

# Bulletin

## OF THE EUROPEAN COMMUNITIES

Commission

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No 3 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

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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 1-1986, point 1.1.3 or 2.2.36.

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



# Bulletin

## OF THE EUROPEAN COMMUNITIES

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

Sent to press in June 1986

No 3  
1986  
Volume 19

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# contents

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## **PART ONE SPECIAL FEATURES**

1. Guidelines for a new framework programme of technological research and development (1987-91) and for a new JCR research programme 7
2. The Community's broadcasting policy — Coordination of certain national provisions 11

## **PART TWO ACTIVITIES IN MARCH 1986**

1. Building the Community 16
  - Economic and monetary policy 16
  - Internal market and industrial affairs 17
  - Steel 20
  - Research and technology 24
  - Industrial innovation and the information market 28
  - Customs union 28
  - Competition 30
  - Financial institutions and taxation 32
  - Employment, education and social policy 33
  - Culture 36
  - A people's Europe 36
  - Regional policy 37
  - Coordinated application of structural financial instruments 37
  - Environment and consumers 38
  - Agriculture 41
  - Fisheries 49
  - Transport 50
  - Energy 51

2. External relations	52
— Renewal of the Multifibre Arrangement	52
— Commercial policy	53
— Relations with industrialized countries	54
— Relations with other countries and regions	57
• Mediterranean countries	57
• Countries of the Gulf and the Arabian Peninsula	57
• Asia	58
• Latin America	59
• State-trading countries	60
— Development	60
— International organizations and conferences	67
— Diplomatic relations	67
3. Financing Community activities	68
4. Political and institutional matters	70
— European political cooperation	70
— Institutions and organs of the Communities	70
• Parliament	70
• Council	75
• Commission	78
• Court of Justice	79
• Court of Auditors	88
• Economic and Social Committee	88
• ECSC Consultative Committee	90
• European Investment Bank	91

## **PART THREE      DOCUMENTATION**

1. ECU	94
2. Additional references in the Official Journal	95
3. Infringement procedures	96
4. The Consultative Committee of the European Coal and Steel Community	100

## Supplements 1986

- 1/86 Programme of the Commission for 1986
- 2/86 Single European Act
- 3/86 Equal opportunities for women — Medium-term Community programme 1986-90
- 4/86 Community action in the field of tourism

### CORRIGENDUM

On page 11 of *Supplement 2/86*, Single European Act, the fifth line of Article 8A to read:

Articles 8B, 8C, 28, 57 (2), 59, 70 (1), 84, 99, 100A



**PART ONE**  
**SPECIAL FEATURES**

## Bulletin information service

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

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## References in text and footnotes

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

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

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

ECU	=	European currency unit
BFR	=	Belgische frank / Franc belge
DKR	=	Dansk krone
DM	=	Deutsche Mark
DR	=	Greek drachma
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. Guidelines for a new framework programme of technological research and development (1987-91) and for a new JRC research programme

## New framework programme

1.1.1. In a world marked by the acceleration of the process of innovation, the global spread of productive activities, the development of services and, lastly, the expansion of defence programmes and the importance attached to space in national technological development, Europe is beginning to organize. The year 1985 saw the launching of the Technology Community, the Eureka initiative and the formal inclusion of technological R&D activities in the Single European Act.<sup>1</sup>

In this context, on 20 March the Commission sent the Council a communication setting out guidelines for a new Community framework programme of technological research and development in the period 1987-91<sup>2</sup> as a follow-up to the first framework programme (1984-87)<sup>3</sup>. In the light of the Research Ministers discussions in the Council and of the opinions to be delivered by Parliament and the Economic and Social Committee, the Commission will adopt its actual framework programme proposal before the summer.

At the same time, the Commission sent the Council a discussion paper outlining the future multiannual programme (1987-91) of the Joint Research Centre (JRC).<sup>4</sup> The guidelines it contains will be discussed in conjunction with those relating to the framework programme, of which the JRC programme forms an integral part.

### The contribution of the Community dimension to technological R&D in Europe

1.1.2. The success and reputation of such programmes as Esprit,<sup>5</sup> RACE<sup>6</sup> and Brite<sup>7</sup> derive from an appreciation of the

added value generated by Community technological R&D activities.

The Community provides a framework for a synergy between efforts and abilities; it thus promotes the attainment of economies of scale and critical size and provides the opportunities for diversification which are essential to rapid and cost-intensive scientific and technical development.

Community action creates the fertile soil for greater creativity and cooperation on the part of the scientists and industrialists involved in strategic programmes and in priority and significant projects.

The Community framework provides a link between activities in the field of technology and the large-scale European market. In 1992 it will enable such activities to take place in the context of open public-sector markets based on common standards and a common industrial property policy.

The resources allocated to research are drawn from the Community budget; as a supplementary measure, the coming months will see the introduction of new financial instruments especially tailored to the particular needs of scientists and industrialists.

The Community context also provides a link with a dynamic commercial policy which extends and underpins the efforts of research workers and industrialists.

Lastly, the Community constitutes a coherent framework for optimizing the efforts of

<sup>1</sup> Supplement 2/86 — Bull. EC.

<sup>2</sup> COM(86) 129 final.

<sup>3</sup> OJ C 208, 4.8.1983; Supplement 5/83 — Bull. EC; Bull. EC 6-1983, point 2.1.248.

<sup>4</sup> COM(86) 145 final.

<sup>5</sup> OJ L 67, 9.3.1984.

<sup>6</sup> OJ L 210, 7.8.1985; Bull. EC 7/8-1985, point 2.1.225 (programme definition phase).

<sup>7</sup> OJ L 83, 25.3.1985.

the Member States, exploiting their specific potential and avoiding the duplication of activities, all of which benefits both the Community as a whole and its individual regions.

### **A new institutional legitimacy for technological research and development**

1.1.3. The Single European Act<sup>1</sup> establishes a new political and legal basis for the development of the Community's scientific and technical strategy.

Community activity in the field of technological R&D will be conducted in a series of programmes at three interconnected levels, namely:

- (i) a unanimously approved multiannual framework programme, which will provide the basis for a balanced overall development of Community projects;
- (ii) specific programmes, adopted by qualified majority, which are concerned with particular objectives, designed to promote cooperation between all the partners and open to participation by non-member countries;
- (iii) supplementary programmes in which Member States will participate on a voluntary basis.

### **Priorities for Community action**

1.1.4. The Commission is proposing seven lines of action adapted to the new requirements of the 1990s.

These lines of action, which are essentially intended to contribute to the improvement of Europe's international competitiveness, the enrichment of the quality of life and the creation of a genuine research workers' Europe, cover the following seven topics:

- (i) management of resources (particularly in agriculture);
- (ii) management of energy;

(iii) competitiveness of industry and services (information technology, telecommunications, etc.);

(iv) quality of life ('Europe against cancer', measures to combat AIDS, safety, environmental protection, etc);

(v) science and technology for development;

(vi) Europe's scientific and technical potential;

(vii) general support for scientific and technical development (innovation, scientific networks, machine translation, etc.).

The Commission recommends a substantial increase in activities designed to improve the competitiveness of industry and its services, not only because of the changing world scientific and technological situation but also because of the increasing pressure of the external challenge confronting Europe.

As regards the management of energy, the Commission hopes to consolidate Europe's world lead in thermonuclear fusion, which is one of the areas where efforts are integrated on a fully European scale.

A fairly substantial reorganization of activities is recommended with regard to other aspects of energy research. Nevertheless, the Commission is of the opinion that the present, still unpredictable, fluctuations in the price of oil must not lead to the abandonment of this type of research, which remains an important factor both for the diversification of the Community's sources of supply and for the reduction of its energy consumption.

The Commission is also examining the possibility of including activities relating to the exploitation of space and the development of aviation technology among projects to be executed under the next framework programme.

The scale of the challenge and the Community's ability to respond will necessitate

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<sup>1</sup> Supplement 2/86 — Bull. EC.

an appreciable increase in the financial resources, both public and private, national and Community, made available for research and technology. For its part, the Commission puts the total financial commitment required for the implementation of the 1987-91 programme at approximately 10 000 million ECU. Although this amount represents an appreciable increase in relation to the budget for the preceding programme, it is equivalent to less than 5% of total research expenditure in the Member States over the same period.

### **New arrangements for implementing Community research**

1.1.5. For the future framework programme, the Commission is in favour of a significant increase in shared-cost projects of the Esprit type as opposed to the direct-action projects carried out at the Joint Research Centre, the role and tasks of which have been re-evaluated and are discussed elsewhere (→ point 1.1.7).

Furthermore, in addition to those already laid down for technological R&D in the Community, new implementing arrangements are to be prepared, for example through the creation of joint undertakings or the initiation of supplementary programmes, for which the Single European Act provides.

The Commission is prepared to examine the possibility of setting up flexible structures of the 'agency' type as a means of creating an interface between Community priorities and policies on the one hand and the specific requirements of operators on the other.

Lastly, Community budgetary intervention will be supplemented by a number of facilities deriving from new Commission initiatives relating to financial engineering, notably in the case of technological R&D projects for industrial-scale applications which are close to the market, such as the Eureka projects.

### **An open Technology Community**

1.1.6. The Technology Community cannot confine itself within its geographical and institutional frontiers.

By adopting an open stance towards the outside world, it will reinforce its international cooperation in the pattern already established in the field of thermonuclear fusion.

On a strictly European level, the Commission recommends a strengthening of relations with the European Space Agency, CERN, the European Science Foundation and the Council of Europe.

Bilateral cooperation with the EFTA countries will acquire a new dimension with the implementation of framework agreements for scientific and technical cooperation which have already been, or are about to be, signed.

In the execution of the framework programme, considerable importance will be attached to the development of cooperation within the framework of COST, in which many non-member countries are participating.

Lastly, the Commission supports the Eureka initiative. It considers that, by virtue of their complementarity, Community programmes and the Eureka projects constitute a single whole oriented towards the attainment of the same objective, namely the improvement of international industrial competitiveness and the attainment of higher levels of employment and greater prosperity in Europe.

Consequently, the Community (in particular the Commission) will be able to make a variety of contributions designed to ensure that the potential of the Eureka initiative is fully realized; these include:

- (i) cooperation in Eureka projects,
- (ii) the secondment of qualified staff to the Eureka secretariat,
- (iii) the organization of industrial seminars,

- (iv) the provision of access to an information communication system developed within the Esprit framework,
- (v) the opening-up of the large market,
- (vi) the creation of suitable new institutional and financial frameworks.

## New JRC programme

1.1.7. In its discussion paper outlining future developments for the Joint Research Centre, the Commission identifies the Centre's new research priorities for the period 1987-91. It considers that, whereas the JRC's programmes originally centred on nuclear research, its main function nowadays is to provide the necessary background information for the preparation of norms and standards, particularly in the fields of safety and the environment and in selected industrial sectors.

The changes envisaged under the new programme as compared with the current one (1984-87)<sup>1</sup> reflect the JRC's new role and a shift in emphasis from nuclear to non-nuclear activities. In accordance with the priorities indicated by the Commission in presenting the guidelines for the future framework programme (→ points 1.1.1 to 1.1.6), those proposed for the new JRC programme are characterized by an emphasis on measures designed to improve the competitiveness of Community industries and services, a reduction of activities in the energy sector (especially where nuclear energy is concerned) and a greater concentration on the quality of life, with particular reference to the environment.

The increase in work under the heading competitiveness of industry and services will be emphasized by the formulation of a programme on advanced materials metrol-

ogy and safety at the Petten Establishment, together with a component from the Ispra Establishment, concentrating structural mechanics activities towards safety research in non-nuclear fields.

A reference measurements and materials programme at the Geel Establishment will be required for the continuing need for work on nuclear data and reference materials, but with further emphasis on work for requirements from the thermonuclear fusion field, and with a component of work in the non-nuclear application area using similar methods as in the nuclear field.

Work on the quality of life objective will be based principally on existing activities for protection of the environment, and the use of remote sensing data for the environment and in the industrial hazards area, but with stronger emphasis on research permitting the setting of norms and standards and common codes of practice.

The contribution to the overall European fusion programme performed chiefly in the Ispra Establishment should remain at the same level as at present. The research will, however, be oriented more towards safety issues.

The Commission also plans to strengthen the JRC's role as regards cooperation with industry and national laboratories and to increase the numbers of visiting scientists and young research fellows from the Member States working in the Centre's installations. It also hopes to introduce a number of changes in management methods.

This reorganization of the JRC's activities is not likely to entail any change in the volume of financial and staff resources allocated to it.

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<sup>1</sup> OJ L 3, 5.1.1984; Bull. EC 12-1983, point 2.1.225.

## 2. The Community's broadcasting policy

### Coordination of certain national provisions

1.2.1. On 19 March the Commission adopted a proposal for a Directive,<sup>1</sup> to be transmitted to the Council, on the coordination of certain provisions in the Member States relating to broadcasting.<sup>2</sup> The purpose of the proposal is to promote the broadcasting throughout the Community of radio and television programmes from each Member State and the production of television programmes in Europe. This will further the economic, social, cultural and political interpenetration of the Member States and their peoples and encourage the development of national cultural industries and hence the expression of the cultural identity of each Member State.

The Directive will remove certain legal barriers to the unrestricted transmission of radio and television programmes, in particular barriers in the area of advertising and copyright, by approximating national laws. It also proposes to create markets of a sufficient size for television programmes produced in the Member States by introducing common rules to open up national markets and by providing for preferential distribution of Community productions and coproductions.

This proposal, then, is a major step towards the establishment of a common market both for radio and television programmes and for radio and television advertising of products and services throughout the Community.

It was part of the programme contained in the Commission White Paper on completing the internal market,<sup>3</sup> in which radio and television services are regarded as an important factor. In that document the Commission calls for the proposal to be adopted in 1987 at the latest.

The legal basis is Article 57(2) of the EEC Treaty, in conjunction with Article 66, which provides for the coordination of provisions concerning the taking up and pursuit of activities as self-employed persons — a

category which includes the cultural professions, producers, broadcasters, cable operators and the like — in order to facilitate the pursuit of these activities.

### Television without frontiers — an aspect of Community policies for the internal market and the cultural industries

1.2.2. Not so very long ago television was, on the whole, organized largely along national lines. Existing broadcasting systems were thus marked by a distinct national bias and character. These features were often incorporated in the specialized international structures dealing with television broadcasting, which recognize, and even actively uphold, the right of each State to regulate television programmes received in its territory as it sees fit.

1.2.3. In recent years technical progress has brought about changes in this situation. The capacity of television broadcasting systems is on the increase, as is their ability to transmit programmes efficiently and at little cost over considerable distances. Retransmission by cable, followed by telecommunications satellites combined with cable and now direct broadcasting by satellite (DBS) are replacing conventional broadcasting techniques and opening the way for new types of activity, including cross-frontier broadcasting.

1.2.4. Wishing to facilitate and coordinate these developments and to ensure a consistent approach in this sector, the Commission sent to the Council on 24 January a proposal for a Directive on the adoption of common technical specifications of the MAC/packet family of standards for DBS.<sup>4</sup>

<sup>1</sup> COM(86) 146 final.

<sup>2</sup> The proposal is to be published as Bulletin Supplement 5/86.

<sup>3</sup> Bull. EC 6-1985, point 1.3.5.

<sup>4</sup> Bull. EC 1-1986, point 2.1.37 (MAC = multiplexed analogue components).

In proposing this Directive the Commission hoped to avoid a repetition in the new area of DBS of the situation currently prevailing in the conventional broadcasting sector, where there are two systems (PAL and SECAM), to the detriment of the industry and viewers. The Directive is designed to unify the potential market in television receivers needed for DBS systems. At the same time (and to supplement the moves *vis-à-vis* the equipment manufacturing industry) it should provide a framework for decision-making that will benefit both operators, including cable operators, and the public.

1.2.5. At Community level, broadcasting, notably radio and television advertising, is a service within the meaning of the relevant provisions of the EEC Treaty. In the case of television this was of little consequence as long as broadcasting techniques limited the scope of cross-frontier activities. However, present trends give the Treaty provisions special importance, as the legal basis for Community broadcasters, both existing and potential, to apply for access to radio and television space in Member States other than the one in which they are established.

1.2.6. The Commission's approach to this problem, then, is a key factor in its strategy to establish a Community internal market for services, since services using modern communication and information techniques to reach people in their homes are of vital interest. The creation of a common broadcasting market is therefore considered an important and urgent task in the Commission White Paper on completing the internal market,<sup>1</sup> the principle and general content of which were approved at the Milan European Council.<sup>2</sup>

1.2.7. It is also clear that the problem is not just an economic or technical one. Cross-frontier broadcasting will help to promote some of the fundamental objectives of the EEC Treaty, notably achievement of an ever closer union between the peoples of Europe, the preservation and strengthening of peace and liberty, and the establishment of closer relations between

the Member States, and to safeguard the fundamental freedoms set out in Article 10 of the European Convention on Human Rights.<sup>3</sup>

1.2.8. The marked interest of the European Parliament in this matter and the general support of most of its Members for steps to promote the exchange of radio and television broadcasts between Member States are in large measure distinctly political in origin. In addition to the economic goal of creating a large internal market for broadcasting and ancillary industries and advertising, major considerations for Parliament include cultural policy, information policy and the promotion of European integration.<sup>4</sup> The idea is that enabling people in any Member State who so wish to receive broadcasts from other Member States will further cultural interpenetration, which will make a substantial contribution to the future expansion of the European Community into a genuine community. Everyone will have ready access to the ideas, information, opinions, events and entertainment put out on television by other Member States.

This broader outlook is shared by the *ad hoc* Committee on a People's Europe.<sup>5</sup> The Milan European Council approved the proposals contained in this Committee's final report, stressing in particular the proposals regarding culture, and instructed the Council, the Member States and the Commission to take the measures needed to implement them.<sup>6</sup>

Moreover, the Commission's proposal follows on from its Green Paper on 'Television without Frontiers'<sup>7</sup> and was drawn up in the light of the exhaustive debate that has

<sup>1</sup> Bull. EC 6-1985, point 1.3.5; see also COM(85) 310 final, sections 115 to 117.

<sup>2</sup> Bull. EC 6-1985, point 1.2.5.

<sup>3</sup> This article affirms in particular the right 'to receive and impart information and ideas without interference by public authority and regardless of frontiers.'

<sup>4</sup> OJ C 288, 11.11.1985.

<sup>5</sup> Supplement 7/85 — Bull. EC; Bull. EC 3-1985, point 3.6.1; Bull. EC 6-1985, point 1.4.1 *et seq.*

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

<sup>7</sup> Bull. EC 5-1984, point 1.3.1 *et seq.*

since taken place among the general public and in the business and professional circles concerned by the subjects of the proposals.

### Objectives of the proposal

1.2.9. The main objective of the proposed Directive is to ensure that broadcasts — especially television programmes — which satisfy the conditions laid down can be received and retransmitted freely in all the Member States. Once the Directive is adopted and has taken effect, it will be possible for any broadcast conforming to the laws of the Member State in which it originates to be transmitted freely throughout the Community without any restrictions arising out of different national provisions regarding radio and television advertising and protection of young people, since the laws of the Member States in these areas will have been coordinated. The proposed coordination consists of a limited number of rules constituting the minimum requirement for the protection of the various interests involved. The Member States will thus retain the right to impose more stringent or more detailed conditions on broadcasts transmitted from their territories.

1.2.10. The proposal provides for the approximation of the laws of the Member States concerning:

- (i) the production of television programmes within the Community;
- (ii) the distribution of Community programmes by television broadcasters;
- (iii) broadcasting advertising and sponsoring;
- (iv) copyright in retransmission of broadcasts by cable;
- (v) the protection of children and young persons;
- (vi) the law applicable to broadcasts.

1.2.11. More specifically, it has the following objectives:

- (i) to promote the dissemination within the Community of radio and television programmes from each Member State, thus

advancing the mutual economic, social, cultural and political interpenetration of the Member States and their peoples (a people's Europe);

- (ii) to promote freedom of expression within the Community, especially the right to receive or impart information and ideas without interference by public authority and regardless of frontiers (human rights);

- (iii) to promote the freedom to provide broadcasting services across the internal frontiers of the Community, including programmes which help to develop an exchange of products and services (economic rights);

- (iv) to guarantee the unrestricted transmission within the Community of all radio and television programmes, while respecting the law of the Member State in which they originate, by coordinating the laws of the Member States which might be used to impede the reception and redistribution of cross-frontier programmes, thus avoiding the cumulative application of the laws of all the Member States (and their regions) in which such broadcasts are received and retransmitted (unrestricted transmission of broadcasts);

- (v) to promote the establishment of markets of sufficient size for television productions in the Member States, so as to make the required investments profitable, by establishing common rules designed to open up national markets and gradually introduce a common market for each type of programme (European programme markets);

- (vi) to increase the production of television programmes in each Member State, in particular of creative works, in order to develop the national cultural industries (broadcasters, programme companies, producers, creative personnel and other creative activities) and the expression of the cultural identity of each Member State (preference for Community production);

- (vii) to develop new sources of television productions, in particular creative works by small businesses, for the above reasons, and to offer fresh prospects and new outlets

to the creativity of people in the cultural profession (promotion of small firms in the radio and television sector);

(viii) to promote the distribution (transmission and retransmission) of all television programmes produced in the Community, especially creative works, for economic reasons, and to foster cultural exchange and European integration (preference for the distribution of Community production);

(ix) to ensure the payment of authors and other people engaged in the production of programmes for the broadcasting of their works to a wider European audience through legislation on copyright and similar rights guaranteeing both compliance with these laws and, where necessary, the removal of obstacles to cross-frontier broadcasts;

(x) to encourage the development of broadcasting as a strategic sector of the Community telecommunications industry, necessitating greater use of modern technologies and equipment, such as satellites, cable networks, aerials, television receivers, etc. (promotion of industrial and economic growth in the telecommunications sector);

(xi) to stimulate the development of a modern communications infrastructure which should make a considerable contribution to improving the Community's economic position and strengthening its future competitiveness on world markets.

### **Content of the proposal**

1.2.12. As regards promoting the production and distribution of European radio and television programmes, all television broadcasters would be obliged to broadcast a certain percentage of programmes of Community origin, including a number of creative works being shown for the first time and programmes produced independently. The proposal thus offers the necessary outlets for stimulating the development of the Community programme industry and

ensuring the inclusion of programmes expressing the cultural diversity of the Community.

1.2.13. As regards the legal framework for advertising, while leaving Member States to authorize or ban radio and television advertising at national level and to limit its air time, the proposal provides for the unrestricted cross-frontier transmission of television programmes in which advertising accounts for less than 15% of the total air time. It also provides for certain fundamental advertising programming requirements (interruption of programmes, duration of advertising spots, general criteria applicable to advertising, ban on advertising for all tobacco products, restricted advertising of alcoholic beverages, protection of the young with regard to advertising and sponsorship and monitoring), but it leaves Member States the option of laying down stricter and more detailed standards and also of banning or restricting advertising on Sundays and public holidays and banning all advertising of alcoholic beverages.

1.2.14. With regard to protection of young people, the proposal requires Member States to refrain from broadcasting programmes which might seriously harm the physical, mental or moral development of young people and provides for appropriate monitoring.

