandbele.

The Ministers noted that the measures agreed upon in Luxembourg on 10 September 1985 are now being implemented. They noted that funds have been set aside for projects in favour of victims of apartheid.

The Ministers reaffirmed that in the absence of significant progress in the abolition of apartheid within a reasonable period the attitude of the Twelve on South Africa will need to be reconsidered.

The Ministers condemned all acts of aggression and destabilization perpetrated by South Africa against neighbouring States in the region. They demanded once again the complete withdrawal of all South African troops from Angola. In this context they also addressed the concerns recently expressed by the Government of Angola.'

Declaration on the Iran-Iraq conflict

2.4.7. 'The Twelve are gravely concerned by the renewed escalation of the conflict endangering peace and security in the whole region. They call upon the parties to the conflict to respect strictly the sovereignty and territorial integrity of neighbouring States and not to interfere with third countries' commercial navigation in international waters or with civil aviation in the area.

The Twelve are particularly alarmed by renewed violations of humanitarian law and other laws of armed conflict, including the use of chemical weapons, and they condemn such violations wherever they occur.

The Twelve welcome and fully support the renewed appeal made by the Secretary-General of the United Nations on 14 February 1986, to the Governments of Iraq and Iran for a cessation of hostilities, in order to facilitate efforts to promote

a just and peaceful solution of the conflict. They urge both parties to cooperate with these efforts of the Secretary-General. The Twelve believe that a solution should be based on a thorough examination of all aspects of the conflict. On such a basis they urge both parties to comply with the terms of Security Council Resolution 582, adopted unanimously on 24 February 1986 and to cooperate with the Security Council in its efforts to help achieve a just and honourable peace between Iraq and Iran.

As before, the Twelve are ready to lend their support to these and other endeavours, which have the object of bringing the conflict to a solution in the shortest possible time, thus restoring peace and international security in the area.'

Declaration on Sri Lanka

2.4.8. 'The Twelve are following developments in Sri Lanka closely and wish to express their regret that the intensive efforts to bring about a reconciliation have unfortunately not yet been successful. They appeal to all parties concerned to continue their dialogue in order to achieve a political solution, in the interest of peace and reconciliation within the framework of a united Sri Lanka.

The Twelve value the fact that, with the agreement of the parties involved, India is supporting the search for a political solution.'

Press communiqué on the Philippines

2.4.9. 'The 12 Ministers of Foreign Affairs of the Member States of the European Community discussed the current developments in the Philippines to which they have already referred in their Declaration of 14 February 1986.

The Twelve commend the adherence of the Philippine people to democratic principles. This was evident during the elections and became increasingly evident in the views put forward by church leaders, trade unions, commercial and industrial circles and by sections of the armed forces.

The Twelve warmly commend Mrs Aquino for her consistent stand in defence of democratic principles and for the important role she is now playing in the Philippines. The Twelve convey their congratulations to Mrs Aquino, who as President of the Philippines will have the heavy responsibility to fulfill the deepest desires of the Filipino people.

Reaffirming their belief that democratic processes must be respected, the 12 Member States of the European Community will continue to support the forces of democracy in the Philippines.

They welcome the fact that President Marcos has decided to step down. They are confident that this action will contribute to the restoration of democracy in the Philippines and the promotion of national reconciliation.

The EC ambassadors have been requested to bring this statement to the attention of Mrs Aquino. Member States of the Association of South-East Asian Nations and their dialogue partners will also be informed.'

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2.4.10. While attending a Council meeting on 10 March the President stated that the ministerial decision on the practical application of certain aspects of Title III of the Single European Act (relating to European cooperation in the sphere of foreign policy)¹ was deemed to have been adopted on 28 February, when the process of signing the Act was completed (→ points 1.1.1 and 1.1.2).²

2.4.11. Parliament adopted a number of resolutions on political cooperation and human rights in February (→ point 2.4.20).³

European policy and relations between the institutions

European policy

Institutional reform

2.4.12. At a ceremony in Luxembourg on 17 February, the Single European Act was opened for signing by the Member States of the Community. The Act was then signed on behalf of Belgium, the Federal Republic of Germany, France, Ireland, Luxembourg, the Netherlands, Portugal, Spain and the United Kingdom (→ point 1.1.1).

Following the favourable outcome of the consultative referendum concerning the

¹ Supplement 2/86 — Bull. EC.

² The text of the decision is reproduced at point 3.4.1.

³ OJ C 68, 24.3.1986.

Single Act held in Denmark on 27 February, Denmark, Greece and Italy signed the Act in The Hague on 28 February (→ point 1.1.2).

Commission programme for 1986

2.4.13. On 19 February Mr Delors presented to Parliament the Commission's programme for 1986. The programme is divided into three sections: revitalizing the Community, Community policies and the Community in the world (→ point 1.2.1 *et seq.*).

Relations between the institutions

Powers conferred on the Commission for the implementation of Council acts

2.4.14. Once the Single European Act had been signed by the last three Member States (→ points 1.1.1 and 1.1.2), Mr Delors addressed a letter to the Council on 3 March in which he restated the importance which the Commission attached to the Council's adoption of two decisions which are essential to improving the efficiency of the institutions.

The first concerns the Council's decision-making procedure: the Council must undertake to amend its rules of procedure so that issues can be put to the vote either at the initiative of the President or at the request of the majority of its members or of the Commission; the second point concerns the rules by which the Council confers implementing powers on the Commission; in his letter Mr Delors spelled out the content of the proposal for a Regulation which the Commission had adopted on 29 January.¹

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2.4.15. In February Parliament adopted resolutions calling for (i) the immediate restoration of its right to be consulted on the common fisheries policy and (ii) the introduction of amendments into the EEC Treaty

on the protection of the environment (→ point 2.4.19).²

Institutions and organs of the Communities

Parliament³

Strasbourg: 17 to 21 February

2.4.16. The agenda of Parliament's February part-session was very varied, with debates covering a wide range of the Community's internal and external affairs. The highlights of the proceedings were the presentation of the Commission's work programme for 1986 (→ point 1.2.1 *et seq.*) and the debates on the farm price proposals for 1986/87 (→ point 1.3.1 *et seq.*) and the ecological dimension of the agricultural policy.

This last debate provided a platform for the advocates of a farming system designed to preserve the quality of soils and produce and to reduce the use of chemicals in agriculture to a minimum.

A greener green Europe

2.4.17. The European Parliament is regularly the arena where the proponents of the 'traditional' common agricultural policy, adhering rigidly to its basic principles and geared mainly to farmers' incomes, do battle with the supporters of a policy designed primarily with market requirements and budgetary possibilities in mind. The House has now discovered a third option in which the basic criteria for a

¹ Bull. EC 1-1986, point 2.4.6.

² OJ C 68, 24.3.1986.

³ The complete texts of the resolutions adopted by Parliament are reproduced in OJ C 68, 24.3.1986, and the report of the proceedings is contained in OJ Annex 2-335. The political groups and nationalities of members speaking in the debates are shown in brackets after their names; the key to the abbreviations can be found in Bull. EC 7/8-1984, points 1.2.5 and 2.4.8 (footnote 1).

sound agricultural policy are the quality of produce and respect for the environment.

Mr François Roelants du Vivier (Rainbow/B), rapporteur for the Committee on the Environment, Public Health and Consumer Protection, held that the CAP, which more often than not ignored the ecological dimension, must be based on criteria involving the environment, the quality of the soil and the quality of produce. These must be the underlying criteria for decisions concerning surpluses and types and methods of production. In short, agriculture must be 'dechemicalized'; dangerous pesticides should be shunned, as should the abuse of chemical fertilizers and intensive livestock and crop farming, which caused degeneration of breeds, animal ill health and, consequently, increased use of veterinary products. Taking what he felt to be a constructive view, the rapporteur advocated biological farming where income aids would be dependent on farming practices beneficial to the environment and in which contracts on ecological practices would be concluded giving entitlement to structural aid under the EAGGF Guidance Section and with a European label for 'biological' products.

As examples of the abuse of intensive production methods, Mr Roelants du Vivier quoted the case of a Dutch province where the upper layer of the soil was saturated with phosphate and a German *Land* where the concentration of nitrate per litre of water exceeded the authorized ceilings. He also mentioned that the Netherlands held the record for abuse of nitrogenous fertilizers (342 kg to the hectare), followed by Belgium (312 kg), Germany (294 kg) and Denmark (251 kg).

Mr Roelants du Vivier's report came under sharp fire during the debate, particularly from Mr Jean-Claude Pasty (EDA/F), who thought it smacked of 'Rousseauism' with a Manichean distinction being made between biological farming and modern agriculture, which was taxed with being too productivity-conscious; it was the myth of the noble savage retold in terms of the noble

anti-productivist farmer. Similarly, Mrs Simone Martin (Lib/F) believed that so-called biological farming, as advocated in this unbalanced report, would mark a return to pre-war farming and ration books. Another speaker to reject 'the good old days' was Mrs Marcelle Lentz-Cornette (EPP/L), who recalled poor harvests and fields choked with weeds. Mrs Christiane Scrivener (Lib/F) pointed out that the term biological farming was incorrect and misled consumers, while foisting upon them products at sometimes prohibitive prices. Mr Thomas Maher (Lib/IRL) was another speaker to emphasize the economic necessity of using pesticides, observing that while motor cars could indeed be made by hand, the cost would be 10 times as high. By contrast, Mrs Beate Weber (Soc/D) argued that the agricultural system was working in the wrong direction; it was widening the gulf between the big farmers, who were getting richer, and the small ones, who were getting poorer.

Farmers must therefore be given the possibility of freeing themselves from the factors that were coercing them into increasingly intensive production without guaranteeing them an adequate income. Mr Meinolf Mertens (EDP/D) was less categorical; eschewing any opposition between traditional and biological production, he argued that farmers should be able to choose their own production methods. Though agreeing that the polluter should pay, Mr Natalino Gatti (Com/I) believed that the blame must not be laid on the farmers but rather on the industries upstream. Taking a middle view, Mr Alain Bombard (Soc/F) made the keynote of his speech the balance between public health and the future of agriculture, between producers' needs and the necessity of providing wholesome products for the consumer. On the use of chemicals in agriculture he quoted Claude Bernard: 'Everything is poison and nothing is poison: it all depends on the dose'.

Taking the floor for the Commission, Mr Stanley Clinton Davis, the Member with special responsibility for environment policy, said that the debate had come at the

right time, just as the Commission was preparing to present proposals on the basis of its Green Paper on the future of European agriculture,¹ in which some of the ideas were already close to the main points of the Roelants du Vivier report. As he saw it, what was needed was a change of approach. It was essential to get away from a prices structure which was wasting natural resources by creating surpluses. He highlighted the growing public concern about the deterioration of the agricultural environment: too much emphasis had been placed on maximizing food production and too little on environmental protection. He was therefore in favour of income support for farmers whose production methods were consonant with the need to protect the environment. He also wanted to see controls set up to ensure that the 'polluter pays' principle was applied in agriculture, as in industry, and particularly to intensive production. Like Parliament, he said, the Commission wanted to see a prosperous agriculture which was alive to the problems of the environment and able to preserve both the rural social fabric and employment in the countryside. Finally, he mentioned the Commission's plan to promote protected zones in all regions to ensure the preservation of wild life.

At the end of the debate Parliament adopted the Roelants du Vivier report by 298 votes to 2 with 13 abstentions, urging that the CAP take more account of ecological criteria. Several amendments were passed, most of which came from the Committee on Agriculture; they did not alter the substance of the report but rather clarified or, at most, tempered it. They included the joint amendment by Mr Eisso Woltjer and Mr Hemmo Muntingh (*Soc/NL*) calling on the Member States gradually to set aside, on the basis of criteria proposed by the Commission, part of their arable land for the creation of nature reserves, forests and recreation areas, and the amendment by the European Democrats, which deleted the paragraph calling for a study on the advantages and drawbacks of a generalized levy on nitrogen. Two other amendments tabled

jointly by the Liberals and the EDA Group toned down negative assessments made on the use of chemical fertilizers and plant-health products, while a second Woltjer-Muntingh amendment called for the introduction of a 'phosphate' standard fixing a ceiling for the quantity of phosphate spread over a hectare. Finally, an amendment by Mr Thomas Maher (*Lib/IRL*) asked for a study of the direct and indirect costs of implementing the proposals in the Roelants du Vivier report.

2.4.18. Parliament gave opinions on the following Commission proposals:

- (i) a second amendment to the Directive of 22 November 1973 on the approximation of the laws of the Member States relating to detergents (→ point 2.1.11);
- (ii) a multiannual research action programme on materials (raw materials and advanced materials) (1986-89) and on a support policy for research and development in the new materials sector (→ point 2.1.38);
- (iii) three multiannual research and development programmes in the field of the environment (1986-90) on environmental protection, climatology and major technological hazards (→ point 2.1.39);
- (iv) a decision introducing a Community system of information on accidents in which consumer products are involved (→ point 2.1.103);
- (v) a Regulation fixing compensation for the definitive discontinuation of milk production (→ point 2.1.115);
- (vi) an amendment to the Regulation of 30 June 1981 on the common organization of the markets in the sugar sector (→ point 2.1.118);
- (vii) an amendment to the first Council Directive of 23 July 1962 on the establishment of common rules for certain types of carriage of goods by road between Member States; an amendment to the Council Regulation of 1 December 1983 as regards the

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

liberalizing of the rate-fixing system for carriage to or from a Community seaport of goods imported or exported by sea; a Directive on the organization of the markets for the carriage to or from a Community seaport of goods imported or exported by sea (→ 2.1.149);

(viii) an amendment to the Council Directive of 17 February 1975 on the establishment of common rules for certain types of combined transport of goods between Member States (→ point 2.1.150);

(ix) a Decision determining the general guidelines for 1986 concerning financial and technical aid to non-associated developing countries (→ point 2.2.33).

2.4.19. Parliament also passed resolutions on the following subjects.

The European Monetary System. Parliament considered that it was still important to convert the EMS into a definitive system with a legal basis, as should have happened in March 1981 after the first stage. With that in mind the European Monetary Cooperation Fund should be expanded and made into an autonomous European Monetary Fund in order to improve monetary stability in the Community. Parliament wanted full recognition of the ECU's status as a currency and hoped that its use be facilitated in the private sector; it also called for the early establishment of a clearing system centred on the Bank for International Settlements and urged the Commission to promote a coordinated action in favour of using the ECU for commercial billing and payments for large-scale supplies of energy resources and raw materials. With regard to the international monetary system, Parliament stressed the importance of the recent initial results of action taken to bring the relationship between the dollar, the yen and the European currencies closer to the reality of trading power, all of which could give the EMS greater stability and autonomy.

The renaming of horses and ponies. Believing that such changes made it very often impossible for studbook organizations to

trace pedigrees, which could in turn lead to dishonest dealings, Parliament called on the Commission to draft a Directive that would allow the renaming of horses and ponies only in very exceptional cases.

American restrictions on Community exports of semi-finished steel products. Noting with concern the increasingly protectionist behaviour of the United States towards the Community, Parliament pointed to the blatant contradiction between this attitude and President Reagan's repeated declarations on the need to enhance the freedom of world trade. The House was glad that its repeated requests for a resolute Community attitude to the US had finally been heard.

Technology transfer. Considering that American legislation on export controls was broader in scope than similar legislation elsewhere and included provisions on re-exports from other countries, Parliament observed that a growing number of forms of technology were suitable for both civil and military applications.

It was therefore afraid that the European Community, if it failed to adopt a concerted approach, would become increasingly politically dependent and vulnerable because of its technical dependence, on account of the claim to extraterritorial application of American legislation. Consequently, Parliament recommended that the Member States enact legislation to counteract this practice and called on the Commission to make a proposal for the principles governing technology transfer to and from Community firms.

Specific measures to promote employment; action taken on the special European plan for employment; a European employment strategy and the European social area. In four resolutions Parliament called on the Commission to carry out, with the direct collaboration of the two sides of industry, a series of coordinated measures designed to promote large-scale redistribution of available work while safeguarding competitiveness, and to make specific proposals on the content of the social area, particularly

in regard to employment, conditions and organization of work, hygiene, safety and health at work, hours of work, incomes and social security. At the same time the Council was urged to approve swiftly a series of directives notably those on fixed-duration contracts of employment¹ and voluntary part-time work.² A strengthening of the Social Fund was held to be necessary so that it could meet the financing requirements of vocational training.

Recent leaks of radioactive material from the Sellafield nuclear reprocessing plant and false information about these emissions. After recalling its resolution of 10 September 1985³ on the 'unusually high incidence of cancer' in the vicinity of the Sellafield plant, Parliament, in four resolutions, insisted that these incidents must not recur, called for an end to discharges of radioactive waste into the Irish Sea and urged that the safety standards be adhered to by British Nuclear Fuels under the effective control of the Commission. The British Government was urged to ensure that all necessary steps were taken to provide the fullest possible information about the extent and causes of radioactive emissions from all British nuclear power stations.

European Environment Year 1987. Parliament called on the Council and the Commission to set up an environment fund (possibly with the EIB) and to support in each month of the year a selected environmental project. The Council and Commission were also urged to draw up and adopt, by the beginning of 1987, a plan of action with a binding timetable, an emergency programme for 1987, a fourth action programme for 1987-91, with, among its priorities, environmentally acceptable farming and soil conservation and the rehabilitation of hill and mountain areas in a run-down state.

Unfair terms in contracts. Parliament stressed the need for more effective protection for consumers against unscrupulous contractors and to redress by adequate legislation the inequalities caused by the impact of differential contractual bargaining strength.

The genetic diversity of cultivated plants and trees. Parliament urged the Commission, in the context of the reform of the CAP, to encourage genetic engineering in the sphere of plant species, evaluate the results achieved by European research establishments in Europe, promote the conservation of local varieties and newly introduced varieties to the European climate and soils and thus reduce dependence in the seed-producing sector. The Commission was also asked to formulate proposals for indirect economic measures designed to reduce genetic erosion and for direct emergency measures to safeguard the genetic diversity of cultivated plants. The House also recognized the importance of this diversity for the Third World and urged that the developing countries be granted rights over genetic material originating in their territories.