1.2.15. Finally, as regards copyright, the possibility of simultaneous retransmission by cable, unchanged and in full, of programmes from other Member States must be consistent with copyright law. This can be ensured through contractual arrangements between the copyright holders and cable operators. However, in the absence of such arrangements, after a period of two years for negotiation, a statutory licence may be granted, the holders of copyright and related rights being assured of equitable remuneration in accordance with specified criteria. Provision is to be made for a system of monitoring of unlawful retransmissions.





**PART THREE**  
**DOCUMENTATION**

# 1. Building the Community

## Economic and monetary policy

### Council

2.1.1. At its economic and financial affairs meeting on 10 March the Council carried out its first-quarter examination of the Community's economic situation (→ point 2.1.2). After adopting the recommendation to be made to Parliament on the discharge to be given to the Commission in respect of the implementation of the 1984 budget, it gave initial consideration to the problems arising in connection with the application of budgetary discipline for 1987, in the light of information supplied by the Commission (→ point 2.3.3). The Council also examined the position to be adopted by the Community in negotiations between the participants in the Arrangement on Guidelines for Officially Supported Export Credits with regard to the financing of tied aid, and adopted the decision on the application of the sectoral agreement concerning export credits for civil aircraft (→ point 2.2.6). Finally, the Council discussed various aspects of the debt problem, with a view to establishing a common position for forthcoming international economic and financial meetings (→ point 2.2.28).

### Economic situation

2.1.2. Acting on the basis of a communication from the Commission transmitted on 5 March,<sup>1</sup> the Council on 10 March conducted its first-quarter examination of the economic situation in the Community, in accordance with Article 2 of the convergence Decision of 18 February 1974.<sup>2</sup> It broadly endorsed the Commission's assessment of the economic situation and shared the Commission's opinion that there was no need at present to adjust the economic policy guidelines for 1986 which it had adopted in December 1985 in its annual economic report.<sup>3</sup>

The Council instructed the Economic Policy Committee to follow economic and monetary developments closely over the next few months and to report back if it saw a need to adjust the economic policy guidelines in the annual report or to take other measures to improve economic policy convergence.

## European Monetary System

### Operation of the EMS

#### *Strengthening the role of the ECU*

2.1.3. On 21 March the ECU Banking Association and the Bank for International Settlements (BIS) signed an agreement on the establishment of a multilateral clearing system for ECU payments, to be run by the BIS. The new system, to be operational towards the end of the year, will enable the large number of ECU transactions and the associated settlements between banks to be handled daily under optimum conditions. This will facilitate private use of the ECU in borrowing and in banking transactions in general.

Because of the growth of the private market for the ECU, the present clearing system, set up on a bilateral basis by a small number of banks, needed to be replaced by a wider and more effective system.

### Economic Policy Committee

2.1.4. At its 166th meeting, held on 5 March with Mr Milleron in the chair, the Economic Policy Committee looked into the economic policy implications of the fall in oil prices and reached conclusions that were presented to the Council.

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<sup>1</sup> Bull. EC 2-1986, point 2.1.1.

<sup>2</sup> OJ L 63, 5.3.1974.

<sup>3</sup> OJ L 377, 31.12.1985; Bull. EC 12-1985, point 2.1.2.

## Monetary Committee

2.1.5. The Monetary Committee held its 321st meeting in Brussels on 24 March, with Mr Tietmeyer in the chair. The main items on the agenda were an exchange of views in preparation for the forthcoming informal meeting of Finance Ministers, and examination of the economic and monetary situation in Portugal.

## Internal market and industrial affairs

### Completing the internal market

#### Council

2.1.6. The Council held a further meeting to discuss the internal market on 18 March. Apart from some proposals on technical barriers (→ points 2.1.12, 2.1.14 and 2.1.15), nothing was adopted. However, tangible progress was made on the proposals for Directives on tractors,<sup>1</sup> construction plant and equipment (roll-over protection structures and falling-object protection structures)<sup>2</sup> and measuring instruments such as tyre pressure gauges,<sup>3</sup> and on limitation of noise emitted by hydraulic and rope-operated excavators, dozers, loaders and excavator-loaders;<sup>4</sup> these proposals too are designed to remove technical barriers to trade.

The Council welcomed the new proposal for a Directive on simple pressure vessels (→ point 2.1.13).

Finally, the Council was pleased to note the considerable progress made with the proposals on the progressive abolition of controls and formalities applicable to nationals of the Member States when crossing intra-Community borders<sup>5</sup> and resumed its examination of the proposal for a Regulation abolishing certain postal charges for customs presentation.<sup>6</sup>

2.1.7. At its meeting on economic and financial affairs on 10 March, the Council reviewed the status of work on the tax measures needed to attain the objective of a single market and asked the Commission to persist in its contacts with certain Member States with the aim of finding a solution to the problems still outstanding, and to report back so as to enable the Council to take a decision in May.

2.1.8. On 9 April the Commission adopted for transmission to the Council a proposal for a Regulation to eliminate customs formalities applicable under the TIR Convention (→ point 2.1.56).

2.1.9. The Commission amended its proposal for a sixteenth Council Directive on value added tax, the purpose of which is to eliminate the double taxation which is still imposed on goods acquired by an individual in one Member State and imported into another (→ point 2.1.90).

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

#### Freedom of broadcasting

2.1.10. On 19 March the Commission adopted a communication for transmission to the Council containing a proposal for a Directive to coordinate certain national provisions relating to broadcasting activities (→ point 1.2.1 *et seq.*)

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<sup>1</sup> OJ C 123, 9.5.1983; Bull. EC 4-1983, point 2.1.11.

<sup>2</sup> OJ C 104, 28.4.1980; Bull. EC 1-1980, point 2.1.7.

<sup>3</sup> OJ C 356, 31.12.1980; Bull. EC 12-1980, point 2.1.11; OJ C 44, 18.2.1982; Bull. EC 1-1982, point 2.1.7.

<sup>4</sup> OJ C 356, 31.12.1980; Bull. EC 10-1980, point 2.1.50; Bull. EC 2-1986, point 2.1.6.

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

<sup>6</sup> OJ C 202, 10.8.1985; Bull. EC 7/8-1985, point 2.1.36.

2.1.11. On 13 March Parliament adopted two resolutions on the controls and formalities applicable to nationals of the Member States when crossing internal Community borders (→ point 2.4.7).<sup>1</sup>

## Free movement of goods

### *Removal of technical and administrative barriers to trade*

#### Industrial products

2.1.12. On 10 March the Council adopted a Directive<sup>2</sup> amending for the second time its Directive of 22 November 1973<sup>3</sup> on the approximation of the laws of the Member States relating to detergents.<sup>4</sup>

The new Directive allows Member States to extend until 31 December 1989 exemptions in respect of certain non-ionic surfactants if the provisions concerning biodegradability levels laid down by the Council Directive of 31 March 1982<sup>5</sup> have not yet produced satisfactory results.

2.1.13. On 7 March the Commission transmitted to the Council a proposal for a Directive on the approximation of the laws of the Member States relating to simple pressure vessels.<sup>6</sup>

This proposal is the first application of the principles embodied in the Council resolution of 7 May 1985 on a new approach to technical harmonization and standards.<sup>7</sup>

As such, it

- (i) concerns only the harmonization of essential safety requirements;
- (ii) requires that only products consistent with the provisions of the Directive be placed on the Community market;
- (iii) establishes conformity attestation procedures.

It applies mainly to compressed-air reservoirs, which are essential parts of compressed-air systems, and to energy accumu-

lators forming part of motor-vehicle braking systems. Moreover, since such products will thus be assured of access to the Community market, the proposed Directive should help to revitalize the industry concerned and to improve its position in the Community's external trade. This would have considerable economic advantages for a sector which accounts for an important part of the business of the Community's mechanical-engineering industry.

Application of the proposed Directive will be simplified by the use of European standards governing the technical aspects of manufacture.

The Commission will ask the European standards institutions to draw up the appropriate standards as soon as possible.

At the same time as it transmitted the new proposal to the Council, the Commission withdrew its proposal of 18 December 1978 concerning certain types of simple pressure vessel.<sup>8</sup>

#### Foodstuffs

2.1.14. On 18 March the Council adopted a Directive<sup>2</sup> amending its Directive of 15 January 1980<sup>9</sup> on the approximation of the laws of the Member States relating to the ranges of nominal quantities and nominal capacities permitted for certain prepackaged products.<sup>10</sup>

The amendments in question concern the text of points 1.5.4 and 4 of Annex I and the introduction to Annex III. They are intended to clarify provisions which have given rise to conflicting interpretations.

<sup>1</sup> OJ C 88, 14.4.1986.

<sup>2</sup> OJ L 80, 25.3.1986.

<sup>3</sup> OJ L 347, 17.12.1973.

<sup>4</sup> OJ C 139, 7.6.1985; Bull. EC 5-1985, point 2.1.11; OJ C 84, 12.4.1986.

<sup>5</sup> OJ L 109, 22.4.1982.

<sup>6</sup> OJ C 89, 15.4.1986; COM(86) 112 final.

<sup>7</sup> OJ C 136, 4.6.1985; Bull. EC 5-1985, point 1.3.1.

<sup>8</sup> OJ C 37, 10.2.1977; Bull. EC 12-1978, point 2.1.8.

<sup>9</sup> OJ L 51, 25.2.1980.

<sup>10</sup> OJ C 18, 25.1.1984; Bull. EC 1-1984, point 2.1.12.

2.1.15. On 25 March the Council adopted a Directive<sup>1</sup> amending for the third time the Directive of 18 June 1974 relating to emulsifiers, stabilizers, thickeners and gelling agents for use in foodstuffs.<sup>2</sup> This new Directive alters the status of certain substances hitherto listed in Annex II (national authorizations) and definitively removes some other substances from the list.

2.1.16. On 14 March the Commission transmitted to the Council a proposal<sup>3</sup> to amend Regulation No 3035/80 laying down general rules for granting export refunds on certain agricultural products exported in the form of goods not covered by Annex II to the Treaty, and the criteria for fixing the amount of such refunds.<sup>4</sup>

2.1.17. The Scientific Committee for Food held a plenary meeting on 13 March at which it delivered an opinion on:

- the report on irradiation of foodstuffs: the irradiation process was approved for certain clearly specified foodstuffs, subject to the dose limits laid down;
- the report on antioxidants: in this case, the Committee was concerned with the updating of the list of harmless antioxidants.

## Pharmaceutical products

2.1.18. On 14 March the Commission amended<sup>5</sup> four of the five proposals it had transmitted to the Council on 3 October 1984,<sup>6</sup> so as to take account both of the opinion of Parliament<sup>7</sup> and of subsequent scientific and technical developments.

## Industry

### Council

2.1.19. The Industry Ministers met on 3 March. The only decisions taken related to steel, in connection with enlargement: the

Council gave assent to two draft Commission decisions establishing the delivery levels of steel products of Spanish and of Portuguese origin (→ point 2.1.24).

The Council held a general exchange of views on state aids to the shipbuilding industry, bearing in mind the expiry on 31 December 1986 of the fifth Directive governing such aids (→ point 2.1.68). There was also an in-depth discussion of the points still outstanding with regard to the proposal for a Directive concerning the first phase of the establishment of mutual recognition of type approval for telecommunications terminal equipment (→ point 2.1.43).

Ministers discussed inconclusively the financial aspects of the proposal for a Regulation concerning a system of incentives for prospecting programmes relating to non-energy mineral raw materials (→ point 2.1.44). They noted a statement by Mr Narjes, Vice-President with special responsibility for industrial affairs, concerning the Commission's communication on the improvement of competitiveness and industrial structures in the Community.<sup>8</sup>

Lastly, with regard to the proposal for a Directive on the legal protection of original topographies of semiconductor products,<sup>9</sup> the Presidency and the Commission indicated that they aimed to have the proposal adopted by the Council in June. Accordingly, the Presidency drew up a very tight schedule for meetings of the bodies responsible for the matter.

<sup>1</sup> OJ L 88, 3.4.1986.

<sup>2</sup> OJ L 189, 12.7.1974.

<sup>3</sup> COM(86) 97 final.

<sup>4</sup> OJ L 323, 29.11.1980.

<sup>5</sup> COM(86) 117 final.

<sup>6</sup> OJ C 293, 5.11.1984; Bull. EC 10-1984, point 2.1.16.

<sup>7</sup> OJ C 36, 17.2.1986.

<sup>8</sup> Bull. EC 2-1986, point 1.4.1 *et seq.*

<sup>9</sup> Bull. EC 12-1985, point 2.1.25.

## Steel

## The Community steel industry

## Market management

## Market situation

## Community steel production

2.1.20. The latest figures put crude steel production in the Community (less Greece) at 11.5 million tonnes in March, up on the February output of 10.7 million tonnes but down on the March 1985 total of 12.277 million tonnes.

Output fell in every Member State except the Netherlands, where it held relatively steady.

Table 1 compares the 1984 and 1985 output figures from the leading European steelmakers.<sup>1</sup>

Table 1 — Production by leading European steelmakers, 1984 and 1985

	(million tonnes)	
	1984	1985
Finsider	13.52	13.45
BSC	12.74	13.35
Thyssen	10.85	11.07
Arbed Group	10.99	10.97
Sacilor	8.30	8.75 <sup>1</sup>
Usinor	9.40	7.22 <sup>1</sup>
Hoogovens	5.53	5.49
Klöckner <sup>2</sup>	4.27	4.59
Cockerill-Sambre	4.84	4.5
Mannesman	3.99	4.40
Krupp	4.40	4.22 <sup>3</sup>
Hoesch	4.10	4.10
Peine-Salzgitter	3.63	3.82

<sup>1</sup> Excluding Unimétal and Ascométal.

<sup>2</sup> Year ending 30 September.

<sup>3</sup> Provisional.

## World production trends

2.1.21. table 2 shows output trends in the leading steel-producing countries up to 1985.

## Forward programme

2.1.22. After receiving the opinion of the ECSC Consultative Committee,<sup>2</sup> on 26 March the Commission approved on second reading<sup>3</sup> the forward programme for steel for the first quarter of 1986.<sup>4</sup>

2.1.23. On 3 March the Commission sent the ECSC Consultative Committee the forward programme for the second quarter.<sup>5</sup> The Committee duly gave its opinion on 14 March (→ point 2.4.24).

The Commission programme includes the economic analysis and market review from which the rates of abatement for the second quarter were calculated.<sup>6</sup> The second quarter may be regarded as satisfactory by current standards, with a production forecast of 30.7 million tonnes of crude steel for the Ten. Output reached 31.55 million tonnes in the second quarter of 1985, in which period the Community achieved the exceptional export performance of 7.65 million tonnes.

As in 1985, the general outlook for manufacturing industry in the Community remains encouraging: growing consumer spending coupled with increased private-sector investment should stimulate the steel-consuming industries. The climate in the construction industry has also improved.

The Commission expects the contraction of export markets brought on by the downturn in the business cycle, the voluntary restraint arrangements with the USA, the tougher competition from Third World steelmakers and the weak US dollar to keep exports below 1985 second-quarter levels.

<sup>1</sup> Source: International Iron and Steel Institute.

<sup>2</sup> Bull. EC 12-1985, point 2.5.31.

<sup>3</sup> OJ C 82, 10.4.1986.

<sup>4</sup> Bull. EC 11-1985, points 2.1.28 *et seq.*

<sup>5</sup> COM(86) 123 final.

<sup>6</sup> Indicative rates of abatement: OJ L 48, 26.2.1986.

Table 2 — Output in leading steel-producing countries, 1979-85

(million tonnes)

	1985	1984	1983	1982	1981	1980	1979	% change 1984-85	% change 1979-85
USSR	155.2 <sup>1</sup>	154.2	152.5	147.2	148.5	147.9	149.1	+ 0.8	+ 4.1
Japan	105.2	105.6	97.2	99.5	101.7	111.4	111.7	- 0.3	- 5.8
USA	80.4	83.9	76.8	67.7	109.6	101.5	123.7	- 4.3	- 35.0
China	46.5	43.4	40.0	37.2	35.6	37.1	34.5	+ 7.2	+ 34.8
Germany (FR)	40.5	39.4	35.7	35.9	41.6	43.8	46.0	+ 2.7	- 12.1
Italy	23.7	24.1	21.8	24.0	24.8	26.5	24.3	- 1.3	- 2.1
Brazil	20.5	18.4	14.7	13.0	13.2	15.3	13.9	+ 11.3	- 47.2
France	18.8	19.0	17.6	18.4	21.3	23.2	23.4	- 0.9	- 19.4
Poland	16.1 <sup>1</sup>	16.5	16.2	14.8	15.7	19.5	19.2	- 2.6	- 16.2
United Kingdom	15.7	15.1	15.0	13.7	15.6	11.3	21.5	+ 4.1	- 26.6
Czechoslovakia	15.2 <sup>1</sup>	14.8	15.0	15.0	15.3	14.9	14.8	+ 2.5	+ 2.6
Canada	14.7 <sup>1</sup>	14.7	12.8	11.9	14.8	15.9	16.1	+ 0.1	- 8.3
Romania	14.4 <sup>1</sup>	14.4	12.6	13.1	13.0	13.2	12.9	- 0.3	+ 11.6
Spain	14.2	13.5	13.0	13.2	12.9	12.6	12.2	+ 5.4	+ 16.0
North Korea	13.5	13.0	11.9	11.8	10.8	8.6	7.6	+ 3.9	+ 77.9
India	11.1	10.5	10.2	11.0	10.8	9.5	10.1	+ 5.6	+ 10.0
Belgium	10.7	11.3	10.2	10.0	12.4	12.4	13.5	- 5.4	- 21.0
South Africa	8.6 <sup>1</sup>	7.7	7.2	8.3	9.0	9.1	8.9	+ 11.3	- 3.0
South Korea	8.4	6.5	6.1	5.8	5.5	5.8	5.4	+ 29.2	+ 55.6
German Dem. Rep.	7.9 <sup>1</sup>	7.6	7.2	7.2	7.5	7.3	7.0	+ 3.7	+ 11.8
Mexico	7.3	7.5	6.9	7.1	7.6	7.2	7.1	- 2.8	+ 2.1
Australia	6.4	6.3	5.7	6.4	7.6	7.6	8.1	+ 1.3	- 21.4
Netherlands	5.5	5.7	4.5	4.4	5.5	5.3	5.8	- 3.8	- 4.9
Taiwan	5.1 <sup>1</sup>	5.0	5.0	4.2	3.2	3.4	3.2	+ 1.8	+ 60.1
Turkey	5.0 <sup>1</sup>	4.3	3.8	3.2	2.4	2.5	2.4	+ 15.2	+ 106.6
Sweden	4.8	4.7	4.2	3.9	3.8	4.2	4.7	+ 2.0	+ 1.4
Austria	4.7	4.9	4.4	4.3	4.7	4.6	4.9	- 4.3	- 5.2
Yugoslavia	4.4 <sup>1</sup>	4.2	4.1	3.8	4.0	3.6	3.5	+ 4.5	+ 24.8
Luxembourg	3.9	4.0	3.3	3.5	3.8	4.6	4.9	- 1.1	- 20.3
Hungary	3.7 <sup>1</sup>	3.8	3.6	3.7	3.6	3.8	3.9	- 2.7	- 6.6
Venezuela	3.0	2.8	2.3	2.3	2.0	2.0	1.5	+ 9.6	+ 105.8
Bulgaria	3.0 <sup>1</sup>	2.9	2.8	2.6	2.5	2.6	2.5	+ 2.5	+ 18.9
Argentina	2.9	2.6	2.9	2.9	2.5	2.7	3.2	+ 11.0	- 8.1
Finland	2.5	2.6	2.4	2.4	2.4	2.5	2.5	- 4.3	+ 2.2
Other countries	16.4	14.9	13.6	12.3	12.5	12.8	12.3	+ 9.7	+ 32.6
Total	719.9	709.9	663.4	645.2	707.5	716.2	746.5	+ 1.4	- 3.6

<sup>1</sup> Estimate.

Against this, the Community market could well attract more of the surplus tonnage unable to find buyers in the USA or elsewhere.

Table 3 shows changes in the crude steel balance in the Ten since the beginning of last year.

Table 3 — *Crude steel balance in the Ten*

	<i>(million tonnes)</i>					
	First quarter 1985	Second quarter 1985	Third quarter 1985	Fourth quarter 1985	First quarter 1986 <sup>2</sup>	Second quarter 1986 <sup>2</sup>
Real consumption	25.75	26.50	23.93	26.8	26.70	26.8
Stock change	- 0.40	- 0.20	0	- 0.30	0	+ 0.2
Imports	2.36	2.40	2.34	2.80	2.50	2.8
Exports	7.42	7.65	7.10	6.00	6.00	6.5
Production	30.42	31.55	28.69	29.70 <sup>1</sup>	30.20	30.7

<sup>1</sup> Provisional.

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

Separate forecasts suggest that Spain and Portugal could add 3.65 million tonnes to take the total for the Twelve up to 34.35 million tonnes.

Despite firm demand, prices have fallen since December, but they are expected to stabilize. It is hard to form a precise picture of the situation, since contracts concluded before the end of 1985 will remain subject to the minimum price rules until the end of March. At the moment, prices still have to be based on list prices and on the December 1985 Decisions applying Article 60 of the ECSC Treaty.<sup>1</sup> Flat product prices have risen by 2 to 3% since 1 January. But the seasonal slackening of demand coupled with falling scrap prices and lower world market rates have forced concrete reinforcing bar prices down by 12 to 15% compared with mid-1985. Nevertheless, this is still well above production costs.

### Accession-related measures

#### *Spanish and Portuguese deliveries to the Community market*

2.1.24. On 3 March the Council gave its assent to two draft Commission Decisions transmitted in February<sup>2</sup> — one limiting deliveries of ECSC products from Spain to

the Community (excluding Portugal) to 850 000 tonnes, the other limiting deliveries from Portugal to the Community (excluding Spain) to 90 000 tonnes.

The ECSC Consultative Committee delivered its opinion on 14 March (→ point 2.4.22).

#### *Protective measures by Spain*

2.1.25. Since Spain joined the Community, deliveries from steelmakers in the other Member States to Spain have soared by, on average, 160%. The largest increases were recorded for hot-rolled sheet, heavy plate and cold-rolled sheet.

According to Spanish Government figures, deliveries exceeded 200 000 tonnes in January and reached 261 000 tonnes in the period 1 January to 10 February, compared with a monthly average of 107 000 tonnes in 1985.

In a bid to remedy this state of affairs, on 3 March the Spanish Government requested Commission authorization to invoke the protective measures provided by Article 379

<sup>1</sup> OJ L 351, 28.12.1985; Bull. EC 12-1985, point 2.1.27.

<sup>2</sup> Bull. EC 2-1986, point 2.1.20.



of the Act of Accession to curb imports of certain steel products.

The Commission acknowledged that Spain had a good case. On 5 March it decided to limit the other member countries' sales to Spain of the three products concerned between 7 March and the end of 1986 to 505 033 tonnes: 296 083 tonnes for hot-rolled sheet, 172 716 tonnes for cold-rolled sheet and 36 234 tonnes for heavy plate.<sup>1</sup> However, steel exports to Spain in 1986 may not be below the 1984 total. Deliveries already en route for Spain on the date on which the protective clause was applied may be deducted from the Commission total for the product category concerned for the rest of 1986.