Common measures to reduce road accidents, as part of the Community's programme for Road Safety Year, 1986. Restating the scale and gravity of the problem (a million accidents resulting in 50 000 deaths a year in the Community) Parliament reiterated its recommendations⁴ for immediate decisions concerning the road network and traffic signals, vehicle equipment and protection of road users, and their training. The Commission was asked to draw up an inventory of successful safety measures in individual Member States.

The possible renewal of the Multifibre Arrangement (MFA). While it noted that the Community textile industry had lost 1 350 000 jobs in 10 years, Parliament considered on the other hand that textile products made up the bulk of the exports of certain developing countries, which are frequently being encouraged by the industrialized countries to boost their exports in order to reduce their debts. The House therefore stressed that the new MFA should include more flexible and liberal provisions

¹ OJ C 133, 21.5.1984; Bull. EC 4-1984, point 2.1.59.

² OJ C 18, 22.1.1983; Bull. EC 12-1982, point 2.1.56.

³ OJ C 262, 14.10.1985; Bull. EC 9-1985, point 2.5.11.

⁴ OJ C 104, 16.4.1984; Bull. EC 3-1984, point 2.4.17.

solely for the least-developed countries with the lowest average incomes and, at the same time, expressed the hope that the structural Funds, the EIB and the Brite programme would help to revitalize the redeployment of the Community's textile industry. Believing that the MFA had the overall effect of disturbing natural trade flows, Parliament nevertheless welcomed the content of the Commission's proposals.¹

The Commission's programme for 1986. In one resolution Parliament called on the Commission to examine with it the procedures for applying the decisions taken at the Luxembourg Intergovernmental Conference² and called on the Council to begin taking action as if the Single European Act had already been ratified.

In a second resolution, it approved the general guidelines proposed by the Commission and, in particular, the emphasis laid on the social dimension of economic and industrial policy.

Parliament's right to be consulted on the common fisheries policy. Considering its right to be consulted in this field to be indefeasible, Parliament urged the Commission to lay a proposal before the Council specifying the cases in which Parliament had to be consulted on the common fisheries policy.

Embodiment of the principle of environmental protection in the EEC Treaty. Having criticized the vagueness and inadequacy of the Single Act in defining Community environmental policy,² Parliament demanded that the Treaty be amended by inserting in Article 3, defining the tasks of the Community, an explicit mention of 'the adoption of a common policy in the sphere of environmental protection'. It also proposed the addition of Articles 84a to 84e defining the objectives, principles, implementing rules and international dimension of Community environment policy.

2.4.20. In the fields of political cooperation and human rights Parliament passed resolutions on the following subjects.

The EEC Code of Conduct³ for Community companies with subsidiaries, branches or representation in South Africa. Parliament called for stringent monitoring of application of the Code, with the help of the black South African trade unions. The House was convinced that the Code would work more effectively and its monitoring be improved only if it ceased to be regarded as the business of political cooperation and became a Community concern.

The situation in southern Africa. After calling for full implementation of all the measures agreed against South Africa by the 10 Foreign Ministers in September,⁴ and with reference to the meeting of the Foreign Ministers of the front-line States and Community countries in Lusaka in February (→ point 2.4.1), Parliament welcomed the agreement to deny any assistance to the perpetrators of armed actions in Angola and Mozambique. It also condemned the presence of South Africa in Namibia and the 'so-called interim administration' established there.

The elections in the Philippines. Attaching the utmost importance to unflinching respect for the principles of democracy and to the need for transparency in the electoral process, Parliament affirmed its support for all Filipinos who were fighting to establish democracy by peaceful means.

The Caraballeda message for peace, security and democracy in Central America. Referring to the Caraballeda message adopted in January by the Foreign Ministers of the Contadora Group and the Support Group, Parliament urged the Council and the Commission to forge closer links between the two continents, mainly through the framework cooperation agreement with Central America concluded in November 1985,⁵ with a view to encouraging efforts towards

¹ Bull. EC 11-1985, point 2.3.4.

² Supplement 2/86 — Bull. EC; Bull. EC 1-1986, point 1.2.3.

³ Bull. EC 11-1985, points 2.5.1 and 3.4.1.

⁴ Bull. EC 9-1985, point 2.5.1.

⁵ Bull. EC 11-1985, point 1.2.1 *et seq.*

integration and establishing an equitable cooperation policy.

The situation in Haiti. In one resolution Parliament welcomed the downfall of the Duvalier dictatorship. In a second, in which it expressed the hope that the Haitian people would give their democracy solid foundations, the House called on the Commission to release immediately special food aid for the people of Haiti.

The situation in Uganda. Parliament expressed the hope that the recent military and institutional upheavals would not prevent the holding of free and pluralistic elections in order to guarantee democracy and civil peace in the country.

The political situation in the Middle East. Convinced that any lasting settlement must resolve all aspects of the Palestinian problem, Parliament also stressed the need for a return to civil peace in Lebanon, whose territorial integrity and sovereignty must be respected. The House considered that to ensure that any comprehensive peace settle-

ment was lasting, all the parties concerned must participate in the negotiations.

Terrorist attacks. In two resolutions, in which it condemned the wave of terrorist outrages perpetrated in Paris, Madrid, Lisbon, Florence and Northern Ireland, Parliament reaffirmed the need for closer cooperation between the various national authorities to combat this scourge and called for a European legal area. The governments of the Member States were also urged to make no concessions whatsoever to terrorist blackmail, particularly in the case of the hostages held in Lebanon.

Council

2.4.21. The Council held three meetings in February. The following table lists the number, place and date of each meeting, the names of the Council President and Commission representatives and the main items of business. A more detailed account of specific items can be found in the sections of the Bulletin referred to in the footnotes.

Table 12 — Council meetings in February

Number, place and date of meeting	Subject	President	Commission	Main items of business
1061st Brussels 4 February	Internal market	Mr Van Eekelen	Lord Cockfield Mr Clinton Davis	White Paper on completing the internal market ¹ Luxembourg Convention on the Community Patent ¹ Abolition of certain postal charges for customs presentation ¹ Conclusion of International Convention on the Harmonized Commodity Description and Coding System ² Limitation of noise emitted by hydraulic and rope-operated excavators and by dozers, loaders and excavator-loaders ¹
1062nd Luxembourg 17 and 18 February	Foreign affairs	Mr Van den Broek Mr Bolkenstein	Mr Andriessen Mr Cheysson Mr De Clercq	Relations with EFTA countries ³ Relations with Egypt ⁴ Relations with ACP States — sugar: preparation of Community position for special meeting of ACP-EEC Council of Ministers

Number, place and date of meeting	Subject	President	Commission	Main items of business
1063rd Brussels 24 and 25 February	Agriculture	Mr Braks Mr Jopling	Mr Andriessen	EEC-Japan relations ³ Textiles — renewal of MFA and bilateral agreements ⁵ Fixing of prices for agricultural products and certain related measures — adjustment of common organization of markets ⁶ Starch products — sugar used in chemical industry ⁶ Structures ⁶ Definitive discontinuation of milk production ⁶ Community action in forestry sector ⁶ Aid for Italian olive growers ⁶ Imitation products in milk sector ⁶ Minimum standards of protection for intensive rearing of calves Application of CAP in Spain and Portugal ⁶

¹ Internal market.

² Customs union.

³ Industrialized countries.

⁴ Other countries and regions.

⁵ Renewal of the Multifibre Arrangement.

⁶ Agriculture.

Commission

Activities

2.4.22. On 19 February Mr Delors made a statement to Parliament on the Commission's work programme for 1986 (→ point 1.2.1. *et seq.*).¹

On 21 February Mr Francesco Cossiga, President of Italy, and Mr Giulio Andreotti, Foreign Minister, visited the Commission. The courtesy visit was the first by an Italian President.

On 26 February Queen Beatrix and Prince Claus of the Netherlands also paid an official visit to the Commission and the General-Secretariat of the Council.

Decisions, communications and proposals

2.4.23. The Commission adopted and transmitted to the Council its proposals on common agricultural prices and related measures for 1986/87 (→ point 1.3.1 *et seq.*).

A communication on improving the Community's competitiveness and industrial structures was transmitted to the Council (→ point 1.4.1 *et seq.*). It is designed to pinpoint the factors upon which the Community's competitiveness depends and to find ways of improving it.

The Commission transmitted to the Council a communication on economic develop-

¹ Supplement 1/86 — Bull. EC.

ment, the normal quarterly review for the annual economic report. However, subsequent developments (the drop in the price of oil and changes in the dollar exchange rate) have made it necessary for the Commission to revise the principal data in its forecasts.

The Commission sent to the Council a three-year (1987-89) programme on a Youth Exchange Scheme for Europe to promote and improve the quality of youth exchanges in the Community.

In a communication to the Council, the Commission set out its views on the new guidelines for an environmental policy fol-

lowing the conclusions of the European Councils held on 29 and 30 March and 2 and 3 December 1985. In the same field, the Commission proposed a system of prior notification and consent to control exports of dangerous chemicals to non-Community countries.

In the energy sector, the Commission adopted its second report on the lignite and peat industries.

Lastly, in response to a request made at the Council meeting on 18 and 19 June 1985, the Commission sent the Council new proposals on future relations between the Community and Japan.

Court of Justice

2.4.24. New cases

Case	Subject	Basis
ECSC — Steel		
32/86 Società Industrie Siderurgiche Meccaniche e Affini (Sisma) v Commission	Annulment of the Commission Decision of 27 December 1985 fining the applicant for exceeding production quotas for the first quarter of 1984	Article 32 ECSC
33/86 Stahlwerke Peine-Salzgitter v Commission	Annulment of Article 5 of Commission Decision No 3485/85/ECSC on the extension of the system of monitoring production quotas for certain products of undertakings in the steel industry, in so far as it does not permit any improvement in the applicant's I:P ratio	Article 33 ECSC
44/86 Stahlwerke Peine-Salzgitter v Commission	Annulment of the individual Commission Decision of 30 December 1985 in so far as it determines that part of the applicant's quota which may be disposed of within the common market	Article 33 ECSC
44/86 and 48/86 Cauët and Joliot, acting as liquidators of the assets of Cockerill-DRC v Commission	Annulment of the individual Commission Decision of 13 January 1986 in so far as it requires the applicants to transfer the reference production of Cockerill-DRC to Sacilor, and suspension of the operation of the Decision	Article 33 ECSC Article 83 of the Rules of Procedure of the Court
Free movement of goods		
434/85 Allen and Hanburys v Generics (UK)	Must a mandatory licence for a patent permit the importation of goods manufactured in another Member State (in particular a Member State where such goods are not patentable) on the same conditions as are imposed on domestically produced goods?	Article 177 EEC

Case	Subject	Basis
Taxation 6/86 <i>Ministre des Finances and Procureur du Roi v Sikier</i>	Is the Royal Decree of 27 December 1977 compatible with the Community directives and regulations and the Association Agreement between Turkey and the Community (Act of 15 July 1964) in so far as it requires Turkish nationals to pay VAT on the importation of presents the value of which exceeds BFR 45 000?	Article 177 EEC
Competition 10/86 <i>VAG France v Etablissements Magne</i>	Obligation on a supplier to vary an exclusive concession contract concluded for one year, without automatic renewal, concerning the resale of new Volkswagen and Audi vehicles and the resale of spare parts, so as to align it on Commission Regulation No 123/85 on the application of Article 83(3) of the EEC Treaty	Article 177 EEC
State aids 57/86 <i>Greece v Commission</i>	Annulment of the Commission Decision of 13 November 1985 declaring incompatible with the common market aid in the form of interest subsidies granted by Greece for the exportation of all goods with the exception of petroleum products	Article 173 EEC
Social security 22/86 <i>Rindone v Allgemeine Ortskrankenkasse Bad Urach-Münsingen</i>	Interpretation of Regulations No 574/72 and No 1408/71 regarding the conditions under which a migrant worker residing in a Member State other than that of the paying institution may claim sickness benefit as a result of incapacity to work	Article 177 EEC
Free movement of persons 12/86 <i>Demirel v Stadt Schwäbisch Gmünd</i>	<ol style="list-style-type: none"> 1. Do Article 12 of the EEC-Turkey Association Agreement and Article 36 of the Additional Protocol thereto, combined with Article 7 of the Association Agreement, contain a prohibition, valid immediately in the Member States and directly applicable in Community law, of the introduction of further restrictions on freedom of movement in the form of a modification of an existing administrative practice applicable to Turkish workers legally resident in a Member State? 2. Is the expression 'freedom of movement' in the Association Agreement to be understood as giving Turkish workers resident in a Member State the right to bring children under the age of majority and spouses to live with them? 	Article 177 EEC

Case	Subject	Basis
24/86 Blaizot and Others v University of Liège and Others ¹	Do the financial conditions governing access to university courses leading to the award of a preliminary diploma ('candidature') and a doctor's degree ('doctorat') in veterinary medicine fall within the scope of application of the Treaty, within the meaning of Article 7 thereof, as regards both the 1985/86 academic year and the academic years from 1979 to 1985?	Article 177 EEC
Agriculture		
26/86 Deutz und Geldermann, Sektkellerei Breisach/Baden v Council	Prohibition on references to the method of production known as 'méthode champenoise' in descriptions of a sparkling wine	Article 173 EEC
31/86 Laisa v Council 35/86 CPC España v Council	Annulment of Council Regulation No 1785/81 on the common organization of the markets in the sugar sector, as amended by the Act of Accession of Spain and Portugal, as regards the determination of a production quota for isoglucose for Spain	Articles 173 and 215 EEC
50/86 Grands Moulins de Paris v Council and Commission	Application for an award of damages for the damage suffered by the applicant, which was not granted the same benefits for the production of granidon as are available for the products for which it is a substitute	Article 215 EEC
Fisheries		
55/86 Asociación Provincial de Armadores de Buques de Pesca de Gran Sol de Pontevedra (Arposol) v Council	Annulment of Council Regulation No 3781/85 laying down the measures to be taken in respect of operators who do not comply with certain provisions relating to fishing contained in the Act of Accession of Spain and Portugal	Article 173 EEC
Administrative and institutional questions		
51/86 France v European Parliament	Annulment of Parliament's resolution of 24 October 1985 on meeting facilities in Brussels ²	Article 38 ECSC Articles 164, 173 and 174 EEC Articles 136, 146 and 147 Euratom
Budget		
23/86 United Kingdom v European Parliament 34/86 Council v European Parliament ⁴	Annulment of the deliberations and resolutions of the Assembly of 12 December 1985 on the final adoption of the general budget of the European Communities for the financial year 1986, and of the declaration that the budget had been finally adopted made by the President of the Assembly on 18 December 1985 ³	Article 38 ECSC Article 173 EEC

Case	Subject	Basis
Commercial policy		
45/86 Commission v Council	Annulment of Council Regulation No 3599/85 applying generalized tariff preferences for 1986 in respect of certain industrial products originating in developing countries and of Council Regulation No 3600/85 applying generalized tariff preferences for 1986 to textile products originating in developing countries	Article 173 EEC
Protection of the environment		
14/86 Criminal proceedings against X (concerning the pollution of the River Chiese)	Consistency of the existing system of rules in Italy for the protection of fresh waters from pollution with Council Directive 78/659/EEC	Article 177 EEC
Infringements		
49/86 Commission v Italy	Failure to transpose Council Directive 82/76/EEC (medical specialists, part-time training)	Article 169 EEC

Disputes between the Community and its staff

v Council:

30/86 Vastesaeger

v Commission:

25/86 Suss

40/86 Kolivas

41/86 Castelli

54/86 Grumbach

v Parliament:

52/86 Banner

¹ OJ C 66, 21.3.1986.

² OJ C 343, 31.12.1985.

³ OJ L 358, 31.12.1985.

⁴ OJ C 63, 18.3.1986.

2.4.25. Judgments

Date and case	Held
ECSC — Steel	
15.1.1986: 37, 76, 115, 120, 191, 209 and 210/85 Cockerill-Sambre v Commission	Ordered removed from the Court Register (production quotas)
31.1.1986: 68/84 Cogeme v Commission	Ordered removed from the Court Register (fine for exceeding production quotas)

Date and case	Held
<p>Free movement of goods</p> <p>6.2.1986: 271 to 274/84 and 6 and 7/85 Procureur de la République and Directeur Départemental de la Concurrency et de la Consommation v 1. Chrion and Others, 2. Byrotheau and Vincendeau¹</p>	<p>1. Articles 3(f) and 5 of the EEC Treaty do not prohibit national rules providing for a minimum price to be fixed by the national authorities for the retail sale of fuel</p> <p>2. Article 30 of the EEC Treaty prohibits such rules where the minimum price is fixed on the basis, solely, of the ex-refinery prices of the national refineries and where those ex-refinery prices are, in turn, linked to the ceiling price which is calculated on the basis, solely, of the cost prices of national refineries when the European fuel rates are more than 8% above or below those prices</p>
<p>Customs union</p> <p>4.2.1986: 65/85 HZA Hamburg-Ericus v Van Houten International²</p>	<p>Article 3(1) and (3) of Council Regulation No 1224/80 on the valuation of goods for customs purposes is to be interpreted as excluding from the transaction value weighing costs payable by the purchaser at the destination of the goods in the case of what is known as an arrival contract</p>
<p>27.2.1986: 38/85 Bienengräber v HZA Hamburg-Jonas</p>	<p>Note 3 to Chapter 97 of the CCT is to be interpreted as meaning that a figure should be regarded as a doll within the meaning of sub-heading 97.02 A of the CCT only if any animal features which it may have are minor and secondary and the figure's general appearance is essentially that of a human being</p>
<p>27.2.1986: 57/85 Senelco v Oberfinanzdirektion München</p>	<p>Note 2 in conjunction with Note 5 to Section XVI of the CCT must be interpreted as meaning that parts or detached pieces of electrical equipment for the emitting of a signal, which are presented independently, fall, pursuant to Note 2(b) thereof, within the same tariff heading as the equipment in question where, by virtue of their function, they are intended exclusively for that equipment</p>
<p>Competition</p> <p>25.2.1986: 193/83 Windsurfing International v Commission</p>	<p>1. Article 1 of the Commission Decision of 11 July 1983 is declared void in so far as it finds that:</p> <p>(i) the licensing agreement with Shark laid down an obligation on the licensee to exploit the licensed patents only for the manufacture of sailboards which had Windsurfing International's prior approval for the boards,</p> <p>(ii) the licensing agreements between Windsurfing International and SAN, Klepper and Marker and the agreement between Ten Cate and Ostermann, before it was taken over by Windsurfing International, laid down an obligation on the licensees to pay royalties on components on the net selling price of a complete sailboard,</p>