#### *Accompanying document and production certificate*

2.1.26. Having received the Council's assent and the opinion of the ECSC Consultative Committee, on 2 April the Commission decided<sup>2</sup> to amend for the fifth time its Decision of 23 December 1983 introducing a production certificate and an accompanying document for deliveries of certain products.<sup>3</sup>

#### **Social measures**

2.1.27. During March the Commission approved further redeployment aid payments under Article 56(2)(b) of the ECSC Treaty. They will go to 533 workers in the United Kingdom steel industry who are affected by the closure or permanent winding down of the activities of the firms employing them. A total of 2 283 250 ECU was granted. The aid takes the form mainly of income support allowances in the event of early retirement, unemployment or reemployment elsewhere, and vocational training.

#### **Competition**

2.1.28. On 18 March the Commission, acting under Article 66 of the ECSC Treaty, authorized a restructuring operation

whereby British Steel Corporation, London, and Guest Keen & Nettlefolds, Redditch, are to merge their engineering steel activities in a new company called United Engineering Steels Ltd (→ point 2.1.65).

#### **Research**

2.1.29. As required by Article 55 of the ECSC Treaty, on 26 March the Commission sought the Council's assent and the ECSC Consultative Committee's opinion on its memorandum on the implementation of an iron and steel research programme,<sup>4</sup> comprising 78 projects. The Community will contribute an average of 60% of the total cost of each project, amounting in all to 19 million ECU, from the ECSC operational budget. The Consultative Committee gave its opinion on 14 March (→ point 2.4.22).

The projects cover: ore reduction (to reduce coke consumption in blast furnaces); steel-making (improvements in casting-machine quality control, new quality control procedures); processing (improved dimensional control and control of the mechanical and structural properties of rolled products); measurement and analysis (development of hot contactless ultrasonic and laser methods for inspecting cast and rolled products); and properties and service performance (fatigue resistance, surface treatment, corrosion-proofing, etc.).

#### **Restructuring**

2.1.30. On 7 March the Commission selected the UK steel-producing areas to receive Community aid from the former non-quota section of the ERDF in the second phase of the specific Community measure to assist certain areas affected by the restructuring of the steel industry (→ point 2.1.93).

<sup>1</sup> OJ L 80, 25.3.1986.

<sup>2</sup> OJ L 90, 5.4.1986; Bull. EC 2-1986, point 2.1.21.

<sup>3</sup> 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.

<sup>4</sup> COM(86) 134 final.

## Trade with non-member countries

### Exports

#### Monitoring of exports to the United States

2.1.31. On 24 March the Commission adopted two Regulations and one Decision to monitor exports of certain steel products, including tube and pipe, to the United States.<sup>1</sup> Both the 1982 Arrangement on the restriction of exports of certain steel products to the USA<sup>2</sup> and the 1985 Arrangement on the restriction of exports of steel pipes and tubes to the USA<sup>3</sup> were amended and extended by the agreements adopted by the Council in December 1985.<sup>4</sup> Concomitant measures were therefore needed for monitoring these new arrangements.

### Imports

#### External aspects of the crisis measures

##### *Arrangements with non-member countries*

2.1.32. As instructed by the Council in December 1985,<sup>5</sup> the Commission has negotiated and initialled most of the 1986 arrangements with non-Community countries. The Council has approved the majority of them.

Only the negotiations with Sweden, Japan (on the special understanding) and Brazil (on pig iron) have yet to be completed.

In response to requests by Australia and South Korea to negotiate voluntary restraint agreements, on 11 March the Council authorized the Commission to negotiate with these countries on the basis of the December 1985 instructions<sup>6</sup> and approved the arrangements agreed.

#### Autonomous measures

2.1.33. On 3 March the Representatives of the Governments of the Member States of the ECSC meeting within the Council

took a decision on the uniform application of the customs nomenclature to products coming under the ECSC Treaty (→ point 2.1.59).

2.1.34. On 13 March the Commission adopted a Decision derogating from its Recommendation No 1/64 concerning an increase in the protective duty on iron and steel products at the external frontiers of the Community.<sup>6</sup> Supply from within the Community still does not match demand, and a tariff quota had to be opened for the first half of 1986.

2.1.35. On 13 March the Commission granted Denmark a derogation from the same recommendation<sup>6</sup> to make allowance for its exceptional supply problems in obtaining special sheet for preserved-food tins. Denmark's authorization to import special sheet at zero duty, without any increase in tonnage, was extended until 30 June.

## Research and technology

### Community R&D policy

#### *Framework programme*

##### **Guidelines for a new framework programme (1987-91)**

2.1.36. On 20 March the Commission sent the Council a communication on guidelines for a new Community framework programme of technological research and development for the period 1987-91.<sup>7</sup> The aim of the document is to elicit the opinions of the Community institutions (Parliament,

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<sup>1</sup> OJ L 91, 7.4.1986.

<sup>2</sup> OJ L 307, 1.11.1982; Bull. EC 10-1982, point 1.3.1 *et seq.*

<sup>3</sup> OJ L 9, 10.1.1985; Bull. EC 1-1985, point 2.2.13.

<sup>4</sup> OJ L 355, 31.12.1985; Bull. EC 11-1985, point 2.1.34.

<sup>5</sup> Bull. EC 12-1985, point 2.1.37.

<sup>6</sup> OJ 8, 22.1.1964.

<sup>7</sup> COM(86) 129 final.

Economic and Social Committee and Council). In the light of their opinions, the Commission will transmit to the Council its actual proposal for a framework programme (→ point 1.1.1 *et seq.*).

### Guidelines for a new JRC research programme (1987-91)

2.1.37. On 21 March the Commission transmitted to the Council the broad outline of the future multiannual programme for the Joint Research Centre (JRC).<sup>1</sup> This paper will be discussed by the Council meeting on research on 8 April, at the same time as the future framework programme, of which the JRC programme forms an integral part (→ point 1.1.7).

### Assessment report on the current framework programme (1984-87)

2.1.38. The Commission also sent the Council and Parliament on 11 March a report<sup>2</sup> assessing the achievements of the first framework programme (1984-87).<sup>3</sup> This report, which was drawn up in conjunction with the preparatory work for the future framework programme (→ point 1.1.1 *et seq.*), reviews the achievements of all the current programmes. It points out that adoption of the first programme brought about a substantial increase in R&D activities in the Community while enabling the general effort to be developed and realigned.

The report points, for example, to the favourable impact of the greater importance attached, during the period in question, to activities designed to contribute to the improvement of European industrial competitiveness. It highlights the success of the *Esprit*<sup>4</sup> and *Brite*<sup>5</sup> programmes, which are novel as regards both their content and the management methods used, and mentions the promising results obtained in the context of the Community research programme on biomolecular engineering (April 1982-March 1986)<sup>6</sup> research on high-temperature materials, steels, substitute materials, ceramics, alloys, etc.

It also emphasizes the many recent achievements that have helped attain the other major objectives of the 1984-87 programme, namely improving agricultural competitiveness, energy management, raw-materials management, living conditions and the environment; improving the effectiveness of European scientific and technical potential; and increasing development aid. Such achievements concern all the fields covered by Community action: nuclear fusion energy (the JET programme)<sup>5</sup> and fission energy (radioactive waste storage and the decommissioning of nuclear power stations);<sup>5</sup> non-nuclear energy sources (energy saving, alternative energy sources and replacement products);<sup>5</sup> agricultural research;<sup>7</sup> raw materials (ore prospecting, winning and processing methods);<sup>8</sup> medicine and public health;<sup>9</sup> the environment (acid rain and biochemical pollutant cycles);<sup>10</sup> development aid (tropical medicine and agriculture);<sup>11</sup> and the Community's research potential (stimulation programme).<sup>5</sup> Lastly, the document describes the results of efforts to disseminate and utilize the results of Community R&D.

### *International cooperation*

#### EFTA countries

2.1.39. On 10 March the Council adopted two Decisions<sup>12</sup> on the conclusion of framework agreements for scientific and technical cooperation between the Community and

<sup>1</sup> COM(86) 145 final.

<sup>2</sup> COM(86) 15 final.

<sup>3</sup> OJ C 208, 4.8.1983; Supplement 5/83 Bull. EC; Bull. EC 6-1983, point 2.1.248.

<sup>4</sup> OJ L 67, 9.3.1984.

<sup>5</sup> OJ L 83, 25.3.1985.

<sup>6</sup> OJ L 375, 30.12.1981.

<sup>7</sup> OJ L 358, 22.12.1983.

<sup>8</sup> OJ L 174, 21.6.1982.

<sup>9</sup> OJ L 248, 24.8.1982.

<sup>10</sup> OJ L 101, 11.4.1981.

<sup>11</sup> OJ L 352, 14.12.1982.

<sup>12</sup> OJ L 78, 24.3.1986.

Finland, on the one hand, and Norway, on the other.<sup>1</sup>

2.1.40. On 21 March the Commission adopted,<sup>2</sup> for transmission to the Council, a draft Decision on the conclusion of an agreement between the Community and Switzerland in the field of automated analytical cytology. The purpose of the agreement is to coordinate research work conducted in this field in the context of the respective medicine and public health programmes being implemented by the Community<sup>3</sup> and Switzerland.

### Canada

2.1.41. A cooperation agreement in the field of research on controlled thermonuclear fusion was signed on 6 March by the Community and Canada.<sup>4</sup> The agreement, which is for five years and is renewable, provides for exchanges of experts, information, equipment, materials and instruments and for joint experiments and research. The areas so far selected for such cooperation are tokamak physics (fusion reactors of the JET type), fusion fuels, tritium management problems, and safety and environmental problems involved in the harnessing of fusion energy.

### COST projects

2.1.42. On 25 March the Commission adopted,<sup>5</sup> for transmission to the Council, two draft Decisions on the conclusion of two concertation agreements between the Community and certain non-member countries taking part in European cooperation in the field of scientific and technical research (COST) (Finland, Sweden, Norway, Switzerland and Yugoslavia). The aim of these agreements is to coordinate the two Community projects on aquatic primary biomass (marine macroalgae) (COST Project 48) and plant *in vitro* culture (COST Project 87), which are included in the first multiannual (1985-89) research action programme in the field of biotechnology.<sup>6</sup>

## Sectoral R&D activities

### Industry<sup>7</sup>

#### New technologies

##### Telecommunications

##### Standardization

2.1.43. On 3 March the Council meeting on industry held an in-depth discussion on the points still outstanding with regard to the proposal for a Directive concerning the first phase of the establishment of the mutual recognition of type approval for telecommunications terminal equipment.<sup>8</sup> The discussions enable some progress to be made on specific points of the proposal.

##### Raw materials

2.1.44. The Council also discussed the financial aspects of the proposal for a scheme of aid to programmes of exploration for non-energy mineral raw materials on the territory of the Member States,<sup>9</sup> the content and implementing rules of which had been agreed in principle in December 1984.<sup>10</sup>

The Council noted that two Member States were maintaining their reservations regarding the financial allocation of 10 million ECU over four years for implementation of the programmes covered by the proposal.

2.1.45. On 12 March, in response to the requests made by Parliament in the opinion

<sup>1</sup> Bull. EC 1-1986, point 2.1.27.

<sup>2</sup> COM(86) 157 final.

<sup>3</sup> OJ L 248, 24.8.1982.

<sup>4</sup> Bull. EC 11-1985, point 2.1.185; Bull. EC 1-1986, point 2.1.28.

<sup>5</sup> COM(86) 156 final.

<sup>6</sup> OJ L 83, 25.3.1985.

<sup>7</sup> For technical steel research, see point 2.1.29.

<sup>8</sup> OJ C 232, 12.9.1985; Bull. EC 5-1985, point 2.1.21.

<sup>9</sup> OJ C 203, 6.8.1982; Bull. EC 7/8-1982, point 2.1.16; OJ C 75, 19.3.1983; Bull. EC 3-1983, point 2.1.20.

<sup>10</sup> Bull. EC 12-1984, point 2.1.24.

it delivered in February,<sup>1</sup> the Commission amended<sup>2</sup> its proposal for a multiannual research action programme on materials (raw materials and advanced materials) for the period 1986-89.<sup>3</sup>

2.1.46. On 14 March the Commission signed a Memorandum of Understanding on the establishment of international scientific and technical cooperation in the field of advanced materials and standards (VAMAS project). France, the United Kingdom and the United States have already signed the Memorandum, and the Federal Republic of Germany, Italy, Canada and Japan are to do so shortly.

The VAMAS project (Versailles Project on Advanced Materials and Standards) was recommended by the Working Party on Technology, Growth and Employment that was set up in the wake of the Versailles Western Economic Summit of June 1982.<sup>4</sup> Its aim is to promote the use of advanced materials in new-technology products by encouraging research leading to standards applicable to such new materials.

The areas of technology covered by VAMAS projects include wear-testing methods; the chemical analysis of surfaces; polymer composites; ceramics; weld properties; bioengineering materials; superconductors and cryogenic materials (for use at very low temperatures); and data banks on materials. The Community is taking part in research projects in most of these areas.

### *Environment*

2.1.47. On 12 March, in response to the requests made by Parliament in the opinion it delivered in February,<sup>5</sup> the Commission amended<sup>2</sup> its proposal for three multiannual research programmes in the field of the environment (1986-90).<sup>6</sup>

### *Health and safety*

#### **The fight against cancer**

2.1.48. On 10 March the Commission sent the Council an interim report on the fin-

dings of a group of high-level experts and the status of work already undertaken at Community level in the fight against cancer (→ point 2.1.92).

2.1.49. In order to discuss the action that could be taken on the recommendations of the *ad hoc* expert group that met in January and February,<sup>7</sup> a meeting of experts in cancer research was held in Brussels on 20 March. The aim of the meeting was to define the scientific content of the cancer research subprogramme that will be included in the proposal for a new Community research programme on medicine and public health (1987-89).<sup>8</sup>

### **Radiation protection**

2.1.50. Research conducted under the radiation protection programme during the period 1981-1984 has been analysed and assessed by the Advisory Committee for the Radiation Protection Programme and the Commission departments concerned. The findings are set out in a consolidated report that was published recently.<sup>9</sup> The report reviews the results obtained in all the fields covered by the programme: dosimetry, behaviour and monitoring of radionuclides in the environment, short- and long-term somatic effects of ionizing radiation, genetic effects of ionizing radiation and assessment of the risks associated with radiation.

<sup>1</sup> OJ C 68, 24.3.1986; Bull. EC 2-1986, point 2.1.38.

<sup>2</sup> OJ C 93, 19.4.1986; COM(86) 153 final.

<sup>3</sup> OJ C 220, 30.8.1985; Bull. EC 7/8-1985, point 2.1.224.

<sup>4</sup> Bull. EC 6-1982, point 3.4.1; Bull. EC 5-1983, point 3.4.2.

<sup>5</sup> OJ C 68, 24.3.1986; Bull. EC 2-1986, point 2.1.39.

<sup>6</sup> OJ C 301, 25.11.1985; Bull. EC 7/8-1985, point 2.1.230.

<sup>7</sup> Bull. EC 1-1986, point 2.1.78; Bull. EC 2-1986, point 2.1.91.

<sup>8</sup> OJ L 248, 24.8.1982.

<sup>9</sup> Document EUR 10394, obtainable from the Office for Official Publications of the European Communities, Luxembourg.

## Industrial innovation and the information market

### Transnational measures to promote innovation

2.1.51. The Consultative Committee on Innovation and Technology Transfer, which has the task of assisting the Commission in implementing the plan for the transnational development of the supporting infrastructure for innovation and technology transfer,<sup>1</sup> held its ninth meeting in Luxembourg on 11 and 12 March.<sup>2</sup> The agenda included examination of some of the twenty or so projects which have already been launched in an attempt to improve the competitiveness of European firms, especially small and medium-sized firms, by promoting synergy on a European scale in the fields of innovation and technology transfer. These projects have had considerable overall success, one of the results being the establishment of networks of specialists in technology transfer and risk capital. A new set of projects was also examined in detail, and it was decided to launch a project in support of Industrial Technology Centres in the Member States. Such joint research bodies play a crucial part in the innovation process — as regards both products and procedures — and in the dissemination of new technologies in industries in the countries concerned. This is particularly true of industries in which there are large numbers of small businesses since, unlike large companies, these can rarely afford to maintain their own research and development departments.

Another interesting initiative is the setting-up of a working party to prepare proposals in respect of projects designed to promote innovation and the transfer of technology to small businesses through the more efficient use of the opportunities offered both by patent systems and by other means of protecting industrial and intellectual property.

### Development of a European information market

2.1.52. On 18 March the Council adopted conclusions on the Commission's communication containing a work programme for creating a common information market.<sup>3</sup>

The Council noted the advantages of the approach recommended in the communication and invited the Commission to draw up specific proposals to the Council in an advisory group of senior officials.

It also asked the Commission to prepare a progress report on the basis of the work programme.

## Customs union

### Simplification of customs formalities

#### Single administrative document

2.1.53. In response to a request from the countries of the European Free Trade Association, on 3 March the Council authorized the Commission to negotiate an agreement with them for the introduction of a single administrative document to replace the present declarations in trade between the Community and the EFTA countries. The format of this new document will of course have to be aligned with that of the single document to be introduced in intra-Community trade from 1 January 1988.<sup>4</sup>

2.1.54. In March Parliament endorsed<sup>5</sup> the proposal for a Regulation<sup>6</sup> amending that of 8 July 1985 introducing Community export and import declaration forms.<sup>7</sup>

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<sup>1</sup> OJ L 353, 15.12.1983; Bull. EC 11-1983, point 2.1.29.

<sup>2</sup> Bull. EC 11-1985, point 2.1.43.

<sup>3</sup> Bull. EC 11-1985, point 2.1.45.

<sup>4</sup> OJ L 79, 21.3.1985; Bull. EC 12-1984, point 1.6.1.

<sup>5</sup> OJ C 88, 14.4.1986.

<sup>6</sup> OJ C 348, 31.12.1985; Bull. EC 12-1985, point 2.1.44.

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

## Customs Convention on Containers

2.1.55. On 20 March the Commission asked the Council<sup>1</sup> to change the directives issued to it on 30 April 1985<sup>2</sup> for the negotiations on the amendment of the 1972 Customs Convention on Containers. The need had emerged to alter the time limit fixed in the negotiating directives for re-exportation to destinations outside the customs territory of the Community, and also to clarify the directives as regards the number of transport operations which may be effected between Member States, the number of journeys within each Member State and dispensation from the requirement to present customs documents or obtain authorization for temporary importation.

### Customs formalities under the TIR Convention

2.1.56. On 9 April the Commission adopted<sup>3</sup> for presentation to the Council a proposal for a Regulation eliminating formalities at the customs office of exit in respect of consignments crossing an intra-Community frontier under the Customs Convention on the International Transport of Goods under cover of TIR Carnets (TIR Convention).<sup>4</sup> The purpose of this proposal is to avoid virtually identical customs formalities having to be completed at both the customs office of exit and the customs office of entry. This simplification is in line with the overall policy of greater flexibility and, where feasible, the elimination of formalities and checks at the Community's internal frontiers, as proposed in the Commission White Paper on completing the internal market.<sup>5</sup>

## General legislation

### Customs territory of the Community

2.1.57. In March Parliament endorsed<sup>6</sup> the proposal for a Regulation laying down the provisions applicable to goods brought into the customs territory of the Community.<sup>7</sup>

## Common Customs Tariff

### Restructuring of tariffs for certain electronic products

2.1.58. To take account of the agreement with Japan concluded on 24 January regarding certain electronic products, on 4 March the Commission presented a proposal to the Council for an amendment of its Regulation of 28 June 1968 on the Common Customs Tariff (→ point 2.2.12).

### Nomenclature

2.1.59. On 3 March the Representatives of the Governments of the Member States of the European Coal and Steel Community, meeting within the Council, decided that the Community provisions to ensure uniform application of the nomenclature of the Common Customs Tariff would henceforth apply also to products covered by the ECSC Treaty.<sup>8</sup>

The purpose of this decision is to eliminate the practice of having two separate sets of competences and procedures and, given the other provisions already adopted in this connection, to align the ECSC Treaty with the EEC Treaty in matters relating to customs nomenclature.

2.1.60. For the purpose of ensuring uniform application of the CCT nomenclature, the Committee on CCT Nomenclature adopted a number of tariff measures, either as explanatory notes or agreements on the classification of goods, concerning subheadings 85.21 D I and D 11;<sup>9</sup> 20.06 B II a) 2, 20.06 B II b) 2, 38.19 X, 38.19 G, 06.03 A;<sup>10</sup> 61.01 B IV, 61.02 B II d), 60.05 A II b) 4 ij

<sup>1</sup> COM(86) 142 final.

<sup>2</sup> Bull. EC 4-1985, point 2.1.21.

<sup>3</sup> COM(86) 184 final.

<sup>4</sup> OJ L 252, 14.9.1978.

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

<sup>6</sup> OJ C 88, 14.4.1986.

<sup>7</sup> Bull. EC 12-1985, point 2.1.49.

<sup>8</sup> OJ L 81, 26.3.1986.

<sup>9</sup> OJ C 50, 4.3.1986.

<sup>10</sup> OJ C 66, 21.3.1986.

ij), 51.02 A II, 61.01 B V e) 3, 61.02 B II d) 2.<sup>1</sup>

## **Economic tariff matters**

### **Suspensions**

2.1.61. On 3 March the Council adopted<sup>2</sup> a Regulation amending, with regard to sub-heading ex 54.03 B I a), the Regulation of 4 June 1985 temporarily suspending the autonomous CCT duties on certain industrial products.<sup>3</sup>

### **Tariff quotas**

2.1.62. In March the Council adopted a Regulation opening, allocating and providing for the administration of a Community tariff quota for carrots falling within CCT sub-heading ex 07.01 G II, originating in Cyprus (1986)<sup>4</sup>

### **Origin of goods**

2.1.63. On 3 March the Council adopted a Regulation on the rules of origin applicable in trade between Spain and Portugal during the period of application of transitional measures.<sup>5</sup> The Regulation defines the working and processing by virtue of which industrial products may be classed as 'originating products'.

## **Competition**

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

#### **Permissible forms of cooperation**

##### *Northern Ireland Coal Importers' Association*

2.1.64. On 21 March the Commission authorized some 30 Northern Ireland coal

wholesalers — the Northern Ireland Coal Importers' Association (NICIA) — to operate an agreement tantamount to a joint-buying agreement within the meaning of Article 65 of the ECSC Treaty covering their purchases of solid fuels for domestic purposes from the National Coal Board (NCB), London.

The agreement as initially proposed contained a series of features resulting from the dominant position of the applicants' supplier (NCN), the geographical situation of Northern Ireland, being separated from Great Britain by the Irish Sea, various consequential logistical problems. The agreement covered joint planning, joint shipping arrangements, a distribution scheme for periods when coal supplies were likely to slow down, the organization of an allocation scheme in case of emergency shortage and a general pool of coal where members were required to put extra supplies which they might obtain in such a period. NICIA was also to operate a Coal Advisory Service jointly with the NCB in order to further the consumption of solid fuels for domestic purposes in Northern Ireland.

The agreement was accompanied by some accessory features that made new membership conditional on sponsorship by an existing member and the agreement of one of the two most important associates. Moreover, the latter had concluded bulk contracts with the NCB for nearly all their requirements of solid fuels for domestic use, which secured them substantial rebates on the NCB list prices. By means of subcontracts, the other NICIA members could obtain a share of these contracts. Against the commitment to purchase almost all their supplies in this way, the rebate was passed on in full.