Date and case	Held
<p>15.1.1986: 211/85 France v Commission³</p> <p>State aids</p> <p>6.2.1986: 310/85 R: Deufil v Commission³</p> <p>Social policy</p> <p>26.2.1986: 151/84 Roberts v Tate & Lyle Industries</p> <p>26.2.1986: 152/84 Marshall v Southampton and South-West Hampshire Area Health Authority (Teaching)</p>	<p>(iii) the licensing agreements with Ostermann and Shark laid down an obligation to affix to the boards of their sailboards the notice 'licensed by Hoyle Schweitzer' or 'licensed by Windsurfing International',</p> <p>(iv) the licensing agreements with Ostermann and Shark laid down an obligation on the licensees to acknowledge the trade marks of Windsurfing International and Ten Cate as valid trade marks,</p> <p>(v) the obligation on the licensees to pay royalties on the rigs manufactured under the German patent only on the basis of the net selling price of a complete sailboard constituted an infringement of Article 85(1) of the EEC Treaty</p> <p>2. The amount of the fine imposed on Windsurfing International is set at 25 000 ECU, being DM 56 896.50</p> <p>3. For the rest, the application is dismissed</p> <p>Ordered removed from the Court Register (annulment of a corrigendum to Commission Regulation No 2349/84 on the grounds that it infringes the procedure rules laid down in Articles 5 and 6 of Regulation No 19/65/EEC)</p> <p>The application for interim measures is dismissed (application for the suspension of the operation of Commission Decision 85/471/EEC of 10 July 1985 concerning aid granted by the German Government to a manufacturer of polyamide and polypropylene yarn in Bergkamen-Rünthe)</p> <p>Article 5(1) of Directive 76/207/EEC must be interpreted as meaning that a contractual provision which lays down a single age for the dismissal of men and women under a mass redundancy involving the grant of an early retirement pension, whereas the normal retirement age is different for men and women, does not constitute discrimination on grounds of sex, contrary to Community law</p> <p>1. Article 5(1) of Directive 76/207/EEC must be interpreted as meaning that a general policy concerning dismissal involving the dismissal of a women solely because she has attained or passed the qualifying age for a State pension, which age is different under national legislation for men and for women, constitutes discrimination on grounds of sex, contrary to that Directive</p>

Date and case	Held
<p>26.2.1986: 262/84 Beets-Proper v F. Van Lanschot Bankiers</p> <p>Social security</p>	<p>2. Article 5(1) of Directive 76/207/EEC, which prohibits any discrimination on grounds of sex with regard to working conditions, including the conditions governing dismissal, may be relied upon as against a State authority acting in its capacity as employer, in order to avoid the application of any national provision which does not conform to Article 5(1)</p> <p>Article 5(1) of Directive 76/207/EEC must be interpreted as meaning that it does not allow the Member States the freedom to exempt from the application of the principle of equality of treatment an express or implied condition in a contract of employment concluded on the basis of a collective wage agreement, which condition has the effect of terminating the contract of employment on the ground of the age attained by the employee, where that condition relates to the age, which is different for men and women, at which the employee becomes entitled to a retirement pension</p>
<p>25.2.1986: 254/84 De Jong v Bestuur van de Sociale Verzekeringsbank</p>	<p>Neither Article 51 of the EEC Treaty nor the provisions of Regulation No 1408/71, and in particular subparagraph 2(c) of Part I of Annex VI thereto, require that, when the pension of a married man is determined under the Algemene Ouderdomswet (General Act on Old Age), his wife, who after 1 January 1957 completed periods in accordance with subparagraph 2(c), must be granted the advantages provided for by the Netherlands legislation, in particular by the Royal Decree of 20 December 1956, in respect of periods prior to their marriage and prior to 1 January 1957 during which she neither resided in the Netherlands nor pursued an activity as an employed person in that country</p>
<p>25.2.1986: 284/84 Spruyt v Bestuur van de Sociale Verzekeringsbank</p>	<p>Subparagraph 2(a) of Part I of Annex VI to Regulation No 1408/71 applies to a married women so that, subject to the provisions of point 2(b), (d) and (f), periods before 1 January 1957 during which a married women, not satisfying the conditions permitting her to have such periods treated as periods of insurance, resided in the territory of the Netherlands after the age of 15 or during which, whilst residing in the territory of another Member State, she pursued an activity as an employed person in the Netherlands for an employer established in that country, are considered as periods of insurance completed in application of Netherlands legislation for general old-age insurance</p>

Date and case	Held
Free movement of persons	
29.1.1986: 297/84 Sahinler v Commission	<ol style="list-style-type: none"> 1. The action is inadmissible 2. The case is ordered to be removed from the Court Register (application for the annulment of the Commission's letter of 4 October 1984 and for an order to the Commission to adopt a Directive)
Agriculture	
26.2.1986: 175/84: Krohn v Commission	<ol style="list-style-type: none"> 1. The application is declared to be admissible 2. The Court will proceed to examine and give judgment on the substance of the case
27.2.1986: 238/84 Criminal proceedings against Röser	<p>The first sentence of the first subparagraph of Article 36(1) of Regulation No 337/79 must be interpreted as meaning that the increase in natural alcoholic strength by volume at the time when grape must in fermentation is being processed may not be authorized if such must is intended not for being turned into wine suitable for yielding table wine or into table wine but for sale to the final consumer as 'Federweißer' (new wine still in fermentation)</p>
Commercial policy	
18.2.1986: 174/84 Bulk Oil (Zug) v Sun International and Sun Oil Trading ⁴	<p>Neither the Agreement of 20 May 1975 between the Community and the State of Israel nor Council Regulation No 2603/69 establishing common rules for exports prohibits a Member State from imposing new quantitative restrictions or measures having equivalent effect on its exports of oil to non-member countries.</p> <p>Article 4 of the Council Decision of 9 October 1961, in conjunction with the Council Decision of 25 September 1962 and Article 15 of the Council Decision of 16 September 1969, requires a Member State contemplating a change in the state of liberalization of its exports to non-member countries to give prior notice to the other Member States and the Commission.</p> <p>A Member State which fails to give prior notice, delays in doing so or does so in an inadequate manner fails to fulfil its obligations under the Council decisions referred to; that failure does not, however, create individual rights which national courts must protect.</p> <p>The fact that no Community institution challenges the legality of a policy adopted by a Member State cannot in itself have any effect on the compatibility with Community law of a policy imposing quantitative restrictions on exports of oil to non-member countries or, consequently, on the reply to be given to the questions raised by the national court</p>

Court of Auditors

Date and case	Held
Infringements	
18.2.1986: 35/84 Commission v Italy ⁴	Application dismissed (systematic checks on the importation of curds into Italy — Article 30 EEC)
20.2.1986: 309/84 Commission v Italy ⁴	By delaying the payment of premiums due under Articles 4(6) and 8(2) of Council Regulation No 456/80 on the granting of temporary and permanent abandonment premiums in respect of certain areas under vines and of premiums for the renunciation of replanting, Italy has failed to fulfil its obligations under that Regulation
15.1.1986: 3/85 Commission v France ³	Ordered removed from the Court Register (tax on imports of seeds and plants)
15.1.1986: 224/85 Commission v France ³	Ordered removed from the Court Register (incorrect transposal of Council Directive 79/831/EEC on dangerous substances)
15.1.1986: 231/85 Commission v France ³	Ordered removed from the Court Register (failure to transpose Commission Directive 81/957/EEC and 83/232/EEC on dangerous substances)
19.2.1986: 164/85 Commission v France	Ordered removed from the Court Register (taxation of motor vehicles with a power rating of more than 16 CV)
19.2.1986: 404/85 Commission v Belgium	Ordered removed from the Court Register (Council Directive 80/777/EEC on mineral waters)

Disputes between the Community and its staff

v Commission:

6.2.1986: 173/82, 157/83 and 186/84 Castille — Judgment partly for the applicant. For the rest, the applications are dismissed.¹

31.1.1986: 165/85 Seube — Ordered removed from the Court Register.

¹ OJ C 51, 5.3.1986.

² OJ C 45, 27.2.1986.

³ OJ C 52, 6.3.1986.

⁴ OJ C 58, 13.3.1986.

Court of Auditors

2.4.26. On 18 February, following the entry into force of the Act of Accession of Spain and Portugal, Mr Subirats Piñana and Mr Botelhoiro Moreno, the new Spanish and Portuguese members of the Court of Auditors who were appointed by the Council on 27 January to serve until 17

October 1987,¹ gave the solemn undertaking provided for in the Treaties before the Court of Justice.