The Commission objected to these particular features, considering that they could lead to a restriction of competition incompatible

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<sup>1</sup> OJ C 71, 26.3.1986.

<sup>2</sup> OJ L 62, 5.3.1986.

<sup>3</sup> OJ L 170, 1.7.1985; Bull EC 6-1985, point 2.1.46.

<sup>4</sup> OJ L 82, 27.3.1986.

<sup>5</sup> OJ L 83, 27.3.1986.



with the rules on authorization. A revised application for authorization submitted by NICIA proposed major changes in the rules governing its membership. Furthermore, new contracts made by the two leading firms with the NCB no longer provide that they must obtain almost all their requirements from the Board and the subcontracts have been cancelled.

In these circumstances the Commission considered that the agreement proper, concluded within the framework of NICIA and covering joint planning, joint shipping arrangements, the organization of a distribution and allocation scheme and the running of an advisory service jointly with the NCB, satisfies the tests for authorization under Article 65(2). The authorization is, however, subject to the condition that NICIA notify any changes or additions to the agreement and, within the framework of the Coal Advisory Service, does not arbitrarily place at a disadvantage Community fuels other than those supplied by the NCB.

### Joint ventures

#### *United Engineering Steels Ltd*

2.1.65. Acting under the competition rules of the ECSC Treaty, notably Article 66, the Commission authorized on 18 March a restructuring operation whereby British Steel Corporation (BSC), London, and Guest Keen & Nettlefolds (GKN), Redditch, are to merge their engineering steel activities in a new joint company called United Engineering Steels Ltd (UES).

The activities in question are the production and sale of engineering steel (semi-finished products and/or bars) at the BSC works in Rotherham, Stockbridge, Sheffield and Wolverhampton and the GKN works in Brymbo (near Wrexham) and Wolverhampton. The GKN forgings business, located in England and Scotland, will also be included in the joint venture (forgings are an EEC Treaty product).

UES is being set up against a background of overcapacity and with the object of

rationalizing the UK engineering steels sector, optimizing the investment opportunities available and enabling it to meet international competition.

An assessment of the projected merger under the competition rules showed that UES will occupy second place among Community producers of engineering steel billets and fourth among Community producers of engineering steel bars. Imports of the relevant products in the UK are substantial, as are exports from the UK to other Member States. Several other Community producers will continue to compete actively with UES. The Commission accordingly concluded that the tests of Article 66(2) of the ECSC Treaty were met in that competition was safeguarded.

### State aids

#### General aids

##### *Italy*

2.1.66. On 17 March the Commission initiated the Article 93(2) procedure in respect of a Sicilian bill concerning measures of assistance of which it had been notified by the Italian Government. It took the view that some of the planned measures appeared to constitute operating or rescue aid, or were applied indiscriminately to industries with surplus production capacity. The information available to the Commission suggested that the measures would distort competition and affect trade between Member States, while not qualifying for exemption under Article 92(3).

However, the Commission decided to raise no objection to measures designed to reduce the interest burden on small businesses, support and promote scientific research, finance work on infrastructure in industrial areas and help firms damaged in the wake of natural disasters.

#### Regional aids

##### *Federal Republic of Germany*

2.1.67. On 19 March the Commission initiated the Article 93(2) procedure in

respect of the fourteenth general plan under the Joint Federal Government/Länder programme for the improvement of regional economic structures (the *Gemeinschaftsaufgabe*)<sup>1</sup> notified by the German Government. It took this step both because there was a danger that the changed subsidies for highly skilled jobs might exceed the maximum rate which it had authorized for less-favoured areas in Germany and aid ceilings for central areas of the Community as defined in the principles for the coordination of regional aids and because it was not clear how the regional aid scheme and the 33 general aid schemes were to be cumulatively applied.

However, the Commission decided to raise no objection to the extension of assistance under the scheme as regards new service industries, intangible assets, expansions of newer firms without job creation and to firms previously ineligible which sell at least 50% of their output outside their local area, thus helping to reinforce indigenous potential there.

## Industry aids

### *Shipbuilding*

2.1.68. At the 3 March Council meeting on industrial issues there was a general discussion on the future of state aids to the shipbuilding industry in the light of the forthcoming expiry of the fifth Directive,<sup>2</sup> extended most recently in December 1984 until 31 December 1986.<sup>3</sup> Mr Peter Sutherland, Member of the Commission with special responsibility for competition policy, outlined the Commission's initial ideas: straightforward extension would not be advisable; additional steps would have to be taken both to reinforce the efforts made by the industry to restructure and move into market segments where European shipbuilding can be competitive and to open up the market to intra-Community competition. He stressed that the new arrangements would have to be applied very strictly and ensure complete transparency of aid, whatever form it took. In addition, he felt

that Community rules on such aid would have to be accompanied by persuasive arguments to sway the Community's partners. Mr Karl-Heinz Narjes, Member of the Commission with special responsibility for industrial affairs, drew the Council's attention in particular to the structural change in demand in the shipping industry and to its improvements in productivity, which had gone hand in hand with the declining competitiveness of European shipbuilding.

### *Tyre manufacturing*

#### France

2.1.69. On 25 March the Commission initiated the Article 93(2) procedure in respect of the French Government's proposal to grant assistance to a firm manufacturing mainly tyres for agricultural machinery. The aid took the form of a FF 60 million subsidy and a FF 140 million soft loan from the Economic and Social Development Fund (FDES). On the information available to it the Commission took the view that these measures did not appear to be compatible with the common market under Article 92.

## Financial institutions and taxation

### Taxation

#### *Indirect taxes*

#### Turnover taxes

2.1.70. After receiving the opinions of Parliament and the Economic and Social Committee, the Commission amended on 25 March its proposal for a sixteenth Council Directive on value added tax—a proposal

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<sup>1</sup> OJ C 316, 4.12.1981; Bull. EC 11-1981, point 2.1.37.

<sup>2</sup> OJ L 137, 23.5.1981; Bull. EC 4-1981, point 2.1.20; OJ L 371, 30.12.1982; Bull. EC 12-1982, point 2.1.45.

<sup>3</sup> OJ L 2, 3.1.1985; Bull. EC 12-1984, point 2.1.68.

to eliminate the double taxation which continues to burden goods acquired by private individuals in one Member State and imported into another (→ point 2.1.90).

2.1.71. On 18 March the Commission, acting under Article 27(1) and (4) of the Sixth Council Directive of 17 May 1977 on value added tax,<sup>1</sup> sent the Council a proposal for a Decision authorizing the United Kingdom to apply a special measure in respect of the non-deductible VAT charged on fuel used in company cars,<sup>2</sup> by way of derogation from Articles 5(6) and 17(6) of the sixth Directive.

### Excise duties

2.1.72. On 14 March Parliament gave its opinion<sup>3</sup> on the proposal for a Directive extending the second stage of harmonization of the structures of excise duties on cigarettes.<sup>4</sup> This is the sixth extension, and Parliament endorsed it only on condition that the Commission would present by the end of the year new proposals for the third stage of harmonization taking account of the needs for a tax structure that will fit in with the programme for achieving the internal market, the free movement of goods and the free setting of prices of manufactured tobacco.

## Employment, education and social policy

### Financial instruments<sup>5</sup>

#### European Social Fund

2.1.73. On 11 March Parliament adopted an opinion<sup>3</sup> on the guidelines for the management of the European Social Fund for 1987-89,<sup>6</sup> calling for active encouragement of integrated programmes receiving aid from various sources and vocational training in the area of new technology, and insisting that any shortage of appropri-

ations should not adversely affect applications for aid from women.

## Education and vocational training

### Education and training of children of migrant workers

2.1.74. At the invitation of the Dutch Government and the Commission a symposium was held in Amsterdam from 4 to 7 March on the integration of migrant children in pre-vocational and vocational education. Experts from the Member States exchanged views with people involved in a pilot project which had been organized in a number of vocational training establishments in Amsterdam since 1982 with financial support from the Dutch Ministry of Education and Science and the Commission. Having observed that immigrant pupils were unable to understand the standard general technology textbooks and workshop manuals, the project leaders had defined linguistic and educational criteria specifically geared to the linguistic abilities of immigrant children.

### European Centre for the Development of Vocational Training

2.1.75. The Management Board of the Berlin-based European Centre for the Development of Vocational Training met on 7 March to discuss the Centre's annual report for 1985. The continuation of activities within the more general framework of the Centre's three-year programme (1986-88)<sup>7</sup> was also discussed.

<sup>1</sup> OJ L 145, 13.6.1977; Bull. EC 5-1977, points 1.3.1 to 1.3.4.

<sup>2</sup> COM(86) 135 final.

<sup>3</sup> OJ C 88, 14.4.1986.

<sup>4</sup> Bull. EC 12-1985, point 2.1.86.

<sup>5</sup> For financial measures for steel workers, see point 2.1.27.

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

<sup>7</sup> Bull. EC 9-1985, point 2.1.57.

## *Living and working conditions and social protection*

### **Equal Opportunities**

2.1.76. An informal meeting of Ministers for Women's Affairs was held in The Hague on 10 and 11 March. Discussion centred on the Commission proposal concerning equal treatment of self-employed men and women, the fight against sexual harassment at work and the situation of women in relation to the new technologies.

As regards the proposed Directive on the application of the principle of equal treatment between self-employed men and women, including those engaged in agricultural activities, and on the protection of self-employed women during pregnancy and maternity,<sup>1</sup> Mr Marin, Vice-President of the Commission with special responsibility for social affairs, employment and education, insisted that it should be adopted by the Council in June. It was decided that any obstacles would be studied with a view to their being removed by that time.

The meeting also decided that the Commission should carry out a study on sexual harassment which should compare the different situations and initiatives taken in the Member States and define the main elements of the problem.

With regard to women and the new technologies, there was unanimous support for the proposals made by the Commission in its medium-term Community programme on equal opportunities for women (1986-90),<sup>2</sup> particularly on the need to orient girls' education towards traditionally 'male' occupations.

2.1.77. The eleventh meeting of the Advisory Committee on Equal Opportunities took place on 24 and 25 March. The Committee considered the progress of the three existing equal opportunities networks and welcomed the establishment in 1986 of three new networks on childcare facilities, local initiatives, and women and television.

It stressed the importance of these networks for the promotion of information exchanges and positive action. Reports on women in the social economy and the reintegration of women into working life were discussed.

After detailed discussion of the report on maternity protection the Commission was asked to propose a Directive to harmonize Member States' legislation on this issue. Finally, there was an exchange of views on equal treatment in relation to income tax which resulted in a request for further initiatives from the Commission, the form and content of which should be discussed at a further meeting.

### **Social security for migrant workers**

2.1.78. On 26 February the Commission adopted a Regulation<sup>3</sup> amending Annexes 1, 4, 5 and 6 to Council Regulation (EEC) No 574/72<sup>4</sup> laying down the procedure for implementing Regulation (EEC) No 1408/71<sup>5</sup> on the application of social security schemes to employed persons, to self-employed persons and to their families moving within the Community. This amendment was made necessary by changes in national legislation and judgments of the Court of Justice of the European Communities.

### *Accession-related measures*

2.1.79. On 4 March the Commission sent the Council a proposal<sup>6</sup> for amendments to Regulations (EEC) No 1408/71<sup>5</sup> and 574/72,<sup>4</sup> introducing technical adjustments to the Community.

### **Family policy**

2.1.80. On 10 March Parliament adopted a resolution concerning help for the aged

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<sup>1</sup> OJ C 113, 27.4.1984; Bull. EC 3-1984, point 2.1.76.

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

<sup>3</sup> OJ L 51, 28.2.1986.

<sup>4</sup> OJ L 74, 27.3.1972.

<sup>5</sup> OJ L 149, 5.7.1971.

<sup>6</sup> OJ C 71, 26.3.1986; COM(86) 125 final.

and another on child care facilities (→ point 2.4.7).<sup>1</sup>

## Health and safety

### Public health

2.1.81. On 10 March the Commission sent the Council an interim report on the conclusions reached by the group of leading experts concerning the fight against cancer and the status of the activities already initiated at Community level in this field (→ point 2.1.92).

2.1.82. On 13 March Parliament adopted a resolution on AIDS (→ point 2.4.7).<sup>1</sup>

### Health and safety at work

2.1.83. On 5 March the Commission sent the Council the ninth progress report of the Advisory Committee on Safety, Hygiene and Health Protection at Work, for the year 1984.<sup>2</sup> This report was also transmitted to Parliament, the Economic and Social Committee and the ECSC Consultative Committee.

2.1.84. Pursuant to the decisions taken at the seventeenth plenary meeting<sup>3</sup> of the Advisory Committee on Safety, Hygiene and Health Protection at Work, three *ad hoc* groups were convened by the Commission:

(i) the *ad hoc* group on occupational diseases met on 6-7 March and drafted a recommendation concerning the updating of the list annexed to the Commission recommendation of 23 July 1962 to Member States concerning the adoption of a European list of occupational diseases;<sup>4</sup>

(ii) the *ad hoc* group on industrial medicine, meeting on the same dates, carried out an initial examination of a Commission staff paper on improved health protection and safety for workers, with particular reference to services in the field of industrial medicine;

(iii) the *ad hoc* group on pathogenic substances, meeting on 17 March, drew up a list of the most dangerous substances, which it asked the Commission to use as a basis in preparing a proposal for a Directive.

### Health and safety (ECSC)

2.1.85. An official inquiry into the causes of the two explosions which occurred at the Camphausen pit in the Saar basin on 16 February, killing seven miners, was opened in the Federal Republic of Germany. The Community's Mines Safety and Health Commission will examine the known facts and draw the necessary conclusions with a view to minimizing the risk of recurrence of such accidents.

### Health and safety (Euratom)

2.1.86. Acting under Article 37 of the Euratom Treaty, the Commission delivered a favourable opinion in respect of units 1 and 2 of the French nuclear power plant at Saint-Alban-Saint-Maurice.

2.1.87. On 11 March the Commission convened a meeting of an *ad hoc* working group with a view to establishing a basis for the measurement of received doses in patients undergoing radiological examinations and to improving diagnostic efficiency while at the same time ensuring a reduction in doses. This group had been set up pursuant to the Council Directive of 3 September 1984 laying down basic measures for the radiation protection of persons undergoing medical examination or treatment,<sup>5</sup> which requires Member States to define acceptability criteria for radiological installations and to ensure strict surveillance of radiological protection and the quality control of appliances.

<sup>1</sup> OJ C 88, 14.4.1986.

<sup>2</sup> COM(86) 80 final. Previous report: Bull. EC 9-1984, point 2.1.52.

<sup>3</sup> Bull. EC 12-1985, point 2.1.115; Bull. EC 2-1986, point 2.1.85.

<sup>4</sup> OJ 80, 31.8.1962.

<sup>5</sup> OJ L 265, 5.10.1984; Bull. EC 9-1984, point 2.1.55.

## Culture

### Community audiovisual policy

2.1.88. On 19 March the Commission adopted a communication for transmission to the Council on action to be taken as part of a Community audiovisual policy. This communication is accompanied by a proposal for a Directive on the coordination of national provisions concerning the pursuit of broadcasting activities (→ point 1.2.1 *et seq.*).

## A people's Europe

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

#### Free movement of citizens

##### *Immediate measures*

2.1.89. On 13 March Parliament adopted two resolutions (→ point 2.4.7)<sup>1</sup> urging the Council to adopt as soon as possible the proposal for a Directive on the easing of controls and formalities applicable to nationals of the Member States when crossing intra-Community borders which the Commission had sent to the Council in January 1985.<sup>2</sup>

#### Free movement of goods

##### *Double taxation*

2.1.90. Having received the opinions of Parliament<sup>3</sup> and the Economic and Social Committee,<sup>4</sup> on 25 March the Commission amended<sup>5</sup> its proposal for a sixteenth Council Directive on value added tax, whose purpose is to eliminate the double taxation which is still imposed on goods acquired by private individuals in one Member State and imported into another.<sup>6</sup>

The Commission took over all the amendments requested by Parliament which it had been able to accept during the debate. These included a reduction to four years of the period required for means of transport to qualify for exemption.

The amendments made to the original proposal were as follows:

(i) the scope of the Directive is extended to goods acquired, whether bought or received free of charge, from a taxable person or a private person provided that VAT on them has been finally paid;

(ii) the general rule in the Directive is that such goods should be exempt on importation; this change will greatly simplify administrative procedures;

(iii) the number of exceptions to the rule of exemption is reduced; the time required to qualify for exemption is reduced from three years to one year except in the case of means of transport, for which it is four years, the maximum value is increased from 2 000 ECU to ten times the amount of the tax-free allowance for travellers (and so is currently 3 500 ECU).

## Culture and communication

### Community audiovisual policy

2.1.91. On 19 March the Commission adopted for transmission to the Council a communication containing a proposal for a Directive to coordinate national provisions concerning the pursuit of broadcasting activities (→ point 1.2.1 *et seq.*).

## Health and social security

### Action against cancer

2.1.92. On 10 March the Commission sent the Council a report<sup>7</sup> on the conclusions

<sup>1</sup> OJ C 88, 14.4.1986.

<sup>2</sup> OJ C 47, 19.2.1985; Bull. EC 12-1984, point 2.1.9; OJ C 131, 30.5.1985; Bull. EC 5-1985, point 2.1.9.

<sup>3</sup> OJ C 36, 17.2.1986; Bull. EC 1-1986, point 2.1.59.

<sup>4</sup> OJ C 87, 9.4.1985; Bull. EC 1-1985, point 2.4.34.

<sup>5</sup> OJ C 96, 24.4.1986; COM(86) 163 final.

<sup>6</sup> OJ C 226, 22.8.1984; Bull. EC 7/8-1984, point 2.1.82.

<sup>7</sup> COM(86) 150 final.

reached by the leading experts in January and February<sup>1</sup> and on progress at Community level in the fight against cancer.

On 11 March the Foreign Ministers took note of the report, which will be discussed by Ministers of Health, together with the proposals already made by the Commission,<sup>2</sup> at a meeting to be held at the end of May.

## Regional policy

### Financial instruments

#### *European Regional Development Fund*

##### ERDF grants

##### *Programme financing*

2.1.93. On 7 March the Commission decided which steel-producing areas in the United Kingdom will benefit from aid under the old non-quota section of the Fund as part of the second series of specific Community measures in favour of certain zones adversely affected by the restructuring of the steel industry.<sup>3</sup> They are the counties of Cleveland, Clwyd, Gwent, Humberside (including that part of the travel-to-work area of Scunthorpe which is situated in Lincolnshire) and South Yorkshire (including the travel-to-work area of Sheffield) and the Strathclyde region. The Community grants will come to 12 million ECU.

##### *Business and innovation centres*

2.1.94. On 19 March the Commission decided to make a financial contribution to two conversion projects in declining industrial areas — 100 000 ECU to Taranto, in Italy, and 85 000 ECU to Rossendale, in the United Kingdom.

These projects involve measures for the preparation, starting up or completion of two business and innovation centres to pro-

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

### *Disaster relief*

2.1.95. On 13 March Parliament adopted three resolutions on aid to the Pyrenean transfrontier regions, the Azores and Madeira and the Riviera di Ponente in Liguria in view of the consequences of the severe winter (→ point 2.4.7).<sup>4</sup>

### Coordinated application of structural financial instruments

#### Integrated Mediterranean programmes

##### *Submission of programmes by Member States*

##### France

2.1.96. Pursuant to Article 5(1) of the Regulation setting up the IMPs,<sup>5</sup> France submitted the IMP for Corsica on 17 March, with a view to obtaining Community part-financing. France has now sent the Commission the IMPs for all the regions and departments covered by the Regulation (Provence-alpes-Côte d'Azur, Aquitaine, Languedoc-Roussillon, Midi-Pyrénées, Ardèche, Drôme, Corsica).

#### Integrated operations

##### *Preparatory studies*

2.1.97. On 7 March the Commission approved a grant of FF 375 000 towards a

<sup>1</sup> Bull. EC 1-1986, point 2.1.78; Bull. EC 2-1986, point 2.1.91

<sup>2</sup> OJ C 336, 28.12.1985; Bull. EC 11-1985, point 2.1.85; Bull. EC 12-1985, point 2.1.41.

<sup>3</sup> OJ L 27, 31.1.1984; Bull. EC 1-1984, point 2.1.54.

<sup>4</sup> OJ C 88, 14.4.1986.

<sup>5</sup> OJ L 197, 27.7.1985; Bull. EC 7/8-1985, point 2.1.106.

preparatory study for an integrated operation in the Meuse valley (total cost: FF 500 000).

## Environment and consumers

### Environment

#### Council

2.1.98. The Council meeting on 6 and 7 March succeeded in making further progress on environment policy, although Ministers were not able to reach decisions on all the matters on the agenda. They formally adopted two Decisions on combating marine pollution (→ points 2.1.102 and 2.1.103). They also adopted a resolution on the European Year of the Environment and heard a statement by the Commission on the preparations for an action programme on this subject (→ point 2.1.100). The Council approved the proposal for a Directive on the transfrontier shipment of hazardous waste (→ point 2.1.110) and agreed a common approach regarding the proposal for a Directive on discharges of certain dangerous substances into the aquatic environment (→ point 2.1.104).

Although it made significant progress the Council did not reach agreement on the proposals for Directives on emissions of pollutants from large combustion plants (→ point 2.1.107), on the use of sewage sludge in agriculture (→ point 2.1.118), one Member State in each case being unable to give its final agreement, or on the sulphur content of gas oils (→ point 2.1.108).

Finally, the Council held an initial exchange of views on the Community's new directions in environment policy, transmitted by the Commission in February (→ point 2.1.99).

#### *New directions*

2.1.99. The Council held an initial exchange of views on the communication

transmitted by the Commission on 25 February on new directions in environment policy.<sup>1</sup> The discussion gave the Commission an opportunity to discover the Member States' initial reactions, on which to base its proposals for the fourth environmental action programme.

#### *European Year of the Environment (EYE)*

2.1.100. The Council adopted a resolution<sup>2</sup> approving the action programme for the European Year of the Environment (March 1987-March 1988).<sup>3</sup> The resolution sets out the objectives of EYE, the activities to be undertaken, the organization and the means of financing the action programme.

The Council also listened to a statement from the Commission on the preparations for the action programme.

2.1.101. The first meeting of the EYE steering committee was held in Brussels on 18 March. Chaired by Mr Clinton Davis, the Member of the Commission with special responsibility for the environment, the Committee is made up of the chairmen of the national EYE committees, together with representatives of Parliament, the Economic and Social Committee, the European Trade Union Confederation, Unice and the European Environmental Bureau.

The meeting enabled participants to become acquainted, to exchange information on the situation in their respective countries, to hold an initial discussion on the strategy to be adopted by the Community and to begin an examination of initiatives to be taken in this field.

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

#### **Protection of the aquatic environment**

##### *Paris Convention*

2.1.102. The Council formally authorized the Commission to negotiate, on behalf of

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<sup>1</sup> Bull. EC 2-1986, point 2.1.94.

<sup>2</sup> OJ C 63, 18.3.1986.