Following these appointments, the Court assigned responsibilities to its members as follows:

¹ Bull. EC 1-1986, point 1.1.2.

Marcel Mart
President

Secretariat, staffing and administration, external relations (other institutions, national audit bodies and public relations)

Audit group 1

Keld Brixtofte

Own resources 1:
Customs duties and agricultural receipts

Josep Subirats
Piñana

Own resources 2:
VAT resources, budget equilibrium, miscellaneous revenue

Charles J.
Carey

EAGGF Guarantee Section 1:
Budgetary management and control and general matters

Michael M.
Murphy

EAGGF Guarantee Section 2:
Common organization of markets

Audit group 2

Paul Gaudy

European Social Fund, EAGGF Guidance Section (other than regional measures), fisheries

Aldo Angioi

European Development Fund

Pierre Lelong

Cooperation with developing and non-member countries

André J. Middel-
hoek

European Regional Development Fund and EAGGF Guidance Section (regional operations)

Audit group 3

Marcel Mart

General audit matters

Lothar Haase

Borrowing and lending, ECSC, general accounts, accounting principles

Stergios Vallas

Staff and operating expenditure, including Publications Office, Information Offices and European Schools

Carlos Manuel
Botelho
Moreno

Research, technology, new policies, subsidies

2.4.27. On 20 February the Court of Auditors adopted a special report on contractual schemes to extend the markets in milk and dairy products financed by the co-responsibility levy.

Economic and Social Committee*234th plenary session*

2.4.28. The Economic and Social Committee held its 234th plenary session on 26 and 27 February with Mr Gerd Muhr in the chair.

Mr Delors presented the Commission's programme (→ point 1.2.1 *et seq.*) and addressed the Committee on Europe's responsibilities in the face of major world economic problems. The Committee adopted opinions on several of the Commission's proposals and an own-initiative opinion on Road Safety Year.

Presentation of the Commission's programme by Mr Delors

2.4.29. In presenting the Commission's programme to the Committee on 27 February, Mr Delors stressed current world economic problems and in particular:

(i) the problems raised by the inadequate growth in world trade in the face of indebtedness by Third World countries, which calls for action in the areas of trade, financing and international monetary relations. The industrialized nations had to ensure that world trade grew at an adequate rate and had to keep their markets open. There was also a need for a structure and sources of finance which would allow Third World

countries to make the necessary adjustments in politically acceptable conditions. Private financing would have to continue playing a very important role, but it was also necessary to find a better balance between such financing and public aid;

(ii) the unstable exchange rates between the major currencies. Mr Delors welcomed the decision of the 'Group of Five' to abandon the *laissez-faire* attitude they had held up to now, but he stressed that interventions of this type could not solve the problem alone. It was essential for the industrialized nations to cooperate to a greater degree and coordinate their economic policies more closely. Mr Delors added that, should the dollar continue to fall, it was likely that serious problems of the type experienced in 1978 would recur and that instability in the dollar-ECU and yen-ECU exchange rates would have unfortunate consequences for Europe;

(iii) the fall in the price of oil. According to Mr Delors this offered some opportunities, but there was a risk that the industrialized nations would adopt a short-sighted attitude, confining themselves to reaping short-term dividends on an 'every man for himself' basis, and then regretting in a year or two that they had not seized the opportunity of coordinating a response between consuming and producing countries. The Community had to adopt a common position in this field and take appropriate steps in the international arena to tackle the new phase of the debt problem.

European Road Safety Year

2.4.30. The Committee unanimously adopted an own-initiative opinion on European Road Safety Year,¹ in which it welcomed the choice of 1986 for this campaign.

It recalled that the figures for road safety remained alarming (52 000 people killed and more than 1.6 million people injured in 1984 in the 12 countries of the Community). On several occasions the Committee had stressed the need for concerted action at European level for road safety and in an

opinion delivered in 1984² it had asked for a programme to be instituted without delay. In another opinion it had recommended regular technical inspections of passenger cars.³

The Committee expressed the firm hope that European Road Safety Year would see the start of a serious attempt to tackle these problems by implementing effective regulations. Harmonizing safety rules in the different countries of the Community and any other Community action which would help to cut down road accidents would enhance the image of European integration.

Import and export declarations

2.4.31. The Committee unanimously approved a proposal for a Council Regulation amending the existing Regulation introducing Community import and export declaration forms.⁴ The Committee thought that the Commission should have powers to avoid discrepancies between the codes for intra-Community trade and the codes for trade with non-member countries and to permit, where necessary, further alignments on intra-Community trade.

Action against cancer

2.4.32. With 63 votes in favour and 14 abstentions, the Committee adopted an opinion on the proposal for a Council resolution on a programme of action of the European Communities on cancer prevention.⁵ It welcomed the conclusions of the European Councils of Milan (June 1985) and Luxembourg (December 1985).⁶ It nevertheless had a number of comments to make.

¹ OJ C 341, 21.12.1984; Bull. EC 12-1984, point 2.1.201; Bull. EC 11-1985, point 2.1.168.

² OJ C 206, 6.8.1984.

³ OJ C 25, 28.1.1985.

⁴ OJ C 348, 31.12.1985; Bull. EC 12-1985, point 2.1.44.

⁵ OJ C 336, 31.12.1985; Bull. EC 11-1985, point 2.1.85.

⁶ Bull. 6-1985, point 1.2.1 *et seq.*; Bull. EC 12-1985, point 1.1.1 *et seq.*

The proposal on cancer prevention should be incorporated into a wider programme to combat cancer, whose main approaches and principal stages were set out in the Commission communication 'Action against cancer' of 13 December 1985.¹ This programme had to define a clear campaign against cancer focusing on three areas: early detection and diagnosis, treatments and chemical trials, and research. The Committee believes that it is absolutely vital to define an overall strategy and coherent action plan if cancer is to be combated effectively. It wants the *ad hoc* committee set up to comprise not only scientists and cancer specialists but also representatives of the two sides of industry, because some cancers are occupational in origin.

The Committee also feels that attempts should be made to plan and coordinate cancer research at Community level and feels that it is vital to inform the public about cancer correctly.

Tenth Commission Report on the ERDF

2.4.33. The Committee adopted by a large majority an opinion on the Commission's tenth annual report on the European Regional Development Fund (1984).² In the Committee's view, ERDF interventions have not been effective enough or well enough coordinated with the other structural Funds and financial instruments. It listed the reasons why regional disparities had been exacerbated and acknowledged that the low level of appropriations granted to the ERDF had meant that, while resources had been transferred to backward regions, they had not made a substantial contribution to development there.

The Committee accordingly proposed that specific measures as regards both financing and administrative procedures should be adopted. It confirmed that small businesses were making a significant contribution to job creation. As for the overall approach to the new Community regional policy, the Committee said that it was satisfied with the new ERDF Regulation. It also supported the direct promotion of integrated oper-

ations for regional development and suggested that a study be made of their economic impact.

Multiannual research programmes on the environment

2.4.34. The Committee unanimously adopted an opinion approving the proposal for multiannual research and development programmes in the field of the environment (1986-90).³ It insisted that the budgetary allocation of 105 million ECU proposed by the Commission be maintained. Indeed, it felt that research needed to be stepped up if Europe was to sustain a level comparable with that of other developed countries. As for the content of the programme, the Committee thought that research into earthquakes should be added to the other three areas covered (protection of the environment, climatology, major technological hazards).

Consumer education

2.4.35. With one abstention, the Committee adopted an opinion on the draft Council resolution concerning consumer education in primary and secondary schools.⁴

Since a Community policy to safeguard consumers had existed for more than 10 years, the Committee had expected a proposal for a directive on consumer education rather than a proposal for a resolution, but it nevertheless approved the Commission's draft, which laid down the broad lines on which this education should be based. It emphasized that education of this kind fulfilled a vital socio-economic function and that it contributed to the smooth operation of the market and to its development, in the sense that it helped to improve the standard of products and services. The Committee felt that the Community programme should be given appropriate financial resources.

¹ Bull. EC 12-1985, point 2.1.41.

² Bull. EC 10-1985, point 2.1.81.

³ OJ C 301, 25.11.1985; Bull. EC 7/8-1985, point 2.1.230.

⁴ OJ C 238, 19.9.1985; Bull. EC 7/8-1985, point 2.1.133.

The Committee hoped that the Commission would expand the objectives of educating young consumers since not only the 'transition from school to working life' but also the transition to adult life was involved. It thought that teachers should be given special training as to the methods and content of such courses.