<sup>3</sup> Bull. EC 11-1985, point 2.1.106.



the Community, an amendment to the Paris Convention for the Prevention of Marine Pollution from Land-based Sources,<sup>1</sup> which was proposed by the Commission in July 1985.<sup>2</sup>

Accordingly, the Commission, along with nine Member States<sup>3</sup> and three other countries,<sup>4</sup> took part in the diplomatic negotiating conference held in Paris on 26 and 27 March, which concluded with the adoption of a protocol of amendment. The protocol extends the Convention to cover inputs into the sea from atmospheric emissions and artificial structures. The Member States which took part in the conference signed the protocol but added a declaration reserving the Community's responsibilities in this field.

#### *Pollution caused by oil and other harmful substances*

2.1.103. The Council formally adopted the Decision establishing a Community information system for the control and reduction of pollution caused by the spillage of oil and other harmful substances at sea,<sup>5</sup> which it had approved in November 1985.<sup>6</sup>

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

2.1.104. Pending receipt of Parliament's opinion, the Council agreed a common approach regarding the Commission proposal on discharges of certain dangerous substances into the aquatic environment.<sup>7</sup> The proposal sets out the main features and the basic principles to be applied in fixing limit values and quality objectives for the substances in List I in the Directive of 4 May 1976 (particularly toxic substances).<sup>8</sup> It also determines limit values and quality objectives for three substances, namely carbon tetrachloride, DDT and pentachlorophenol.

#### *New forms of cooperation concerning water*

2.1.105. The Council listened to a statement from the Commission on progress

made in the implementation of the resolution adopted on 3 October 1984 by the Council and the Representatives of the Governments of the Member States, meeting within the Council, on new forms of cooperation with developing countries in the sphere of water.<sup>9</sup> The Council expressed particular satisfaction with the programmes already initiated in this area.

#### *Quality of surface water*

2.1.106. On 14 March Parliament delivered a favourable opinion<sup>10</sup> on the proposal transmitted to the Council by the Commission on 19 November 1985<sup>11</sup> amending the Council Decision of 12 December 1977 establishing a common procedure for the exchange of information on the quality of surface fresh water in the Community.<sup>12</sup>

#### *Combating air pollution*

##### *Emissions from large combustion plants*

2.1.107. Eleven Member States took the view that, in the light of the request made by the European Council in March 1985,<sup>13</sup> there was a need for rapid progress in reducing air pollution caused by large combustion plants, and for early decisions on the proposal which had been made to this effect.<sup>14</sup>

<sup>1</sup> OJ L 194, 25.7.1975.

<sup>2</sup> Bull. EC 7/8-1985, point 2.1.116.

<sup>3</sup> Belgium, Denmark, France, Germany, Ireland, Netherlands, Portugal, Spain, United Kingdom.

<sup>4</sup> Iceland, Norway, Sweden.

<sup>5</sup> OJ L 77, 22.3.1986.

<sup>6</sup> Bull. EC 11-1985, point 2.1.108.

<sup>7</sup> OJ C 70, 18. 3. 1985; Bull. EC 1-1985, point 2.1.20; Bull. EC 11-1985, point 2.1.109.

<sup>8</sup> OJ L 129, 18.5.1976.

<sup>9</sup> OJ C 272, 12.10.1984; Bull. EC 10-1984, point 2.1.73.

<sup>10</sup> OJ C 88, 14.4.1986.

<sup>11</sup> OJ C 321, 13.12.1985; Bull. EC 11-1985, point 2.1.111.

<sup>12</sup> OJ L 334, 24.12.1977; OJ L 237, 5.9.1984.

<sup>13</sup> Bull. EC 3-1985, point 1.2.5.

<sup>14</sup> OJ C 49, 21.2.1984; Bull. EC 12-1983, point 2.1.118; OJ C 76, 22.3.1985; Bull. EC 2-1985, point 2.1.62; Bull. EC 11-1985, point 2.1.113.

To this end the Council discussed a proposal made jointly by the Presidency and the Commission that future work should aim at solutions along the following lines:

- (i) the regulation of emissions from all new plants on the basis of standards related to best available technology not involving excessive cost;
- (ii) a two-stage approach for overall reductions in emissions;
- (iii) the setting of a Community target for an overall reduction in SO<sub>2</sub> emissions; this would need to be substantial, meaning that it would have to go further than the reduction envisaged by the Helsinki Protocol;
- (iv) the setting up of appropriate programmes for each Member State with the aim of achieving the overall reduction;
- (v) these programmes would take account of the scale of the emissions from different Member States, their contributions to overall pollution in Europe and of special circumstances (related to their stage of economic development, the nature of locally available fuels and the overall effort involved) and other relevant criteria;
- (vi) comparable action in relation to emissions of NO<sub>x</sub>;
- (vii) decisions on a package of more specific measures in June and on detailed requirements not later than 31 December 1986.

The Council invited the Commission in consultation with the Presidency to make further suggestions for its meeting on 12 June in the light of the arguments put forward at this meeting.

The United Kingdom reserved its position pending consideration of these further suggestions.

### *Sulphur content of gas oils*

2.1.108. The Council resumed its examination of the proposal<sup>1</sup> to amend the Council Directive of 24 November 1975 on the approximation of the laws of the Mem-

ber States relating to the sulphur content of certain liquid fuels (gas oils).<sup>2</sup> At the close of its discussion, the Council noted that it was not yet able to reach agreement and called upon the Permanent Representatives Committee to continue to seek a solution and to report back to its next meeting.

### *Transboundary pollution*

2.1.109. On 14 March Parliament unanimously delivered a favourable opinion<sup>3</sup> on the proposal for a Decision which the Commission transmitted to the Council on 26 November 1985<sup>4</sup> concerning the conclusion of the Protocol to the 1979 Geneva Convention on Long-range Transboundary Air Pollution (LRTAP),<sup>5</sup> on long-term financing of the cooperative programme for monitoring and evaluation of the long-range transmission of air pollutants in Europe (EMEP).

### *Waste disposal*

#### *Transfrontier shipments of hazardous waste*

2.1.110. The Council reached agreement in principle on the proposal<sup>6</sup> to amend the Directive of 6 December 1984 on the supervision and control within the European Community of the transfrontier shipment of hazardous waste.<sup>7</sup> The purpose of this proposal is to supplement the provisions of the present Directive as regards the export of waste for disposal in a non-member country, particularly in the light of an OECD resolution on this subject.

<sup>1</sup> OJ C 205, 14.8.1985; Bull. EC 11-1985, point 2.1.114.

<sup>2</sup> OJ L 307, 27.11.1975.

<sup>3</sup> OJ C 88, 14.4.1986.

<sup>4</sup> OJ C 321, 13.12.1985; Bull. EC 11-1985, point 2.1.116.

<sup>5</sup> OJ L 171, 27.6.1981.

<sup>6</sup> OJ C 284, 7.11.1985; Bull. EC 9-1985, point 2.1.86.

<sup>7</sup> OJ L 326, 13.12.1984; Bull. EC 12-1984, point 2.1.132.

## *Protection and use of resources*

### **Flora and fauna**

#### *Washington Convention*

2.1.111. On 26 March the Commission decided<sup>1</sup> to request the Council to amend the Regulation of 3 December 1982 on the implementation in the Community of the Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora.<sup>2</sup> The amendment provides for the transfer of birdwing butterflies (*Ornithoptera*) from Part 1 to Part 2 of Annex C to the Regulation, thus enabling imports for commercial purposes to be authorized provided that this would not have a harmful effect on the conservation of the species or on the extent of the territory occupied by the population in question of the species. It is now believed that trade involving ranching of birdwing butterflies is beneficial to the conservation of wild populations.

### **Natural resources**

#### *Sewage sludge in agriculture*

2.1.112. The Council resumed its discussions on the proposal for a Directive on the use of sewage sludge in agriculture.<sup>3</sup> The proposal provides for the fixing of limit values for concentrations of heavy metals in the soil and in sludge, and of the maximum quantities of heavy metals which may be added to the soil. It also lays down specific conditions for the use of sludge.

At the close of its discussions the Council noted that eleven Member States were in favour, while Germany requested more time to consider the matter.

### **Consumers**

#### *Physical protection and product safety*

### **Cosmetics**

2.1.113. On 26 March the Commission adopted the eighth Directive adapting to

technical progress the Council Directive of 27 July 1976 on the approximation of the Laws of the Member States relating to cosmetic products.<sup>4</sup> The purpose of this latest adaptation is to establish standards of purity for hexachlorophene and triclocarban, and to conform to Article 5 of the 1976 Directive, which stipulates that until 31 December 1985 the Member States are to permit the marketing of certain cosmetic products containing substances and preservatives admitted on a provisional basis, and that on 1 January 1986 these substances and preservatives are to be:

- either definitively permitted;
- or definitively prohibited;
- or provisionally retained for a further specified period;
- or deleted from all annexes.

#### *Consumer information, education and representation*

### **Price indication**

2.1.114. On 17 March, in response to concerns expressed by the Permanent Representatives Committee, the Commission amended<sup>5</sup> its proposals for Directives relating to the indication of prices of food<sup>6</sup> and non-food products.<sup>7</sup>

## **Agriculture**

### **Council**

2.1.115. At its meeting on 24 and 25 March the Council first discussed the

<sup>1</sup> OJ C 97, 25.4.1986; COM(86) 167 final.

<sup>2</sup> OJ L 384, 31.12.1982; Bull. EC 12-1982, point 2.1.105.

<sup>3</sup> OJ C 264, 8.10.1982; Bull. EC 9-1982, point 2.1.50; OJ C 154, 14.6.1984; Bull. EC 4-1984, point 2.1.87; Bull. EC 11-1985, point 2.1.122.

<sup>4</sup> OJ L 262, 27.9.1976.

<sup>5</sup> COM(86) 141 final.

<sup>6</sup> OJ C 53, 25.2.1984; Bull. EC 1-1984, point 2.1.66; OJ C 205, 14.8.1985; Bull. EC 7/8-1985, point 2.1.134.

<sup>7</sup> OJ C 8, 13.1.1984; Bull. EC 12-1983, point 2.1.131; OJ C 205, 14.8.1985; Bull. EC 7/8-1985, point 2.1.134.

budgetary framework within which decisions on the 1986/87 agricultural prices should be taken. A large majority of Member States considered that the falling value of the dollar justified exceeding the limits set by budgetary discipline to a certain extent (→ point 2.3.3). The exact extent by which the limits could be exceeded would, however, have to be decided at a later date in conjunction with the decision on agricultural prices.

The Council adopted<sup>1</sup> the Commission proposal on the early down-valuing of stocks<sup>2</sup> which would make possible the partial financing in 1986 of a programme for the additional disposal of old stocks of butter and beef. However, the Commission proposal on financing storage costs including interest charges,<sup>3</sup> the purpose of which was to reduce such expenditure, remains before the Council.

The Council continued its discussion of the Commission proposals on agricultural prices and related measures for 1986/87.<sup>4</sup> It gave particular attention to the proposals relating to the adjustment of the market organizations for cereals<sup>5</sup> and beef/veal<sup>6</sup> and the definitive discontinuation of milk production.<sup>7</sup> Most Member States, while accepting in principle that the market organizations should be reformed, expressed sometimes fundamental reservations as to how this should be done. Pending a decision on the matter, the Council decided to extend from 1 to 27 April the current marketing years for milk and beef/veal, which end on 31 March.<sup>8</sup>

The Council did, nevertheless, take a number of decisions. It adopted the amendment to the Regulation on sugar and the renewal of the quota system (→ point 2.1.121). It also adopted measures aimed at facilitating the conclusion of negotiations with the ACP States on guaranteed prices for preferential sugar for the 1985/86 delivery period (→ point 2.2.48).<sup>9</sup> These measures provide in particular for a change in the intervention price for raw sugar for the 1985/86 marketing year so as to ensure an increase, from 1 April to 30 June 1986, of 1.3% in relation

to the price obtaining during the 1984/85 marketing year.

The Council also adopted Regulations on two interrelated matters: the new system of aid for the industrial use of starch and the new rules on the granting of production refunds for sugar used in the chemical industry (→ points 2.1.119 and 2.1.122). A large measure of general political agreement was reached on both these matters in February.<sup>10</sup>

The Council also adopted<sup>11</sup> the Directive laying down minimum standards for the protection of laying hens kept in battery cages,<sup>12</sup> on which it had reached very broad agreement in December 1985.<sup>13</sup>

On the basis of a compromise formula, it agreed a favourable approach to the common measure for replanting and converting olive groves damaged by frost in certain regions of the Community in early 1985.<sup>10</sup>

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2.1.116. In view of the implementation of the Act of Accession of Spain and Portugal from 1 March 1986 with respect to agriculture, the Council and the Commission adopted a number of Regulations on the application of the market organizations in the various sectors of agriculture.<sup>14</sup>

#### Agricultural prices and related measures for 1986/87

2.1.117. The Economic and Social Committee adopted on 14 March an opinion on

<sup>1</sup> OJ L 89, 4.4.1986.

<sup>2</sup> OJ C 348, 31.12.1985; Bull. EC 2-1986, point 1.3.9.

<sup>3</sup> OJ C 85, 14.4.1986; Bull. EC 2-1986, point 1.3.9.

<sup>4</sup> OJ C 53, 7.3.1986; OJ C 85, 14.4.1986; Bull. EC 2-1986, point 1.3.1 *et seq.* and 2.1.107.

<sup>5</sup> Bull. EC 11-1984, point 2.1.127 *et seq.*

<sup>6</sup> Bull. EC 12-1985, point 2.1.154 *et seq.*

<sup>7</sup> Bull. EC 10-1985, point 2.1.102.

<sup>8</sup> OJ L 84, 27.3.1986.

<sup>9</sup> OJ L 88, 3.4.1986.

<sup>10</sup> Bull. EC 2-1986, point 2.1.106.

<sup>11</sup> OJ L 95, 10.4.1986.

<sup>12</sup> OJ C 208, 18.8.1981; OJ C 187, 22.7.1982.

<sup>13</sup> Bull. EC 12-1985, point 2.1.153.

<sup>14</sup> OJ L 53, 1.3.1986; OJ L 54, 1.3.1986; OJ L 57, 1.3.1986; OJ L 58, 1.3.1986.

the Commission proposal concerning agricultural prices and certain related measures for 1986/87 (→ point 2.4.18).<sup>1</sup>

## Economic aspects of the common agricultural policy

### Agri-monetary measures

2.1.118. The Commission amended its Regulation of 11 November 1985 providing for the advance fixing of monetary compensatory amounts,<sup>2</sup> in order to prevent changes in real exchange rates from affecting any alteration of the MCAs which might result from a change in the agricultural conversion rates.

### Market organizations

#### Cereals

#### Starch

2.1.119. The Council adopted by qualified majority a group of four Regulations<sup>3</sup> introducing new arrangements for production refunds on certain products made from Community cereal or potato starch.<sup>4</sup> The aim of the new refund system is to encourage industrial use of agricultural raw materials produced within the Community. In the long term, an annual total of 1.5 million tonnes of cereals should be directed towards such uses. Non-food cereal starch products will benefit increasingly from this subsidy, which will be based on the difference between the intervention price for maize and its price on the quayside in Community ports. The Commission has undertaken to examine the question which products may qualify for the refund, including food products which certain Member States wish to include in the list of qualifying products: the system of refunds which currently applies to food products containing

starch is due to be phased out over the next three years. The premium for potato starch will be maintained at 18.7 ECU/tonne for three years. The Commission has undertaken to make a proposal before the end of that period regarding further action on the premium.

### Commission Memorandum

2.1.120. On 14 March the Economic and Social Committee adopted an opinion on the Commission Memorandum<sup>5</sup> and proposal for a Regulation<sup>6</sup> on the adjustment of the common organization of the market in cereals (→ point 2.4.20).

#### Sugar

2.1.121. On 25 March the Council adopted<sup>7</sup> — Parliament having given its opinion in February<sup>8</sup> — the Regulation on the common organization of the market in sugar<sup>9</sup> on which it had reached political agreement in December.<sup>10</sup>

#### Use of sugar in the chemical industry

2.1.122. At the same time as it reached agreement on new arrangements for production refunds on starch the Council also adopted,<sup>11</sup> by a qualified majority, the Regulation introducing a system of subsidies for the industrial use of sugar.<sup>12</sup> Under the new system the refund granted in 1986/87 and 1987/88 will enable sugar for the

<sup>1</sup> OJ C 53, 7.3.1986; OJ C 85, 14.4.1986; Bull. EC 2-1986, point 1.3.1 *et seq.* and 2.1.107.

<sup>2</sup> OJ L 310, 21.11.1985.

<sup>3</sup> OJ L 94, 9.4.1986.

<sup>4</sup> OJ C 341, 21.12.1984; Bull. EC 11-1984, point 2.1.96; Bull. EC 7/8-1985, point 2.1.151.

<sup>5</sup> Bull. EC 11-1985, point 2.1.127 *et seq.*

<sup>6</sup> OJ C 53, 7.3.1986; Bull. EC 2-1986, point 1.3.3.

<sup>7</sup> OJ L 87, 2.4.1986.

<sup>8</sup> OJ C 68, 11.3.1986; Bull. EC 2-1986, point 2.1.118.

<sup>9</sup> OJ C 219, 29.8.1986; Bull. EC 7/8-1985, point 2.1.155.

<sup>10</sup> Bull. EC 12-1985, point 2.1.163 *et seq.*

<sup>11</sup> OJ L 94, 9.4.1986.

<sup>12</sup> Bull. EC 9-1985, point 2.1.95.

chemical industry to be supplied at the market price for glucose obtained from starch. In 1988/89 the refund will increase by an amount equal to 25% of the difference between the price of glucose and the price of sugar on the world market plus 70 ECU per tonne. In 1989/90 the increase will be 50% of the abovementioned difference. The refund will be adjusted every three months in line with changes in the price of glucose.

### Market situation <sup>1</sup>

2.1.123. Since early March there has been a steady and considerable rise in world market prices for white and raw sugar. This increase follows a long period during which sugar prices had fallen to exceptionally low levels. On 10 June 1985, for instance, the spot price for raw sugar on the New York exchange was 2.56 cents per pound, the lowest ever recorded there.

The current increase in prices is mainly due to an improvement in the general market situation and a more sustained demand for sugar: it is estimated that in 1985/86 world sugar production (97.1 million tonnes of raw sugar) will, for the first time in four years, be lower than world consumption (99.8 million tonnes) and this will enable world stocks of surplus sugar to be reduced. On the other hand, several recent reports have pointed out that current stocks of sugar (mainly raw sugar) held by the main exporting countries such as the Philippines, Brazil, Argentina and Cuba are at a low level, which probably indicates that, in the short term, a large demand for sugar could not be met. As regards importing countries such as the USSR, China and India, which are currently still importing white and raw sugar, the reports assume that stocks available in these countries will not be reduced during this period of change in world prices.

In the Community of Ten, 1 719 000 hectares are down to sugarbeet in 1985-86 (0.6% less than the previous year).

It is estimated that beet sugar production in the Community, assuming a yield of 7.24

tonnes of sugar per hectare, will be greater than in 1984/85, which was itself a good year (12.4 million tonnes of white sugar, 280 000 tonnes of cane sugar from the French overseas departments and 19 000 tonnes of molasses sugar). Total sugar production in the Ten would therefore amount of 12.7 million tonnes.

Consumption in 1985/86 should be about 9.5 million tonnes, lower than in the previous year. The total quantity of unprocessed sugar available for export to non-Community countries in 1985/86 should, according to current estimates, be about 4.1 million tonnes and therefore greater than the quantity actually exported in 1984/85 — about 3.8 million tonnes.

It is expected that the area sown to sugarbeet in the Community of Twelve in 1986/87 will be 1 861 million hectares (as against 1 898 million hectares in the previous year).

### *Fresh fruit and vegetables*

#### Citrus fruit in 1985/86

#### *Production*

2.1.124. Statistics currently available for major citrus fruit produced in the Community give an initial indication of the changes which have occurred in the various market parameters during the 1985/86 marketing year compared with the previous year.

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<sup>1</sup> Bull. EC 11-1985, point 2.1.142 *et seq.*

Table 4 — *Production of citrus fruit, 1984/85 and 1985/86*

	1984/85 ('000 t)	1985/86 ('000 t)	% change
Oranges			
EUR 10	2 639	2 681	+ 1.6
EUR 12	4 104	4 691	+ 14
Mandarines			
EUR 10	231	280	+ 21
EUR 12	645	773	+ 19.8
Clementines			
EUR 10	211	235	+ 11
EUR 12	695	785	+ 12.9
Lemons			
EUR 10	887	966	+ 8.9
EUR 12	1 191	1 434	+ 20

Source: SOEC.

Production appears to have increased considerably from one marketing year to the next, and this is especially true of the Community of Twelve (as in the case of oranges). However, 1985 production levels in the Community of Ten were lower than those recorded in 1983 (an exceptional year with considerable withdrawals, particularly of oranges).

#### *Producer prices*

2.1.125. In the case of lemons, producer prices for category I have risen appreciably since the beginning of the marketing year compared with 1984/85, particularly in Italy. For the Community as a whole, the increase is about 25%.

In the case of mandarins and oranges, figures for the first few months of the marketing year show only that, in comparison with the 1984/85 figures, the price of mandarins fell by about 13% while the price for oranges rose slightly by 5%.

#### *Intervention*

2.1.126. The only data currently available relate to mandarins withdrawn from the market in Italy. According to the Italian

authorities the quantities withdrawn by 1 January 1986 amount to some 44 000 tonnes.

#### *Trade*

2.1.127. Table 5 shows that the Community's internal trade increased considerably, to the detriment of imports from non-member countries, while Community exports to non-member countries increased appreciably, particularly in the case of oranges and lemons.

#### *Reference prices*

2.1.128. From the prices recorded on representative Community markets it is apparent that the prices for the present marketing year have so far been slightly lower than those recorded during the previous marketing year but are none the less satisfactory and, in any case, above the reference prices.

Table 5 — Trade in citrus fruit, 1984 and 1985 (Community of Ten)

	1984 (t)	1985 (t)	% change
<b>Oranges</b>			
Imports from Member States	215 916	326 977	51
Imports from non-member countries	1 721 993	1 400 693	- 19
Exports to non-member countries	153 918	248 229	61
<b>Clementines</b>			
Imports from Member States	13 240	29 084	120
Imports from non-member countries	562 028	507 510	- 10
Exports to non-member countries	3 299	3 341	—
<b>Mandarins, tangerines, satsumas, wilkings and similar citrus hybrids</b>			
Imports from Member States	15 609	19 103	22
Imports from non-member countries	276 830	260 683	- 6
Exports to non-member countries	4 332	4 035	- 7
<b>Lemons</b>			
Imports from Member States	57 257	116 862	104
Imports from non-member countries	286 819	243 963	- 15
Exports to non-member countries	108 824	196 707	81

Source: Nimex.

**Pigmeat****Market situation**(December 1985-March 1986)<sup>1</sup>

2.1.129. Following a series of outbreaks of foot-and-mouth disease in certain regions of Italy, restrictions were imposed by the veterinary authorities on movement of live animals and meat in order to prevent the further spread of the disease.<sup>2</sup> To compensate for the effects of these restrictions in the pigmeat sector, private storage aids were introduced for a range of products in the regions concerned, initially from 27 January to 1 March<sup>1</sup> and subsequently up to 6 April.<sup>3</sup>

2.1.130. As regards the market situation as such, prices remained firm up to mid-December as a result of strong demand. In the subsequent period the market weakened considerably owing to seasonal factors and excess supply. With a view to reversing this price decline a Community-wide scheme of aid to private storage was introduced with effect from 1 April.<sup>4</sup>

**Poultry and eggs****Market situation<sup>5</sup>**

2.1.131. The estimated total production of eggs in the Community of Ten in 1985 was 4 186 000 tonnes, about 0.4% more than in 1984. Exports of eggs for consumption to non-Community countries, particularly in the Middle East, were 30% (30 000 tonnes) down on 1984, owing to such factors as economic recession, war and the steady growth in local production. This had an effect on prices in 1985: over the year as a whole, the average 1984 Community price fell by about 12 ECU (from 122 to 110 ECU/100 kg). No seasonal upward trend in prices has yet become apparent, even in the run-up to Easter. All Member States have been affected by the fall in prices, which has been only partly offset by a fall in feed prices.

<sup>1</sup> Bull. EC 11-1985, point 2.1.139 *et seq.*<sup>2</sup> OJ L 21, 28.1.1986; Bull. EC 2-1986, point 2.1.22.<sup>3</sup> OJ L 66, 8.3.1986.<sup>4</sup> OJ L 81, 26.3.1986.<sup>5</sup> Bull. EC 7/8-1985, point 2.1.152 *et seq.*



This shows how the sudden fall in exports has affected market prices in spite of an appreciable increase in the export refund in February, the effects of which have yet to be felt.

Production of poultrymeat in 1985 is estimated at 4.41 million tonnes, an increase of 1.8% on 1984. In the case of chicken, estimated production in 1985 (2 928 000 tonnes) was 1.5% greater than in 1984. A further increase of 1.3% in poultrymeat production (2.0% in the case of chicken) is expected in 1986. Community production of turkey in 1985 was 726 000 tonnes, 2.5% more than in 1984. A further increase of 1.7% is expected in 1986.

Exports of poultrymeat to non-Community countries in 1985 were 7.1% down on the previous year (340 000 tonnes as against 366 000 tonnes), while imports increased by 13.3% to 85 000 tonnes. Consumption of poultrymeat in 1985 rose by 2.7% to total 4 145 000 tonnes, so that the level of self-sufficiency fell by 0.8%, from 107.0 to 106.1.

The average Community price for chicken rose by 11 ECU/100 kg in 1985, indicating the healthy condition of last year's market. While supply appears at present to be well matched to the upward trend in demand on the internal market, especially in the case of cuts and preparations, the fall in exports none the less gives cause for concern. The increased level of the export refunds since February should help exporters to maintain a satisfactory flow of trade to non-Community countries in spite of increased competition from other exporting countries such as Brazil.

## Wine

2.1.132. On 24 March the Commission adopted the detailed rules for applying compulsory distillation of table wines<sup>1</sup> in accordance with the Regulation adopted by the Council in March 1985<sup>2</sup> following the conclusions reached by the European Council in Dublin,<sup>3</sup> which will be implemented for the first time during the current marketing year. On the same date

the Commission initiated the distillation procedure along with the 'support' distillation of table wines for the 1985/86 marketing year.

Compulsory distillation involves a total of 7.5 million hl of table wine, broken down as follows: France 3.85 million hl; Italy 3.35 million hl; Greece 0.3 million hl. These amounts are proportional to the quantity of table wine produced by these Member States during 1985/86.

In view of the expected stabilization of the market in table wine by means of compulsory distillation, the quantity to be distilled in the context of 'support' distillation was limited to 2 million hl for the 1985/86 wine year.

2.1.133. The Commission decided on 6 March that producers of quality sparkling wine of the aromatic type who have produced their wine from bought-in grape must or partially fermented grape must that has undergone stabilization treatment to eliminate the lees should not be subject to the obligation to distil by-products.<sup>4</sup>

Since 1 January producers have been required to produce these wines from grape must. When must has undergone a stabilization treatment it is separated from its lees. Moreover, the lees that form when secondary fermentation occurs cannot be reused. These by-products should not, therefore, be delivered for distillation pursuant to Article 39 of the Regulation of 5 February 1979 on the common organization of the market in wine.<sup>5</sup>

2.1.134. On 11 March the Commission altered<sup>6</sup> the free-at-the-frontier reference prices applicable to wine imports from 1 September 1985<sup>7</sup> to take account of the fact that Greece has been applying the CCT in

<sup>1</sup> OJ L 80, 25.3.1986.

<sup>2</sup> OJ L 88, 28.3.1985; Bull. EC 2-1985, point 1.1.2.

<sup>3</sup> Bull. EC 12-1985, point 1.2.15.

<sup>4</sup> OJ L 65, 7.3.1986.

<sup>5</sup> OJ L 54, 5.3.1979.

<sup>6</sup> OJ L 71, 14.3.1986.

<sup>7</sup> OJ L 234, 31.8.1985.

full since 1 January pursuant to the Act of Accession, that Spain has been applying the CCT duties in full from 1 March for those wine products for which a reference price is fixed and, finally, that with effect from 1 March the customs duties applicable to imports into the Community of Ten of wine products from Portugal are being phased out.

### *Beef/veal*

2.1.135. On 14 March the Economic and Social Committee adopted an opinion (→ point 2.4.19) on the Commission Memorandum<sup>1</sup> and the proposed Regulations on the adjustment of the common organization of the market in beef/veal.<sup>2</sup>

### *Sheepmeat*

#### **Market situation**

2.1.136. Production of sheepmeat in 1985 rose by more than 4%, from 724 000 tonnes in 1984 to 755 000 tonnes in 1985. Consumption of sheepmeat also rose in 1985 but less sharply than production (up 3%), from 952 000 tonnes in 1984 to 980 000 tonnes in 1985.

Self-sufficiency in sheepmeat is thus about 77%.

Imports from non-Community countries in 1985 amounted to 253 000 tonnes, virtually the same as in 1984 and 1983, while the import facilities granted by the Community to non-member countries remained fixed at 320 000 tonnes.

It is clear, therefore, that although there is still a shortfall in the supply of sheepmeat (a shortfall which is decreasing), when account is taken of import facilities there is no prospect of a shortage arising.

The situation was reflected in the market price, which fell in 1985 by 2% of its 1984 level. The trend varied, however, from one Member State to another: the price increased in Belgium, Denmark and the

Netherlands, remained stable in the United Kingdom and fell in France, Ireland and Greece.

The sheepmeat market is traditionally supported by the variable slaughter premium, which applies only in Great Britain, and the ewe premium, which applies in all Member States.

Public buying-in has not so far been applied to sheepmeat as the conditions laid down have not been met. The only Member State which might be interested in this means of market support is France. Since there is a shortfall in Community production of sheepmeat and there are no export refunds on the product, the Community exports very limited quantities (about 5 000 tonnes) to non-member countries, the main exporters being the United Kingdom and France.

From the 1986 marketing year, which coincides with the calendar year,<sup>3</sup> the ewe premium will also be granted in respect of she-goats in southern areas of the Community.

In 1986 production should continue to rise fairly sharply, while consumption will increase only very slightly over 1985 levels. The Community shortfall should therefore be reduced still further in 1986, and this might have an adverse effect on market prices for sheepmeat in 1986.

### *Milk and milk products*

2.1.137. In order to alleviate the difficulties in disposing of butter from private storage, the Commission reintroduced<sup>4</sup> the system of aid for butter from private storage for use in the manufacture of pastry products, ice-cream and other foodstuffs.<sup>5</sup>

<sup>1</sup> Bull. EC 12-1985, point 2.1.154 *et seq.*

<sup>2</sup> OJ C 85, 14.4.1986; OJ C 53, 7.3.1986; Bull. EC 2-1986, point 1.3.5.

<sup>3</sup> OJ L 137, 27.5.1985; Bull. EC 5-1985, point 2.1.85.

<sup>4</sup> OJ L 64, 6.3.1986.

<sup>5</sup> OJ L 52, 23.2.1984; Bull. EC 2-1984, point 2.1.108.

## Structures

2.1.138. On 14 March Parliament adopted an opinion<sup>1</sup> on three proposals for Regulations relating to special regional measures to remove the structural handicaps facing agriculture in certain areas.<sup>2</sup> While endorsing the proposals, Parliament regretted that the Community action envisaged in the case of France lacked ambition as regards both the scale of the financial resources proposed and the content of the proposed measures. Regarding the action to promote agriculture in northern Italy, Parliament stressed the importance of investments in the utilization of alternative energy sources, land consolidation through purchase, lease and exchange, and the construction of small irrigation plants. It also regretted that the third proposed Regulation had been restricted to selected Scottish islands and it called on the Commission to extend the list of proposed measures to include additional activities.

2.1.139. The Economic and Social Committee adopted an opinion on these proposals on 14 March (→ point 2.4.21).

## Competition

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

### *Germany*

*Baden-Württemberg:* Granting of premiums to maintain Hinterwälder cattle. This is one of the 1985 Land schemes outside the joint Federal Government/Länder programme.

*Lower Saxony:* Aid for the maintenance and protection of permanent grasslands in conservation areas and natural parks.

*Rhineland-Palatinate:* Aid granted by the Landkreis Trier-Saarburg to a producer of sparkling wine.

*Schleswig-Holstein:* Aid for the development and planting of woodlands.

### *Denmark*

The 1986 budget of the poultry breeders' fund and changes to the 1985/86 budget of the beef/veal producers' fund.

### *France*

Exceptional aid to new potato growers' organizations and aid for advertising.

Loans granted by cooperative credit associations for special crops.

### *Ireland*

The Feed Voucher Scheme 1985, an agricultural aid scheme to offset the effects of high rainfall in the summer of 1985.

2.1.141. The Commission also decided to close the file on a Belgian investment aid scheme for rice products.

## Fisheries

### Resources

#### *Internal aspects*

#### Community measures

#### *Technical measures*

2.1.142. On 1 March Parliament approved<sup>1</sup> a proposal for a Regulation laying down definitions of vessel characteristics and the way in which they should be determined for fishing vessels.<sup>3</sup>

<sup>1</sup> OJ C 88, 14.4.1986.

<sup>2</sup> OJ C 358, 31.12.1985; Bull. EC 1-1986, point 2.1.104.

<sup>3</sup> Bull. EC 1-1986, point 2.1.117.

## National measures

### *Implementation of Community rules*

2.1.143. On 24 March the Commission took note of a draft Danish Order on the grading of herring landings and the use of a sampling system to monitor compliance with the ban on the fishing of herring for industrial purposes, as required by the Regulation of 27 September 1977.<sup>1</sup> The Commission reminded the Danish authorities of their duty to apply the Order without in any way discriminating against fishermen of other Member States landing herring at Danish ports.

### *External aspects*

## Bilateral relations

### *Guinea*

2.1.144. On 18 March the Council approved<sup>2</sup> an agreement in the form of an exchange of letters extending for six months the protocol to the fisheries agreement between the Community and the Government of the Republic of Guinea.<sup>3</sup>

This agreement had been initialled on 28 January.<sup>4</sup>

### *Senegal*

2.1.145. A first round of negotiations between the Community and the Government of Senegal with a view to the renewal from 30 April of the protocol<sup>5</sup> to the fisheries agreement<sup>6</sup> took place in Brussels on 5-7 March.

### *Dominica*

2.1.146. The Community and the Government of Dominica held negotiations in Basse Terre, Guadeloupe, on 18 and 19 March for the conclusion of an agreement on fishing by ships flying the flag of one of the Member States in waters off Dominica.

### *Antigua and Barbuda*

2.1.147. On 20 March a Community delegation led by the Commission and a delegation from Antigua and Barbuda held exploratory talks in St John's on negotiation of a fisheries agreement.

## Markets and structures

### *Structures*

2.1.148. The Commission raised no objection to the granting of State aid towards investments planned at a fish feed manufacturing firm in the United Kingdom. The subsidy amounts to UKL 3.1 million.

## Transport

### *Council*

2.1.149. The Council's meeting on 14 March was devoted primarily to sea and air transport.

In the shipping sector, significant progress was made on three of the four proposals under consideration.<sup>7</sup> These concern coordinated action to safeguard free access to cargoes in ocean trades, unfair pricing practices and the application of the rules of competition to shipping.

Agreement seems close on these three proposals but not on the proposal applying the principle of freedom to provide services to shipping.

The Commission and several Member States have, however, underlined the need

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<sup>1</sup> OJ L 247, 28.9.1977.

<sup>2</sup> OJ L 80, 25.3.1986.

<sup>3</sup> OJ L 111, 27.4.1983; Bull. EC 3-1983, point 2.1.133.

<sup>4</sup> Bull. EC 1-1986, point 2.1.120.

<sup>5</sup> OJ L 75, 20.3.1986; Bull. EC 2-1986, point 2.1.138.

<sup>6</sup> OJ L 361, 31.12.1985; Bull. EC 12-1985, point 2.1.197.

<sup>7</sup> Supplement 5/85 — Bull. EC; OJ C 212, 23.8.1985; Bull. EC 4-1985, point 1.2.1 *et seq.*

for all four proposals to be adopted in a single package.

Progress was made on fare setting in the air transport sector,<sup>1</sup> with a number of broad principles being agreed (defining areas in which rates are automatically approved and introduction of a procedure of accelerated arbitration for rates outside these areas).

Pressure will have to be applied by the Commission to ensure agreement on capacity (where there has been little progress so far) and the application of the rules of competition to air transport.

## Inland transport

### Road transport

#### Technical aspects

##### Road safety

2.1.150. Italy, in conjunction with the Community institutions, officially opened European Road Safety Year in March.<sup>2</sup> Other events were also held in other Member States.

## Air transport

2.1.151. On 10 March Parliament adopted a resolution on security at airports (→ point 2.4.7).<sup>3</sup>

## Energy

### Council

2.1.152. Meeting on 20 March, the Council made a detailed examination of the new Community rules for State aids to the coal industry<sup>4</sup>—on which some progress was made towards assent to the new rules—and the brown coal and peat industries.<sup>5</sup> After lengthy discussion of the draft resolution on the new Community energy objec-

tives for 1995<sup>6</sup> the Council went on to exchange views on the Commission communication on a Community approach to the development of new and renewable energy sources.<sup>7</sup> The Council wound up by examining the situation in the oil market, taking the view that it would have a beneficial effect on the Community's economic prospects. The Council also stressed the need for even more transparency in oil trade and agreed to maintain the long-term energy policy objectives.

## Formulating and implementing a Community energy policy

### New Community energy objectives

2.1.153. On 14 March Parliament issued its opinion<sup>3</sup> on the draft resolution on the new Community energy objectives for 1995.<sup>6</sup> While approving the Commission's initiative, Parliament nevertheless deplored the fact that the objectives were not more ambitious and more precisely defined. Amendments to the draft were proposed that recommended expanding the Community's gas and power networks by inter-connecting the national distribution grids, building gas storage installations, using the structural Funds and the Community's loan instruments to finance actions likely to bring about greater convergence between the Member States' energy policies, promoting oil and natural gas exploration in the Community, the pursuit of an oil substitution policy and, on the demand side, improving energy efficiency. The House also suggested that the Community should act to ensure that oil imports did not increase by more than 10% over 1983 levels

<sup>1</sup> OJ C 182, 9.7.1984; Bull. EC 2-1984, point 2.1.149.

<sup>2</sup> Bull. EC 1-1986, point 2.1.127; Bull. EC 2-1986, point 2.1.146.

<sup>3</sup> OJ C 88, 14.4.1986.

<sup>4</sup> Bull. EC 9-1985, points 1.4.1 to 1.4.4; Bull. EC 11-1985, point 2.1.173.

<sup>5</sup> Bull. EC 2-1984, point 2.1.151.

<sup>6</sup> Bull. EC 5-1985, point 2.1.106.

<sup>7</sup> OJ C 94, 22.4.1986; Bull. EC 1-1986, point 2.1.130.

in order to limit dependence on imported energy.

## Specific problems

### Solid fuels

#### *New State-aid rules*

2.1.154. On 13 March Parliament issued its opinion<sup>1</sup> on the draft Decision on new Community rules for State aids to the coal industry.<sup>2</sup> Parliament stressed that coal is the only domestic source of energy of which we have major reserves, expressed surprise at the fact that the prospect of increasing

the share of coal in the energy market is nowhere mentioned and asked that the desirability of granting State aids should be assessed in the light of economic criteria (including the need for supplies), social criteria (in particular the problem of retraining) and financial criteria (assessing short- and long-term profitability). It also proposed extending the period of applicability of the new rules from five to 10 years, with the possibility of a review at the end of five years. Parliament considered that the transitional period itself should be extended to 31 December 1987.

In November 1985 Parliament had issued an interim opinion on prolonging the present system to 1 July 1986.<sup>3</sup>

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<sup>1</sup> OJ C 88, 24.3.1986.

<sup>2</sup> Bull. EC 9-1985, points 1.4.1 to 1.4.4.

<sup>3</sup> OJ C 345, 31.12.1985; Bull. EC 11-1985, point 2.1.173.

## 2. External relations

### Renewal of the Multifibre Arrangement

#### Negotiating directives

##### Definition by the Council

2.2.1. On 11 March the Council adopted directives enabling the Commission to negotiate the continuation of the Multifibre Arrangement (MFA) and the bilateral textile agreements.<sup>4</sup> The directives set out three main aims: maintenance of the MFA for four to five years as a framework for international trade in textile products, some liberalization of the MFA and a greater degree of differentiation between exporting countries.

In the main, these directives confirm the guidelines decided on by the Council in July

1985,<sup>5</sup> namely the need to renew the MFA but also the Community's intention to take practical measures to introduce greater flexibility in the application of the MFA provided that a parallel effort is made by the other participating countries to open up their markets.

In a statement made at the close of the meeting, Mr Willy De Clercq, the Member of the Commission with special responsibility for external relations and trade policy, said that it was a balanced mandate since it safeguarded the interests of the Community textile industry while allowing resolute action to be taken towards greater flexibility of import arrangements. He expressed the hope that what he felt was a courageous

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<sup>4</sup> Bull. EC 11-1985, point 2.3.4; Bull. EC 12-1985, point 2.3.9.

<sup>5</sup> Bull. EC 7/8-1985, point 2.3.6.

attitude on the part of the Community would have a positive influence on certain industrialized countries which might be tempted by a more protectionist approach.

2.2.2. As regards the multilateral aspect, the negotiating directives relate to the form and content of a new protocol extending the MFA for a period of four to five years. The protocol would also make provision for various restrictive clauses included in 1981<sup>1</sup> to be removed and would include a new provision calling upon the importing countries to grant particularly favourable treatment to the least developed countries and for more explicit recognition of the MFA objective of contributing to the economic and social development of the exporting countries. All the parties to the MFA should commit themselves to take measures to open up markets commensurate with the level of their development and their economic capabilities. Provision should also be made for measures to ensure greater protection of intellectual property (registered trade marks, designs, etc).

2.2.3. As regards the bilateral agreements, the aim of differentiation between exporting countries according to their importance will be maintained. Compared with the existing arrangements,<sup>1</sup> the Community will propose an improvement in the terms of the agreements, particularly for the least developed countries. There is also provision for a reduction in the number of agreements in their current form and in the number of restrictions. The improvements anticipated may take the form of an increase in the annual growth rates of quotas and in flexibility rates between categories and from one year to the next. In addition, provision is made for a degree of gradual automatic flexibility between the Member States' shares within a Community limit, which represents progress towards ending the fragmentations of the Community market. The Community will also propose raising the threshold for the introduction of new restrictions during the period of application of an agreement. As regards the problem of surges of imports within an underutilized

quota, provision is made for replacing the existing surge clause by a specific consultation procedure. Special provisions are also envisaged for some children's clothing.

## Commercial policy

### Implementing the common commercial policy

#### *Commercial policy instruments*

##### Easing of restrictive measures

2.2.4. The Commission took the following measures under the Regulation of 14 November 1983 on import arrangements for products originating in State-trading countries, not liberalized at Community level:<sup>2</sup>

##### (i) Opening of quotas:

*Italy-Hungary:* regenerated textile fibres of viscose (discontinuous);<sup>3</sup>

*Italy-Romania:* regenerated textile fibres of viscose (discontinuous);<sup>3</sup> yarn of regenerated textile fibres (continuous);<sup>3</sup> synthetic textile fibres of polyamides (discontinuous);<sup>3</sup>

*Italy-German Democratic Republic:* yarn of regenerated textile fibres (continuous);<sup>3</sup>

*Italy-Hungary/Czechoslovakia/German Democratic Republic:* waste of unwrought aluminium, alloyed, recast into ingots;<sup>4</sup>

*Portugal-Mongolia:* parts of footwear ... and cars with all types of engines;

##### (ii) Changes in quotas:

<sup>1</sup> Bull. EC 12-1981, point 1.5.1 *et seq.*

<sup>2</sup> OJ L 346, 8.12.1983.

<sup>3</sup> OJ C 53, 7.3.1986.

<sup>4</sup> OJ C 70, 25.3.1986.

*Portugal-Bulgaria/Hungary/Poland/Romania/Czechoslovakia/Soviet Union/German Democratic Republic: various industrial products;*

(iii) Changes in import arrangements:

*France-Hungary/Poland/Romania/Czechoslovakia: the release for free circu-*

lation of various industrial products was authorized without any quantitative restrictions.

### Trade protection

2.2.5. The trade protection measures taken in March are set out in Table 6.

Table 6 — *Trade protection measures*

Council	Commission
<p><i>Anti-dumping proceedings</i></p> <p><i>Extension of the provisional anti-dumping duty on imports of:</i></p> <ul style="list-style-type: none"> <li>● copper sulphate originating in Yugoslavia OJ L 62, 5.3.1986 (provisional duty: OJ L 296, 8.11.1985)</li> </ul> <p><i>Termination of anti-dumping proceedings concerning imports of:</i></p> <ul style="list-style-type: none"> <li>● dead-burned (sintered) natural magnesite originating in China or North Korea OJ L 70, 13.3.1986 (notice relating to anti-dumping investigation: OJ C 149, 19.6.1985)</li> </ul>	<p><i>Anti-dumping proceedings</i></p> <p><i>Initiation of anti-dumping proceedings concerning imports of:</i></p> <ul style="list-style-type: none"> <li>● potassium permanganate originating in Czechoslovakia, the German Democratic Republic or the People's Republic of China OJ C 63, 18.3.1986</li> </ul> <p><i>Termination of an anti-dumping proceeding concerning imports of:</i></p> <ul style="list-style-type: none"> <li>● stainless steel household cooking ware originating in South Korea (OJ L 74, 19.3.1986 (initiation: OJ C 126, 23.5.1985)</li> </ul>

### Export credits

2.2.6. On 10 March the Council adopted a decision relating to the application of a sectoral agreement on export credits for civil aircraft. This decision endorses the *ad referendum* agreement reached between the participants in the OECD Arrangement on export credits at their meeting of 23/24 January<sup>1</sup> and complements the agreement on wide-bodied jet aircraft which the Community concluded with the United States in June 1985.<sup>2</sup>

## Relations with industrialized countries<sup>3</sup>

### United States

2.2.7. A number of meetings between senior officials gave the Commission the opportunity to supply the United States

<sup>1</sup> Bull. EC 1-1986, point 2.2.5; Bull. EC 2-1986, point 2.2.6.