Major-accident hazards of certain industrial activities

2.4.36. The Committee also adopted (with 80 votes for, 12 against and 14 abstentions) an opinion on the proposal for a Council Directive to amend the Directive of 24 June 1982¹ concerning major-accident hazards of certain industrial activities.² The Commission's main objective is to define more accurately the substances or groups of substances involved and their limit values. The Committee endorsed the Commission's proposal and reaffirmed the importance it ascribed to the adoption and effective application of measures aimed at preventing major accidents in a number of industrial activities and at limiting their consequences for workers, the general public and the environment. In this respect, the Committee referred to the comments made in its opinion of 26 March 1980³ on the proposed Directive concerning major-accident hazards in certain industrial activities. The Committee regretted that the working methods used by the Commission had not provided sufficient information on the reasoning and criteria which had motivated it in its decision to change some of the thresholds laid down in the annexes to the 1982 Directive¹ for either the Economic and Social Committee or the Advisory Committee on Safety, Hygiene and Health Protection at Work. The Committee hoped that both the firms concerned and the relevant authorities would make efforts to keep the public better informed of the hazards connected with certain types of product.

In addition, the Committee strongly recommended that particular attention should be paid to the effective and complete

implementation of the provisions of the 1982 Directive¹ within the time periods laid down in all the Member States.

Although the problems of major hazards connected with the transport of dangerous substances did not fall within the Directive, the Committee stressed the need for Community provisions in this field. Finally, the Committee thought that it was desirable for the Member States and the Community to envisage joint action within international organizations such as the UN so that risks of the type covered by the Directive could not be 'exported' and to ensure that technology transfers were made under good safety conditions.

Facilitation of physical inspection and administrative formalities in respect of the carriage of goods between Member States

2.4.37. The Committee adopted unanimously an opinion on the proposal for a Council Directive amending the Directive of 1 December 1983 on the facilitation of physical inspection and administrative formalities in respect of the carriage of goods between Member States.⁴

The Committee welcomed the measures proposed by the Commission, which assumed particular importance in the context of efforts made to promote a transport policy; in addition, they would help to complete the internal market. The fact that the Commission's proposals included facilitating inspections and formalities concerning goods transported by air was also regarded positively, particularly as far as the operating hours of inspection services in airports were concerned. Nevertheless, the Committee noted that the measures on air transport were not sufficient. It thought that the Commission should put forward as quickly as possible new proposals which would take account of the speed of air transport. It also

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

² OJ C 305, 26.11.1985; Bull. EC 10-1985, point 2.1.88.

³ OJ C 182, 21.7.1980; Bull. EC 3-1980, point 2.3.44.

⁴ OJ C 237, 19.9.1985; Bull. EC 7/8-1985, point 2.1.192.

felt it necessary to improve infrastructures, customs formalities and customs clearance procedures in Community airports. The same applied to rail transport, particularly the transport of goods by rail when border crossings were involved.

To give effect to the measures proposed regarding transport links with non-Community countries, the Committee considered that negotiations should be started with such countries, particularly with those over whose territory goods pass in intra-Community transit (i.e. Austria, Switzerland and Yugoslavia). Steps should be taken to abolish road tolls and heavy goods vehicles fees, since such procedures complicate customs clearance at borders.

European Investment Bank

Operations in January and February

2.4.38. Loans totalling 151.1 million ECU¹ were announced by the European Investment Bank in January and February for investments within the Community, including 114.9 million in the United Kingdom, 29 million in Denmark, 4.2 million in Ireland and 3 million in France. Outside the Community the Bank lent 50 million ECU in Egypt and Israel under the Financial Protocols between the Community and these two Mediterranean countries.

Community

United Kingdom

2.4.39. UKL 71.3 million was lent in the United Kingdom for port and road improvements, water supply, pollution control, and electricity production.

A loan of UKL 29 million to the South of Scotland Electricity Board will assist further construction of the Torness power station, the total planned net output of which is to be 1 298 MW. UKL 10 million lent to the North-West Water Authority will be used

for improvements to water supplies in regions facing economic difficulty. Similarly, a loan of UKL 10 million to the Yorkshire Water Authority will go towards water treatment plants, the sewage infrastructure and sewage treatment works.

UKL 5 million granted to the Felixstowe Dock and Railway Company, a subsidiary of European Ferries Group, will be used to expand container terminal facilities and construct a new berth in the port of Felixstowe to cope with increasing container traffic and large, new-generation container vessels. Felixstowe is the largest container port in the United Kingdom and an important link in the country's trade with the rest of the Community.

UKL 8.5 million was lent to Merseyside County Council for road improvement schemes aimed at reducing traffic congestion and for a new terminal building and associated facilities at Liverpool Airport. A loan of UKL 6 million to Lothian Regional Council is for the construction of a 4.7-km section of the Edinburgh by-pass, together with ancillary roads, interchanges and other structures. This will remove a bottleneck on a major regional route. UKL 2.75 million was lent to Cornwall County Council for upgrading roads and constructing by-passes to improve communications and the flow of goods vehicles and heavy summer tourist traffic. The funds are for 16 road schemes, including an access road to Mabe and new by-passes for Sticker and Carnon.

Denmark

2.4.40. DKR 232 million was lent in Denmark for energy and infrastructure investments in Jutland and Bornholm:

DKR 200 million to Naturgas Syd I/S, a partnership of 50 municipalities in the counties of Vejle, Ribe and Sønderjylland, will assist construction of a regional trans-

¹ The conversion rates at 31 December used by the EIB in statistics for the first quarter were 1 ECU = BFR 44.65, DKR 7.96, DM 2.28, DR 131.2, ESC 140.74, FF 6.70, HFL 2.46, IRL 0.71, LFR 44.65, LIT 1 490, PTA 136.52, UKL 0.62, USD 0.89.

mission system and local distribution grids for natural gas as part of the scheme to reduce the country's dependence on imported oil by developing natural gas resources off the coast of Jutland.

DKR 32 million granted to the district of Hasle on the island of Bornholm will go towards harbour extensions to improve handling of the increasing traffic of both fishing and pleasure craft and towards the construction of a district heating system using renewable energy resources.

Ireland

2.4.41. In Ireland a global loan (credit line) of IRL 3 million to the Industrial Credit Corporation will help finance small and medium-sized industrial and tourism ventures throughout the country. The funds will be onlent in amounts ranging from IRL 15 000 to IRL 150 000 to contribute to the financing of projects undertaken by small firms.

France


2.4.42. In France FF 20 million granted to the Caisse d'aide à l'équipement des collectivités locales (CAECL) was onlent to the

Communauté Urbaine de Lyon (Courly), which represents the 55 communes of the metropolitan area. The loan will go towards construction of the A46 motorway, which will provide Lyon with a by-pass to the east and will link the A6 Paris-Dijon motorway with the A42 to Geneva, the A43 to the Alps, and the A7 to southern France. The project will also improve communications with numerous regions receiving regional aid, in particular the Auvergne. The loan is for the Rillieux-Neyron section, the northern link in the planned by-pass.

Outside the Community

2.4.43. In Egypt the Bank lent 30 million ECU for extension of the Shubrah El Kheima station to meet rising demand for electricity.

In Israel the Bank granted a global loan of 20 million ECU to the Industrial Development Bank of Israel (IDBI) for small and medium-sized industrial ventures. The loan exhausts the total of 40 million ECU available under the second EEC-Israel Financial Protocol and follows a global loan of 20 million ECU advanced by the Bank to IDBI last year and two global loans of 15 million ECU each under the first Financial Protocol.



PART THREE
DOCUMENTATION

1. ECU

Values in national currencies of one ECU

28 February 1986 ¹	
Belgian franc and Luxembourg franc (convertible)	44.1404
Belgian franc and Luxembourg franc (financial)	44.4097
German mark	2.15525
Dutch guilder	2.43501
Pound sterling	0.661243
Danish krone	7.96609
French franc	6.62991
Italian lira	1 467.70
Irish pound	0.713229
Greek drachma	134.006
Spanish peseta	136.093
Portuguese escudo	142.694
United States dollar	0.970704
Swiss franc	1.81861
Swedish krona	6.95170
Norwegian krone	6.79736
Canadian dollar	1.38325
Austrian schilling	15.1430
Finnish mark	4.92099
Japanese yen	174.824
Australian dollar	1.38672
New Zealand dollar	1.84545

¹ OJ C 47, 1.3.1986

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

February 1985	
National currency	Value in national currency of one ECU
Belgian franc and Luxembourg franc	46.4118
Danish krone	8.41499
German mark	2.39792 ¹ 2.41047 ² 2.38516 ³
Greek drachma	77.2479 ⁴ 102.345 ³
French franc	7.00089 ³ 6.49211 ⁴ 7.10590 ⁵
Irish pound	0.725690 ⁴ 0.750110 ³
Italian lira	1 341.00 ⁴ 1 482.00 ³
Dutch guilder	2.70178 ¹ 2.71620 ² 2.68749 ³
Pound sterling	0.618655

¹ For cereals and durum wheat.

² For milk and milk products.

³ For other products.

⁴ For seeds.

⁵ For milk and milk products, pigmeat, wine, and sheepmeat and goatmeat.

2. Additional references in the Official Journal

3.2.1. This section lists the titles of legal instruments and notices of Community institutions or organs which have appeared in the Official Journal since the last Bulletin was published but relating to items appearing in earlier issues of the Bulletin; the references were not available when the Bulletin went to press.

The number of the Bulletin and the point to which this additional information refers is followed by the title shown on the cover of the Official Journal, the number of the issue and the date of publication.