<sup>2</sup> Bull. EC 6-1985, point 2.3.3.

<sup>3</sup> For scientific and technical cooperation with the EFTA countries, see points 2.1.39 and 2.1.40.



authorities with the clarifications they requested concerning the effects of Community membership on Spanish and Portuguese imports of agricultural products from the United States. In accordance with the procedures laid down in Article XXIV of the General Agreement on Tariffs and Trade, the Community is willing to undertake a general review of the consequences of enlargement and, more specifically, under Article XXIV(6),<sup>1</sup> to undertake a bilateral review of the position of each trading partner, with reference to its rights under the GATT, beginning with the United States.

Despite the goodwill of the Community and the appropriate GATT rules, on 31 March the United States' authorities announced that they intended to impose restrictions on Community exports to compensate for losses which the United States might suffer in some of its exports considered in isolation (soya and cereals to Portugal and maize and sorghum to Spain).

Mr Willy De Clercq, the Member of the Commission with special responsibility for trade policy, remarked that, while the United States welcomed Community enlargement because it strengthened the western alliance, it deliberately ignored the consequential commercial advantages which it would obtain by asking for compensation or renunciations by the Community on certain specific points. In so doing, the United States was acting outside the rules of GATT, a body which, at the same time, it was trying to bolster through a new round of multilateral negotiations. In the face of such an unfriendly act, the Community must obviously reserve all its rights.

## Canada

2.2.8. An agreement between the Community and Canada on cooperation in the area of controlled thermonuclear fusion research was signed on 6 March (→ point 2.1.41).

## Japan

### *Council conclusions*

2.2.9. At its meeting on 10 March the Council continued its examination, begun on 18 February,<sup>2</sup> of the Community's relations with Japan, on the basis of the Commission communication of 7 February.<sup>3</sup> The conclusions adopted reflect the Commission's broad approach, confirm the positions taken up in the past and herald a debate on financial and banking issues.

Taking note of the efforts made by the Japanese authorities (value of the yen, opening up of markets), the Council stressed the need to achieve tangible results as soon as possible (increase in imports of manufactured goods and processed agricultural products, stimulation of internal demand, liberalization of financial markets, structural reforms).

It supported the Commission's intention to maintain pressure on Japan for a more effective liberalization of Japanese markets, to combat unfair trade, to study the practical use of GATT Article XXIII(2) and to insist on an increase in untied multilateral aid.

It reaffirmed the need to restore a true balance of advantage between Japan and the Community, particularly in the context of the new round of multilateral trade negotiations and in the areas of financial institutions and investments.

The Council took note of the Commission's proposals for strengthening dialogue in a number of areas (science and technology, industrial cooperation, economic and financial policy, monetary questions and North-South issues).

It also welcomed the Commission's recommendations aimed at stepping up the

<sup>1</sup> Article XXIV(6) provides for negotiations with contracting parties who so request following either the formation or the enlargement of a customs union.

<sup>2</sup> Bull. EC 2-1986, point 2.2.9.

<sup>3</sup> Bull. EC 10-1985, point 2.3.12; Bull. EC 2-1986, point 2.2.9.

Community's efforts to increase its share of the Japanese market and mobilizing the resources needed for this purpose.

#### *Financial consultations*

2.2.10. The second annual round of financial consultations between the Commission and Japan took place in Brussels on 20 March. The first round was held in Tokyo in March 1985.

The discussions covered a wide range of monetary and financial issues, including the continuing liberalization of Japanese financial markets and the imbalance between opportunities available to Japanese financial institutions operating in Community markets and those available to Community financial institutions operating in Japanese markets. The Commission representatives expressed concern at the European banks' small share of the Japanese market despite the Tokyo authorities' continuing liberalization programme.

Recent developments in Community financial markets and the liberalization of capital movements also came in for discussion. The development of the exchange rate of the yen against the ECU and Community currencies and the prospects for an enhanced international role for the yen and ECU were examined.

#### *Technological cooperation*

2.2.11. The EEC-Japan High-level Working Party on OSI (Open Systems Interconnection) Standards met for the first time on 24-25 March. Its function is, through EEC-Japanese cooperation, to further the definition and implementation of these standards, which were formulated by the International Organization for Standardization—with a view to facilitating communication between computer systems.

The Working Party decided to pursue its work—particularly through contacts between experts—so as to increase cooperation on certain applications of OSI Standards.

#### *Electronic products*

2.2.12. On 4 March the Commission proposed to the Council a further amendment<sup>1</sup> to the Regulation of 28 June 1968 on the Common Customs Tariff.<sup>2</sup> While the agreement concluded in January between the Community and Japan<sup>3</sup> confirmed Japanese acceptance of the increase in duty on television image and sound recorders and reproducers determined by the Council on 20 December 1985,<sup>4</sup> it also modified some of the compensatory reductions in duty applied by the Community since 1 January.

This made it necessary to amend the CCT, again unilaterally.

#### *New Zealand*

2.2.13. On 14 March Mr Frans Andriessen, Vice-President of the Commission with special responsibility for agriculture, met the New Zealand Minister of Agriculture, Mr Moyle, in Brussels for talks covering the situation on both Community and New Zealand milk product markets, the world market outlook, the prospects for New Zealand butter exports to the Community and the Community's agricultural price proposals for the coming year.<sup>5</sup>

#### *Norway*

2.2.14. An EEC-Norway consultation meeting was held in Brussels on 3 March. Certain aspects of development aid and the continuation of the North-South Dialogue were reviewed.

The Norwegian delegation was presented with an interim report on the programming of Lomé III aid and the lessons learnt from the exercise to date. The main development aid topics discussed were the programmes

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<sup>1</sup> COM(86) 116 final.

<sup>2</sup> OJ L 172, 22.7.1968.

<sup>3</sup> Bull. EC 1-1986, point 2.2.13.

<sup>4</sup> OJ L 351, 28.12.1985; Bull. EC 12-1985, point 2.3.13.

<sup>5</sup> OJ C 53, 7.3.1986; OJ C 85, 14.4.1986; Bull. EC 2-1985, point 1.3.1 *et seq.* and 2.1.107.

of aid to Pakistan, Central America and southern Africa (particularly through the SADCC<sup>1</sup>) and a strategy to combat drought and desertification. The Norwegian authorities expressed satisfaction that the Commission's analysis of the solutions to these problems largely coincided with their own.

The Norwegian delegation and the Commission agreed that in future they would exchange information on a more regular basis and collaborate more closely.

## Relations with other countries and regions

### Mediterranean countries

#### Mediterranean policy of the enlarged Community

##### *Tunisia*

2.2.15. The third round of the negotiations<sup>2</sup> to adapt the cooperation agreement between the Community and Tunisia was held on 6 March. The Tunisian delegation submitted requests concerning oranges and wine. As regards cooperation proper, Tunisia declared that it shared the objectives set out in the mandate given the Commission by the Council at the end of November 1985.<sup>3</sup>

2.2.16. At the invitation of the Moroccan Government, Mr Claude Cheysson, Member of the Commission with special responsibility for Mediterranean policy, paid an official visit to Morocco from 27 to 29 March.

He met His Majesty King Hassan II and Moroccan Government leaders, including the Prime Minister, Mr Mohamed Karim Lamrani, and the Deputy Prime Minister, Mr Azeddine Laraki, the President of the Chamber of Representatives, Mr Ahmed Osman, and leaders of political parties.

Discussions with the authorities covered relations between the Community and Morocco and the main political issues of the day, including the indebtedness of the developing countries, on which talks were held with the Finance Minister, Mr Abdellatif Jouahri.

A working meeting with Mr Azeddine Guessous, the Minister responsible to the Prime Minister for relations with the Community, concentrated on the operation of the agreement and changes currently being negotiated as a result of enlargement.<sup>4</sup>

Mr Cheysson stressed that there was no question of increasing agricultural exports to the Community and so the field of cooperation should be extended, with particular emphasis on industry, technology and research.

##### *Egypt*

2.2.17. On 13 March Parliament adopted a resolution on the situation in Egypt (→ point 2.4.7).<sup>5</sup>

### Countries of the Gulf and the Arabian Peninsula

2.2.18. On 3-4 March Mr Cheysson, the Member of the Commission with special responsibility for North-South relations, visited the United Arab Emirates, where he had discussions with Mr Rashid Abdullah, Minister for Foreign Affairs, and with Mr Manaa Ben Said al-Otaiba, Minister for Petroleum and Mineral Resources.

2.2.19. Mr Cheysson then visited Kuwait on 5-6 March, where he had discussions with Sheikh Sabah al-Jaber, acting Prime Minister and Minister for Foreign Affairs, Mr Jassim Al-Kharafi, Minister for Finance and the Economy, Sheikh Ali al-Khalifa,

<sup>1</sup> Southern Africa Development Coordination Conference.

<sup>2</sup> Bull. EC 1-1986, point 2.2.20.

<sup>3</sup> Bull. EC 12-1985, point 2.3.23.

<sup>4</sup> Bull. EC 2-1986, point 2.2.13.

<sup>5</sup> OJ C 88, 14.4.1986.

Minister for Oil and Industry, and with Mr Ahmed Al-Sa'adoun, Speaker of the National Assembly. In addition, Mr Cheyson had a meeting with Mr Ali Attiga, Secretary General of the Organization of Arab Petroleum Exporting Countries. He also had discussions with Mr Mamoun Kurdi, Deputy Minister for Foreign Affairs of Saudi Arabia and Coordinator for the Gulf Cooperation Council's relations with the Community.

The discussions centred on progress towards the conclusion of a cooperation agreement between the Community and the Gulf Cooperation Council,<sup>1</sup> and there was general agreement on the need to move to formal negotiations at an early stage. Talks also took place on the implications of the fall in world oil prices and on developments in the Iran-Iraq war, on which both the Twelve and the GCC had recently issued statements.<sup>2</sup>

2.2.20. On 18 March Mr Abdul Rahman, Minister for Agriculture of Saudi Arabia, visited Brussels for talks with Mr Andriessen, Vice-President with special responsibility for agriculture.

### Asia<sup>3</sup>

#### Association of South East Asian Nations

2.2.21. The EEC-Asean High-level Working Party on Investment, established in accordance with the conclusions of the joint ministerial meeting on economic matters held in Bangkok on 17-18 October 1985,<sup>4</sup> held its first meeting in Brussels on 17 March. The Working Party provided a framework for an exchange of views on investment conditions in Asean and on ways and means of facilitating European investment, particularly by small and medium-sized firms. The Working Party is to meet again in Jakarta, Indonesia, on 18 July.

2.2.22. The sixth meeting of the EEC-Asean Joint Committee was held in Brussels on 20-21 March.<sup>5</sup> Both sides confirmed the

new impetus to the development of bilateral relations given by the EEC-Asean ministerial meeting on economic issues held in Bangkok in October 1985,<sup>4</sup> and the Community outlined the various measures taken since to implement the new cooperation guidelines, particularly in the area of human resources development.

The talks covered the international economic situation (preparation of the new GATT round, renewal of the Multifibre Arrangement, the situation on the commodity markets), the current state of commercial and economic cooperation between the two sides and Community development aid to Asean. Following a lengthy exchange of views on trade questions of mutual interest, the Joint Committee decided to set up a group of experts on trade.

### Philippines

2.2.23. On 13 March Parliament adopted a resolution on relations between the Community and the Philippines (→ point 2.4.7).<sup>6</sup>

### Pakistan

2.2.24. On 12 March Parliament endorsed<sup>6</sup> the proposal from the Commission to the Council on the conclusion of the commercial, economic and development cooperation agreement between the Community and the Islamic Republic of Pakistan.<sup>7</sup> Parliament took the opportunity to welcome the lifting of martial law in Pakistan and express the hope that further measures would be taken there to consolidate democracy.

<sup>1</sup> Bull. EC 10-1985, point 2.3.21.

<sup>2</sup> Bull. EC 2-1986, point 2.4.7.

<sup>3</sup> For financial and technical cooperation with Asian countries, see point 2.2.50.

<sup>4</sup> Bull. EC 10-1985, point 2.3.24.

<sup>5</sup> Bull. EC 12-1984, point 2.2.29.

<sup>6</sup> OJ C 88, 14.4.1986.

<sup>7</sup> Bull. EC 7/8-1985, point 2.3.33.

## Latin America<sup>1</sup>

### EEC-Latin American dialogue

2.2.25. Technical consultations were held on 25-26 March between representatives of the 11 countries of the Cartagena Group<sup>2</sup> headed by the Uruguayan Ambassador, Mr Pérez del Castillo, whose country provides the secretariat of the group, and a Commission delegation.

The aim of these talks was to promote a better understanding of the situation of the indebted countries of Latin America, and also to examine what contribution the Community can make through its macro-economic and trade policies towards improving the international economic environment.

A detailed exchange of views took place on the situation of the most heavily indebted countries in the light of recent international developments: oil prices, exchange rates, interest rates, economic growth in the industrialized countries and in Latin America.

The Cartagena Group representatives underlined the scale of the readjustment measures implemented by their countries, the formidable burden of interest payments (USD 106 000 million in net capital transfers abroad in four years) and the social and economic risks which the persistence of this burden entailed.

Growth prospects in the industrialized countries, they argued, were not such—given the drastic slump in commodity prices—as to make an adequate contribution towards a satisfactory solution of their countries' problems.

The overall impact for the region of the fall in oil prices was negative (USD 9 000 million in lost revenue).

The Cartagena Group also informed the meeting of the joint declarations adopted recently in Montevideo (December 1985) and Punta del Este (February 1986).

The Commission representatives outlined their analysis of the international economic

situation and of growth prospects in Europe. They stressed that the debt problem must continue to be tackled in an orderly way through adjustments in the indebted countries and joint measures by the multilateral institutions, commercial banks, creditor countries and debtor countries.

Both delegations stressed the usefulness of these consultations and agreed that further ones should be held.

### Argentina

2.2.26. High-level Commission-Argentine consultations were held in Brussels on 18 and 19 March. The Commission delegation was led by Mr Cheysson, Member with special responsibility for North-South relations. The Argentine delegation was headed by the Foreign Minister, Mr Dante Caputo, who was accompanied by Mr Roberto Lavagna, Minister for Trade and Industry, Mr Oscar Yujnovsky, Under-secretary for International Cooperation, and Mr Luis Enrique Jaimes, Under-secretary for Fisheries.

These consultations, the Commission's first official high-level contact with Argentina since the restoration of democracy there, permitted a thorough and detailed examination of problems in Community-Argentine relations.

Separate talks also took place on specific questions between the two visiting Ministers and three Members of the Commission, Mr Andriessen (agriculture), Mr De Clercq (external relations and trade policy) and Mr Matutes (credit, investments and financial engineering).

From these two days of technical talks and contacts with the Members of the Commission responsible for the various sectors it emerged that, pending the normalization

<sup>1</sup> For financial and technical cooperation with Latin America, see point 2.2.50.

<sup>2</sup> Argentina, Bolivia, Brazil, Colombia, Chile, the Dominican Republic, Ecuador, Mexico, Peru, Uruguay and Venezuela.

of trade relations with the United Kingdom and, thereafter, the negotiation of a Community-Argentine cooperation agreement, it would be possible to initiate cooperation in various areas.

## State-trading countries

### China

2.2.27. The seventh meeting of the EEC-China Joint Committee—the first under the new Trade and Economic Cooperation Agreement,<sup>1</sup> which took effect on 1 October 1985—was held in Beijing on 6 and 7 March.

The Community delegation was led by Mr G. Giola, Deputy Director-General for External Relations, the Chinese by Mrs Yang Danhua, Deputy Director, Third Department, Ministry of Foreign Economic and Trade Relations.

The meeting confirmed once again the excellent state of bilateral relations and China's desire to intensify relations with the Community in all areas. There was also a general exchange of views on the functioning of the Agreement, trade trends and progress on cooperative projects.

The volume of trade in 1985 showed a marked increase on 1984, totalling (imports plus exports) 10 300 million ECU (up 53.8%). Community imports increased substantially but at a slower rate than its exports, so that there has been a considerable increase in its trade surplus with China (from 297 million ECU in 1984 to 2 700 million ECU in 1985). China's growing trade deficit is, indeed, a matter for concern for that country, the same pattern repeating itself in the case of other partners, notably Japan. To facilitate Chinese exports to its market, the Community has liberalized imports of various products from China and has increased the volume of several quotas.

In the area of cooperation, the two delegations reviewed the various projects already undertaken or planned for the future, covering such sectors as technical

assistance, export promotion, scientific and technical cooperation, training, energy cooperation, data processing, telecommunications, etc.

Other specific matters (textiles, the manioc quota, the GSP, etc.) and general questions (GATT) were also discussed.

The Chinese authorities expressed their particular satisfaction at the numerous cooperation projects undertaken to date and hoped that these would be further extended to take account of the importance of EEC-Chinese relations.

## Development

### North-South relations

#### Debt problem of the developing countries

2.2.28. The Council held a debate—on the basis of a report from the Monetary Committee—on the various aspects of the debt problem with a view to establishing a joint position for the next meeting of the IMF Interim Committee (9-11 April) and the Western Economic Summit at Tokyo (4-6 May).<sup>2</sup>

#### *Cooperation in international forums*

#### United Nations Conference on Trade and Development

2.2.29. The 32nd session of the Trade and Development Board, held from 10 to 21 March, was dominated by discussions on interdependence and debt, the annual review of protectionism and structural adjustment and by the early preparatory work for Unctad VII.

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<sup>1</sup> OJ L 250, 19.9.1985; Bull. EC 9-1985, point 2.3.19; Bull. EC 5-1985, point 1.5.1 *et seq.*

<sup>2</sup> Bull. EC 2-1986, point 2.2.22.

All the regional groupings made statements, and the Netherlands spoke separately on behalf of the Community. The outcome as far as protectionism and structural adjustment were concerned was disappointing. Following a sweeping attack by the Group of 77 on the developed countries' performance in trade liberalization, a hard-line draft resolution was adopted. It did not prove possible to find common ground between this position and the well-established views of Group B, which, with full Community involvement, introduced a position paper outlining its proposals for a continuing work programme on trade liberalization and the promotion of structural adjustment.

Preparations for Unctad VII were extensively discussed. Group B brought forward a paper which articulated a 'fresh approach' to the structure and agenda of the Conference, recommending a cross-sectoral methodology designed to avoid the multiple-item agendas of past Unctad sessions. This paper is now under review. The new Secretary-General, Mr Kenneth Dadzie, himself introduced a paper setting out his views on the substance and structure of Unctad VII.

### **IWC Food Aid Committee**

2.2.30. The Community attended the 51st meeting of the Food Aid Committee of the International Wheat Council (→ point 2.2.35) in London on 12 and 13 March, at which the negotiation of the new Food Aid Convention—to take effect on 1 July—was concluded.

The minimum annual Community contribution is up on that under the last Convention, including as it now does that of a new Member State, Spain.

### **ACP-EEC**

#### **Lomé III programming**

2.2.31. The aid programming exercise—by which the Community commits itself in terms of amounts of funds and sectors to be

supported for each ACP State—continued apace. By the end of March, programming missions had been conducted to 47 ACP States (35 in Africa, four in the Caribbean and eight in the South Pacific) with a view to the adoption for each and in concert with it of an indicative programme of Community aid.

### **Generalized system of preferences**

#### **Information seminars**

2.2.32. Under the annual programme of activities aimed at disseminating information on the Community's GSP scheme, a group of Commission experts conducted a seminar in Rangoon, Burma, on 18 and 19 March outlining the scheme currently in operation.

The seminar attracted considerable interest, being the first GSP seminar ever organized in Burma by a donor country. Formally opened by the Deputy Minister of Trade, Colonel Tin Gyi, it was attended by some 50 participants and observers representing all the country's main State-trading corporations and interested government departments.

### **Commodities and world agreements**

#### **Cocoa**

2.2.33. After a break of almost a year, the United Nations Conference on Cocoa resumed its attempts to negotiate a fourth International Cocoa Agreement<sup>1</sup> at its fourth session held in Geneva from 10 February to 4 March and chaired by Mr Moniz, the Guatemalan Ambassador.<sup>2</sup>

<sup>1</sup> Bull. EC 3-1980, point 2.2.23; Bull. EC 11-1980, point 2.2.19.

<sup>2</sup> Bull. EC 3-1985, point 2.2.37; Bull. EC 7/8-1985, point 2.3.42.

Although progress was made, efforts to reach a compromise between producers and consumers on price levels and price adjustment mechanisms were pulled up short when Côte d'Ivoire announced that it would not take part in a new cocoa agreement. Since Côte d'Ivoire is the world's premier cocoa producer, this announcement was a major blow to hopes of working out an agreement containing economic provisions.

The Conference therefore decided to adjourn. However, in order to preserve and consolidate existing cooperation between producers and consumers, it was agreed that decisions on future arrangements would be taken as soon as possible.

The Conference also requested its Chairman to hold consultations during the meeting of the Executive Committee in London in June, and the Unctad Secretary-General to take steps to enable the Conference to resume in Geneva from 7 to 11 July.

The Community, whose positions coincided in both spirit and substance with those of the consumers' group, played an important role in the progress made up to the sudden breakdown of the negotiations.

Mr Natali, Vice-President with special responsibility for cooperation and development, who made an official visit to Côte d'Ivoire from 8 to 10 March, stated that everything should be done to ensure the resumption of negotiations so that, at least, an agreement of an administrative nature can be concluded which would acknowledge the failure to stabilize the cocoa prices but would prevent the dissipation of producer-consumer cooperation built up over the years.

## Tin

2.2.34. Efforts under way since 24 October 1985 to resolve the crisis on the tin market finally broke down on 6 March in London with the refusal of Indonesia—a major producer—to participate in the rescue plan proposed by the banks.<sup>1</sup>

Throughout the negotiations the Community gave evidence of its readiness to collaborate in any constructive plan likely to restore order on the tin market.

## Wheat

2.2.35. Meeting in London on 14 March, the International Wheat Council drew up the definitive text of the 1986 Wheat Trade Convention. This latest updating of the 1971 Convention will take effect on 1 July and features one major improvement from the Community's viewpoint: the United States has agreed that the Convention can also cover the other cereals.

## Fight against world hunger

### Food aid

2.2.36. On 7 and 19 March respectively the Commission decided to allocate emergency food aid of 500 tonnes of vegetable oil to displaced persons in the Philippines and of 20 000 tonnes of cereals and 1 000 tonnes of vegetable oil to Ethiopia, to be drawn from the WFP's International Emergency Food Reserve.

### Annual programmes

2.2.37. On 13 March Parliament adopted a resolution<sup>2</sup> on the follow-up to the Council's Decision on the food aid programme for 1986 (→ point 2.4.7).<sup>3</sup>

### Stocktaking of the Operation Flood II programme

2.2.38. Fifteen years ago the Community and India, together with other partners, launched an ambitious development programme called Operation Flood in order to make India self-sufficient in milk, while at the same time promoting the social organ-

<sup>1</sup> Bull. EC 11-1985, point 2.3.27.

<sup>2</sup> OJ C 88, 14.4.1986.

<sup>3</sup> OJ L 29, 4.2.1986; Bull. EC 1-1986, point 2.2.31.



ization of the disadvantaged rural population.

The Commission has now taken stock of this exceptional operation, in which the Community proved that food aid could be a useful development tool when part of a well-designed programme.