Bull. EC 7/8-1985

Point 2.1.230

Proposal for a Council Decision adopting three multiannual research and development programmes in the field of the environment (1986 to 1990) (environmental protection, climatology, major technological hazards)

OJ C 301, 25.11.1985

Bull. EC 11-1985

Point 1.3.3

Commission Decision of 22 November 1985 authorizing Greece to take certain safeguard measures under Article 108 (3) of the EEC Treaty

OJ L 373, 31.12.1985

Points 2.5.20 to 2.5.33

Opinions adopted by the Economic and Social Committee during its session on 27 and 28 November

OJ C 344, 31.12.1985

Bull. EC 12-1985

Point 2.1.2

Council Decision of 20 December 1985 adopting the annual report on the economic situation in the Community and laying down economic policy guidelines for 1986

OJ L 377, 31.12.1985

Point 2.1.97

Commission Decision of 19 December 1985 on applications for assistance from the European Communities concerning exceptional financial support for Greece in the social field, submitted by Greece (1985)

OJ L 379, 31.12.1985

Point 2.5.20

Opinion of the Court of Auditors of the European Communities on the proposal for a Council Regulation (EEC) amending Regulation (EEC) No 2681/74 on Community financing of expenditure incurred in respect of the supply of agricultural products as food aid

OJ C 357, 31.12.1985

Points 2.5.23 to 2.5.29

Opinions adopted by the Economic and Social Committee during its session on 17 and 18 December

OJ C 354, 31.12.1985

3. Infringement procedures

Initiation of proceedings for failure to implement directives

3.3.1. In February 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 three cases:

Internal market and industrial affairs

Commission Directive of 18 February 1985¹ 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 vehicles² (Belgium, Netherlands, Luxembourg).

Environment, consumer protection and nuclear safety

Council Directive of 26 September 1983 on limit values and quality objectives for cadmium discharges³ (Belgium, France, Greece).

Commission Directive of 25 April 1984⁴ 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 substances⁵ (France).

Reasoned opinions

3.3.2. The Commission delivered reasoned opinions in the following cases:

Agriculture

Failure to inform the Commission of national measures to give effect to the Council Directive of 30 June 1982 concerning certain products used in animal nutrition⁶ (Belgium, Netherlands).

Failure to inform the Commission of national measures to give effect to the Council Directive of 18 April 1983 on the fixing of guidelines for the assessment of certain products used in animal nutrition⁷ (Netherlands).

Obstacle to imports of sheepmeat and goatmeat from Hungary (Greece).

Personnel and administration

Abolition of the reductions in property tax for Community officials (Belgium).

Obstacle to the transfer to the Communities of the actuarial equivalent or surrender value of pension rights acquired at national level (France).

Financial institutions and taxation

Failure to apply correctly the sixth Council Directive of 17 May 1977 on the harmonization of the laws of the Member States relating to turnover taxes — Common system of value-added tax: uniform basis of assessment,⁸ as regards the options specified in Annex G (Belgium, Luxembourg).

¹ OJ L 90, 29.3.1985.

² OJ L 68, 22.3.1971.

³ OJ L 291, 24.10.1983.

⁴ OJ L 251, 19.9.1984.

⁵ OJ 196, 16.8.1967.

⁶ OJ L 213, 21.7.1982.

⁷ OJ L 126, 13.5.1983.

⁸ OJ L 145, 13.6.1977.

4. European political cooperation

Decision adopted by the Foreign Ministers on the occasion of the signing of the Single European Act¹

3.4.1. The Foreign Ministers, meeting in the framework of European political cooperation, hereby decide, on the occasion of the signing of the Single European Act, to adopt the provisions set out in the body of this text concerning the practical application of certain aspects of Title III of this Act. These provisions may be reviewed in accordance with the procedures in force within European political cooperation.

The Ministers confirm that the customary procedures which have been set up to ensure the practical working of European political cooperation, in particular in the Luxembourg (1970), Copenhagen (1973) and London (1981) reports and the Solemn Declaration on European Union (1983), and which are summarized in the 'Coutumier', remain in force, the following provisions being supplementary to them.

I — Relations between European political cooperation and the European Parliament

With a view to ensuring the close association of the European Parliament with European political cooperation contacts with the European Parliament shall take place as follows.

1. The Presidency shall regularly inform the European Parliament of foreign policy topics discussed in the context of European political cooperation.
2. The Presidency shall address the European Parliament at the start of its period in office and present its programme. At the end of this period, it shall present a report to the European Parliament on progress made.
3. Once a year, the Presidency shall send a written communication to the European Parliament on progress in the field of European political cooperation and take part at ministerial level in the general European Parliament debate on foreign policy.
4. The Presidency-in-Office of European political cooperation and the members of the Political Affairs Committee of the European Parliament shall hold an informal colloquy four times a year to discuss the most important recent developments in European political cooperation.

In order to prepare these colloquies, the Political Committee shall draw the Ministers' attention to the positions adopted by the European Parliament on foreign policy matters.

In order to make these discussions more fruitful, the Presidency and the Political Affairs Committee of the European Parliament shall communicate to each other in advance the main possible topics for discussion.

5. By joint agreement, special information sessions at ministerial level on specific European political cooperation topics may be organized as required.
6. The Presidency shall reply to parliamentary questions on European political cooperation activities and take part in European Parliament question time according to the approved customary procedures.
7. The Presidency shall ensure that the views of the European Parliament, as expressed in its resolutions, shall be duly taken into consideration in European political cooperation work. It shall reply to resolutions on matters of major importance and general concern on which the European Parliament requests its comments.
8. The Presidency shall transmit to the European Parliament as soon as possible declarations adopted within the framework of European political cooperation.

II — Cooperation of Member States' missions and Commission delegations in third countries and international organizations

1. Member States' missions and Commission delegations shall intensify their cooperation in third countries and international organizations in the following areas:
 - (a) exchange of political and economic information;
 - (b) pooling of information on administrative and practical problems;
 - (c) mutual assistance in the material and practical sphere;
 - (d) communications;
 - (e) exchange of information and drawing up of joint plans in case of local crises;
 - (f) security measures;

¹ Supplement 2/86 — Bull. EC.

- (g) consular matters;
- (h) Health, particularly in the field of health and medical facilities;
- (i) educational matters (schooling);
- (j) information;
- (k) cultural affairs;
- (l) development aid. The relevant Council provisions should be noted here.

2. The Member States' Heads of Mission and the Commission's Representative in third countries shall meet regularly in order to coordinate their views and prepare joint reports, either at the request of the Political Committee or on their own initiative when the situation requires.

3. With a view to strengthening the cooperation of missions in third countries, this topic shall be examined periodically by the Political Committee on the basis of reports drawn up for this purpose by the missions.

4. The Member States shall examine the possibility of providing help and assistance in third countries to nationals of Member States which have no representation there.

III — European political cooperation Secretariat: responsibilities and organization

The Secretariat of European political cooperation shall act under the authority of the Presidency. It shall assist the Presidency in preparing and implementing European political cooperation activities and in administrative matters.

It shall assist the Presidency in ensuring the continuity of European political cooperation and its consistency with Community positions.

The Secretariat shall:

- (a) assist the Presidency in the organization of European political cooperation meetings, including the preparation and circulation of documents and the drawing up of minutes;
- (b) work with the European Correspondents Group in the preparation of conclusions and guidelines and in carrying out any other task entrusted to the Group by the Political Committee;
- (c) assist the chairmen of working groups as regards procedures and precedents and the drafting of oral reports and studies;
- (d) assist the Presidency in the preparation of texts to be published on behalf of the Member States, including replies to parliamentary questions

and resolutions as defined in item 7, paragraph 2 of Chapter 1 on relations between European political cooperation and the European Parliament;

(e) maintain the European political cooperation archives and assist the Presidency in preparing the six-monthly compilation of European political cooperation texts;

(f) keep up to date the body of European political cooperation working practices;

(g) assist the Presidency, where appropriate, in contacts with third countries.

2. The Secretariat shall make the necessary arrangements to provide interpretation into all the official languages of the Community at meetings of Heads of State or Government as well as ministerial meetings. It shall ensure that all European political cooperation texts submitted to or adopted at these meetings are immediately translated into all the official Community languages.

3. The Secretariat shall be composed of five officials. Following on from the support team arrangement, the Presidency-in-Office of European political cooperation together with the two preceding and the two following Presidencies shall each second an official for a period covering five presidencies. The status of the officials of the Foreign Ministries on temporary secondment to the Secretariat shall be identical to that of members of the diplomatic missions in Brussels, to which they shall be administratively attached.

The Head of the Secretariat shall be appointed by the Foreign Ministers under arrangements to be agreed between them.

4. Matters concerning administrative staff, infrastructure, equipment and operating expenses will be the subject of a further decision.

IV — Venues for European political cooperation meetings

European political cooperation meetings shall normally be held at the seat of the Secretariat. Ministerial-level and Political Committee meetings may take place in the capital city of the Presidency.

V — Use of languages in European political cooperation

Use of languages shall be in accordance with the rules of the European Communities.

For meetings of officials and Coreu communications, the current practice of European political cooperation will serve as a guide for the time being.