Operation Flood had two objectives:

- (i) to make India self-sufficient in milk;
- (ii) to promote the integration of the disadvantaged rural population into society by organizing farmers.

The Community commitment for this purpose spanned 15 years, from 1970 to 1985, initially through the World Food Programme (first stage), then directly from 1978 onwards (second stage).

The structured and multiannual nature of the programme was one of the reasons for its success. The Community covered 62% of the costs of the operation, the World Bank 25% and the Indian Government, UN agencies, certain Member States and Sweden the remaining 13%.

The Community contribution came to 522 million ECU at world prices (132 million ECU during the first stage and 390 million ECU during the second stage). The aid took the form of food aid (milk powder, butteroil and vegetable oil).

### *Emergency aid*

#### **Burma**

2.2.39. On 12 March the Commission allocated 100 000 ECU in emergency aid towards alleviating the effects of a fire on 4 March on the outskirts of Rangoon which left 20 500 homeless. The aid will be administered by the Burmese Government in liaison with the Commission Delegation in Bangkok.

#### **Haiti**

2.2.40. On 11 March the Commission allocated 500 000 ECU in emergency aid to

Haiti, which is suffering from drought in addition to the political disturbances which have over the last four months been disrupting the country and part of its production and distribution infrastructure. The non-governmental organization 'Médecins du Monde' has been entrusted with administering this aid, which will go on a medical and nutritional project aimed at those worst affected—badly undernourished women and children.

#### **Peru**

2.2.41. Serious flooding affecting about 215 000 people resulted from the violent rains which fell in the Titicaca area over a period of several weeks.

The Commission decided to grant emergency aid of 400 000 ECU to the victims through the organization 'Médecins sans Frontières — France', which was already working on the spot and distributed items of first aid (tents, blankets, etc.) which were flown in immediately.

The Commission examined the possibility of a similar scheme to help Bolivia, which was also faced with flooding from the lake.

#### **Jamaica**

2.2.42. In response to the appeal issued by the Jamaican Government following the damage caused recently by Hurricane Kate, the Commission decided on 13 March to grant emergency aid of 85 000 ECU to Jamaica. The aid will be distributed to the worst-hit families.

#### **Madagascar**

2.2.43. On 21 March the Commission decided to grant emergency aid of 500 000 ECU to Madagascar to help the victims of Cyclone Honorinina, which recently ravaged the areas of Sainte Marie Tamatave, Moramanga, Antananarivo, Miandrivago and Metioky.

Provisional casualty figures were 32 dead and tens of thousands homeless; and there was considerable damage to property.

The aid will be administered by Commission representatives in the field.

### **Aid to promote self-sufficiency of refugees**

2.2.44. On 6 March the Commission decided to fund two projects under Article 936 of the budget to help refugees in camps in Thailand.

The first (350 000 ECU) is a comprehensive rehabilitation programme for handicapped war victims and involves supplies of appliances, remedial exercises and reintegration into working life. The second (235 000 ECU) is a pre-training and technical training programme aimed at enabling refugees to practise a trade.

### **Trade promotion**

#### **ACP States**

2.2.45. In March the Commission sponsored, from fifth EDF resources, significant ACP participation in trade fairs in three European cities:

(i) *International Tourism Fair, Berlin*. Four complexes of exhibition stands were constructed with Community financial and technical assistance. This fair gave 42 countries in Africa, the Caribbean and the Indian and Pacific Oceans the opportunity to show off their considerable tourism resources, tourism constituting one of the most important sectors in their economies.

(ii) *Holiday, Tourism and Leisure Exhibition, Brussels*. Seven African States, sponsored by the Community, took part with success in this fair.

(iii) *Food Fair, Barcelona*. Spain's accession to the Community has opened up a major new market to the ACP and extra possibilities for industrial and commercial cooperation, as was underlined by ACP par-

ticipation, organized by the Commission, in the Barcelona Food Fair, demand at which for Côte d'Ivoire, Malagasy, Senegalese and Ethiopian tropical produce was estimated at 10 million ECU.

### **Stabex**

#### **Advance payments**

2.2.46. On 24 March the Commission decided to make a 5 million ECU advance to Senegal on the transfer to be accorded to it for the 1985 application year. This advance follows an earlier one of 10 million ECU in December 1985.<sup>1</sup>

2.2.47. A number of Stabex-related points were discussed at the 22nd meeting of the ACP-EEC Committee of Ambassadors, partly by way of preparing the ground for the 11th meeting of the ACP-EEC Council of Ministers (→ point 2.2.52).

### **ACP Protocols**

#### *Sugar*

2.2.48. At the request of the ACP States, an extraordinary meeting of the ACP-EEC Council of Ministers was held in Brussels on 4 March to fix guaranteed prices for sugar for 1985/86.

Since the Council was unable to reconcile the divergent positions, it referred the question to the Committee of Ambassadors for further discussion (→ point 2.2.52). At a Council meeting on 24 and 25 March the Agriculture Ministers gave their agreement to measures to assist the conclusion of negotiations (→ point 2.1.115).

### **Financial and technical cooperation**

#### **ACP States**

#### **EDF financing decisions**

2.2.49. In March the Commission decided to allocate fifth EDF resources

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<sup>1</sup> Bull. EC 12-1985, point 2.3.51.

totalling 10 595 000 ECU to finance projects, programmes and emergency aid oper-

ations administered by it in the following sectors:

Table 7 — *Financing of fifth EDF operations*

<i>(million ECU)</i>			
	Project	Grants	Loans
<i>Rural production</i>			
Equatorial Guinea	Plantations	0.900	
Cameroon	Hydro-agricultural scheme	1.110	
Comoros	Livestock production	0.200	
<i>Social development</i>			
Niger	Village water engineering	3.100	
Kenya	Sanitation infrastructure	1.100	
<i>Various</i>			
Rwanda	Support for accounting and organization centre	3.100	
<i>Emergency aid</i>			
Jamaica	Hurricane Kate	0.085	
Madagascar	Cyclone Honorinina	0.500	
Somalia	Aid for refugees suffering from cholera	0.500	
Total		10.595	

### *Latin American and Asian developing countries*

#### Financing decisions

2.2.50. The Commission decided in March, with the prior endorsement of the Committee on Aid to Non-associated Developing Countries, to finance the following from the appropriation under Article 930 of the Community budget:

*India:* Supplies of fertilizers and counterpart funds from the corresponding rural development projects — total cost 45 million ECU, Community contribution 45 million ECU (autonomous project);

*Bhutan:* Programme of technical assistance to the department of agriculture — total cost 1.1 million ECU, Community contribution 1.1 million ECU;

*Colombia:* Programme of microprojects in the Pacific coast area — total cost 5 025 000 ECU, Community contribution 4 million ECU.

#### Cooperation via non-governmental organizations

2.2.51. In the period 1 to 31 March the Commission committed 6.3 million ECU

towards the cofinancing of 49 projects in developing countries submitted by 39 non-governmental organizations.

The Commission also contributed 568 445 ECU to 14 publicity campaigns/appeals in the Community.

## Institutions

### ACP-EEC

#### Committee of Ambassadors

2.2.52. The 22nd meeting of the ACP-EEC Committee of Ambassadors took place in Brussels on 24 March, chaired by Mr M.H.J.C. Rutten (Netherlands Permanent Representative) for the Community and by Mr M.O. Giama (Somali Ambassador) on the ACP side. The main purpose of the meeting was to prepare the ACP-EEC Council meeting in Barbados on 24 and 25 April and to attempt to settle a number of questions relating to the administration of cooperation.

Trade discussions bore on the preparation of the new round of GATT multilateral trade negotiations, on plans to conduct analyses of ACP-EEC trade trends and ACP access to agricultural products available in the Community and on a number of more specific matters, namely progress on proposed Council Directives on the aflatoxin content of animal feedingstuffs and on the harmonization of legislation on cocoa products,<sup>1</sup> the landing of Community tuna catches in the waters of ACP states, cattle exports from Belize and Antigua to French overseas departments in the region, and Mauritian chicks.

The ACP also received assurances of the swift accomplishment of the procedures for extending derogations from the rules of origin beyond 28 February.

With regard to Stabex, the question of the distribution of the balance of 127 million ECU outstanding at the time of expiry of Lomé II was practically resolved: it is to be

redistributed among the ACP which suffered transfer reductions in the 1980 and 1981 application years owing to lack of Stabex resources.

The repayment of transfers by Congo and Gabon still has to be negotiated between those countries, the Commission and the Co-secretariats, while ACP demands for cover for 'all destinations' for the exports of 12 ACP States will have to be settled by the Stabex Subcommittee, the ACP contesting the Commission's decisions to the contrary.<sup>2</sup>

As regards sugar, the ACP insisted that the 1.15% rise requested by them on an interim basis at the special ACP-EEC Council meeting on 4 March be implemented as soon as possible (→ point 2.2.48).

The Community insisted on the early negotiation of the Spanish and Portuguese accession protocol to Lomé III. The ACP outlined the principles which, in their view, ought to govern the trade arrangements to be negotiated and supplied a list of products of particular interest to them.

Lastly, the Committee dealt with the problems of ACP migrants in the Community and the situation in southern Africa.

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#### Visits

2.2.53. Mr Natali paid an official visit to Cameroon from 22 to 31 March during which he had a number of working meetings with members of the Cameroon Government, including the Foreign Minister, the Minister for the Plan and Territorial Development and the Minister for Agriculture. At the end of his visit, Mr Natali had an audience with the President of the Republic, Mr Paul Biya.

The meetings covered a wide variety of subjects of common interest, ranging from present cooperation arrangements between

<sup>1</sup> OJ C 32, 7.2.1984; Bull. EC 1-1984, point 2.1.10.

<sup>2</sup> Bull. EC 1-1986, point 2.2.33.

the Community and Cameroon, the direction of future cooperation in conformity with the development policies laid down in the new five-year plan and the special problems facing Cameroon (particularly the effects of the recent fall in oil revenues on the country's economy) to more general matters in the context of North-South cooperation.

\*

2.2.54. A consultation meeting between the Community and Norway was held in Brussels on 3 March, at which a number of aspects of development aid and the continuation of the North-South Dialogue were reviewed (→ point 2.2.14).

## International organizations and conferences

### United Nations

#### *Economic and Social Council*

#### **Economic Commission for Europe**

2.2.55. A special meeting of experts, organized by the Economic Commission for Europe, on prospects for East-West trade in the 1980s was held in Geneva from 24 to 27 March. The purpose of the meeting, first mooted by the Community and agreed to by the ECE Committee on the Development of Trade in December 1984,<sup>1</sup> was to examine and compare Western projections of the development of East-West trade and the plans and projections of the Eastern bloc countries. One of the main subjects discussed was the implications for the develop-

ment of East-West trade of lower oil prices. Not all the information wanted on the Eastern bloc countries' new (1986-90) five-year plans was obtained.

2.2.56. The ECE Committee on Agricultural Problems held its 37th meeting in Geneva from 10 to 14 March. The meeting, which was principally concerned with developments in European agriculture in 1985, provided an opportunity for an exchange of information between Eastern bloc and Western European countries. The Commission representative described the salient features of agriculture in the Community and pointed out that the market situation was still marked by an imbalance between supply and demand in many sectors and that the Commission had given considerable thought to the prospects for the common agricultural policy in its Green Paper.<sup>2</sup>

\*

2.2.57. Unctad's Trade and Development Board held its 32nd session from 10 to 21 March (→ point 2.2.29).

## Diplomatic relations

2.2.58. The President of the Council and the President of the Commission received HE Mr Abdulmohsen N.A. El-Jeaan, Head of Mission of the State of Kuwait to the European Communities, who presented his letters of credence, to take effect on 3 March.

Mr El-Jeaan is Kuwait's first ambassador to the Communities. This brings the number of diplomatic missions to 128.

<sup>1</sup> Bull. EC 12-1984, point 2.2.56.

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

# 3. Financing Community activities

## Budgets

### General budget

#### 1986 budget

##### *Ruling of the President of the Court of Justice*

2.3.1. Following the United Kingdom's application<sup>1</sup> concerning the 1986 budget,<sup>2</sup> the president of the Court of Justice made an interim order on 17 March, requiring the Commission to implement, until 10 July 1986 or until the date on which the Court gives judgment in the Council's case against Parliament concerning the budget,<sup>3</sup> whichever is the earlier, the budget for the financial year 1986, as regards both payment and commitment appropriations, on the basis of the draft budget established by the Council at its second reading on 27 November 1985,<sup>4</sup> subject to those amendments decided by Parliament on 12 December 1985<sup>2</sup> which do not have the effect of increasing non-compulsory expenditure.

The order reads as follows:

'1. The Commission shall implement, until 10 July 1986 or until the date on which the Court delivers its judgment in Case 34/86, *Council v European Parliament*, whichever date shall be the earlier, the budget for the financial year 1986, as regards both payment appropriations and credit (*sic*) appropriations, on the basis of the draft budget established by the Council at its second reading on 27 November 1985,<sup>4</sup> subject to those amendments decided by the Parliament on 12 December 1985 which do not have the effect of increasing non-compulsory expenditure, that is to say the amendments by way of transfer from budget line B 660 to the new lines B 6615, 6616 and 6617 and to line 6632 and from budget line B 944 to line A 1100.

2. In the first call which it makes, following this order, on the United Kingdom for funds relating to the 1986 budget, the Commission shall reduce the amount claimed, on the basis of the budget established by the Council at its second reading, by the amount of any overpayments made by the

United Kingdom prior to this order on the basis of the budget declared by the President of the European Parliament on 18 December 1985.<sup>2</sup>

3. Should the Court not deliver its judgment in the aforesaid Case 34/86 on or before 10 July 1986, the United Kingdom shall reappear before the Court without delay in order to ascertain whether the Court will maintain the order which it has addressed to the Commission.<sup>7</sup>

2.3.2. On 19 March the Commission decided to comply with the order and implement the 1986 budget (commitments and payments) within the limit of the appropriations entered in the Council's second draft budget until the Court makes its final judgment.

### Budgetary discipline

2.3.3. On 10 March the Council held its first detailed discussion of the establishment of a reference framework for the 1987 financial year in accordance with the conclusions which it had adopted on 4 December 1984.<sup>5</sup> This initial examination was based on the information provided by the Commission in its communication on key figures for the 1987 budget,<sup>6</sup> which it also sent to Parliament.

This information covers the forecasts of resources within the 1.4% VAT limit, the maximum amount of EAGGF guarantee expenditure and the increase in non-compulsory expenditure if the maximum rate (to be established by the Commission after consulting the Economic Policy Committee in accordance with Article 203(9) of the EEC Treaty) is applied.

At the end of its discussion the Council decided to plan its business in such a way that it would be able to adopt the reference

<sup>1</sup> Case 23/86 *United Kingdom v European Parliament*.

<sup>2</sup> OJ L 358, 31.12.1985; Bull. EC 12-1985, point 2.4.1.

<sup>3</sup> OJ C 63, 18.3.1986; Case 34/86 *Council v European Parliament*.

<sup>4</sup> Bull. EC 11-1985, points 2.4.2 and 2.4.3.

<sup>5</sup> Bull. EC 12-1984, point 1.3.1 *et seq.*

<sup>6</sup> COM(86) 144 final.

framework for 1987 and sum up the financial situation in 1986 at its next meeting.

### Budget discharge

2.3.4. The Council examined the main problems raised by Mr Mart, the President of the Court of Auditors, when presenting the Court's report for 1984. It also decided to grant the Commission a discharge in respect of the second and third EDFs for 1984<sup>1</sup> and recommended that Parliament grant a discharge to the Commission in respect of the implementation of the 1984 budget and the fourth and fifth EDFs for that year.<sup>1</sup>

## Financial operations

### ECSC

#### Loans raised

2.3.5. In March the Commission made a 30 million ECU public issue at par for 10 years with 7  $\frac{5}{8}$ % interest and a number of private placings in German marks and US dollars for the equivalent of 132.54 million ECU.

#### Loans paid out

2.3.6. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission made the following loans in March, totalling 18.42 million ECU.

#### *Conversion loans*

2.3.7. Conversion loans (Article 56) totalled 17.814 million ECU—15.940 million ECU in supraregional loans for small and medium-sized business and a direct loan of 1.874 million ECU to the United Kingdom.

### *Subsidized housing*

2.3.8. Loans for subsidized housing amounted to 360 000 ECU for steelworkers and 244 000 ECU for mineworkers.

### Euratom

#### Loans raised

2.3.9. In March the Commission made various placings in Luxembourg francs for the equivalent of 42.50 million ECU.

### EEC-NCI

#### Loans raised

2.3.10. In March the Commission made a private placing in sterling for the equivalent of 7.87 million ECU.

#### Loans paid out

2.3.11. Two NCI loans were signed in March for a total of 50.9 million ECU: 16.3 million ECU came from the first tranche<sup>2</sup> and 34.6 million ECU from the second.<sup>3</sup> Details of the loans are as follows:

#### Denmark

34.6 million ECU to a consortium of five municipalities (Centralkommunernes transmissionselskab I/S) for the construction and extension of a large urban heating network in the Greater Copenhagen area.

#### United Kingdom

16.3 million ECU to Strathclyde Regional Council for electrification of a section of the Glasgow to Ayr and Ardrossan railway line in Scotland. An improved rail link will be of benefit to both industry and commerce. This is the second instalment of this loan.

<sup>1</sup> OJ L 80, 25.3.1984.

<sup>2</sup> OJ L 164, 23.6.1983.

<sup>3</sup> OJ L 208, 3.8.1984.

## 4. Political and institutional matters

### European political cooperation

2.4.1. On 13 March the Presidency issued the reaction of the Twelve to the announcement by President Botha on 4 March that the state of emergency in South Africa was to be lifted.

'The Twelve have systematically stressed that the state of emergency in South Africa should be lifted, as this would be a step towards the indispensable national dialogue. The Twelve accordingly welcome the announcement by president Botha on the state of emergency. However, they wish to express their concern at South Africa's intention to strengthen the powers of the South African police, which could compromise the effectiveness of the announced measure.

Once again, the Twelve wish to impress upon the South African Government the need for other measures, such as the unconditional release of Nelson Mandela and of all political prisoners and detainees, and the lifting of the ban on political parties, which would facilitate the dialogue so urgently needed to lead to the total abolition of all discriminatory laws.'

2.4.2. On 18 March the Presidency issued the following statement on the situation in Chile:

'The Chilean Government's refusal to countenance the opposition, which has recently been demonstrated by a number of prosecutions which infringe the principle of freedom of expression is not conducive to national reconciliation in Chile.

The Twelve are seriously concerned at these recent developments and call on the Chilean Government to accelerate the democratization process in order to comply with the clear wish of the democratic groups within the Chilean population'.

2.4.3. Parliament passed a number of resolutions on political cooperation and human rights at its March part-session (→ point 2.4.8).<sup>1</sup>

### Institutions and organs of the Communities

#### Parliament<sup>2</sup>

##### *Strasbourg: 10 to 14 March*

2.4.4. The agenda for Parliament's March part-session was relatively confined. The

main subjects debated were social and energy policy issues and the Community's budget situation.

The budget debate gave the House an opportunity to condemn almost unanimously the hypocrisy of the Finance Ministers feigning surprise over the forecast that additional budget funds would be required in 1986.

#### Europe without footing the bill

2.4.5. A peculiarity of the Community budget is that it is a source of constant disputes between the Community institutions—especially between the two arms of the budgetary authority, the Council and Parliament. Although to those uninitiated in the mysteries of budgetary technique these disputes are largely incomprehensible, they are no less serious, since, whatever the immediate bone of contention, as a rule they oppose those who would have the Community endowed with decent financial resources and the proponents of the lowest common denominator.

This year, once again, several factors have combined to exacerbate the situation. The structural Funds, for instance, (ERDF, ESF, EAGGF, Guidance Section) are given commitment appropriations and, in order to honour the commitments made, a certain volume of payment appropriations. But the Community has been accumulating commitments, which today it is hard put to honour with the payment appropriations at its disposal. This is the 'cost of the past', estimated by the Commission at 800 million ECU. In addition, the plunge of the dollar

<sup>1</sup> OJ C 88, 14.4.1986.

<sup>2</sup> The complete texts of the resolutions adopted by Parliament are reproduced in OJ C 88, 14.4.1986, and the report of the proceedings is contained in OJ Annexes 2-336 and 2-337. 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).



has produced a soaring increase in agricultural expenditure due to the higher level of the refunds paid to exporters of Community products; the additional cost for 1986 will be 1 500 million ECU. On top of this comes 200 million ECU to which Spain and Portugal would be entitled as reimbursement of their share in a supplementary budget and some 400 million ECU as additional compensation for the United Kingdom under the terms of the Fontainebleau agreement.<sup>1</sup>

Additional overall requirements for 1986 therefore total 2 900 million ECU, a sum which the Commission intends to bring down to 2 500 million ECU in order to keep within the new Community VAT limit of 1.4%.

It was against this background that Mr Efthimios Christodoulou (*EPP/GR*) presented his motion for a resolution, regretting that the Council, instead of thanking parliament for adopting a budget that accommodated enlargement and the 'cost of the past', had for that very reason dragged it to court. He then stressed the need to make the structural Funds fully effective. As he saw it, farm spending must leave some room for the structural Funds, which—if used wisely—could help to solve member States' problems.

Mr Henning Christophersen, member of the Commission with special responsibility for the budget, pinpointed the three main problems: the structural Funds (an additional 800 million ECU was required), the impact of the falling dollar on the common agricultural policy (1 500 million ECU in additional charges), the compensation to the United Kingdom (estimated at 400 million ECU). To this must obviously be added the consequences of enlargement and the 'cost of the past', a problem which, said Mr Christophersen, could not be solved in a single year. Mr Christophersen then urged the Council to shoulder its responsibilities. If it adopted the Commission's farm price proposals while accepting the cost of enlargement it would be possible to stay within the 1.4% VAT limit in 1987. Furthermore, if expenditure forecasts for the next

four years were accurate, it would be possible to meet the 'cost of the past' and finance the agricultural stocks and new policies. Otherwise, the Community ran the risk of disintegrating.

Most of the following speakers described the Council's attitude as 'hypocritical' or 'schizophrenic', saying they were appalled by the amazement expressed by certain Finance Ministers in response to the requests for extra appropriations for 1986, an amazement which they felt had more to do with domestic politics in some Member States. Another aspect of this 'hypocrisy' was vividly highlighted by Mr Horst Langes (*EPP/D*) when he asked how anyone could claim that the fall in the dollar was a good thing for European economies (where it should produce additional GDP growth of something like 1.2%) and at the same time refuse to recognize the budgetary implications. Moreover, since the need for a supplementary and amending budget would very soon be felt, the Council must withdraw its action<sup>2</sup> against the budget adopted by Parliament,<sup>3</sup> which was no longer pertinent. Mr Pieter Dankert (*Soc/NL*) held that the Commission must be sure to present the supplementary budget it had announced for 1986 in sufficient time for the structural Funds not to suffer in any way at the end of the year. He also asked the Commission to present a proposal on own resources in time for the Hague European Council. He did not think it a good idea that the own resources problem and the question of compensation to the United Kingdom be settled during the British Presidency. Finally, he suggested that agricultural stocks be financed outside normal budgetary channels. Mr David Curry (*ED/UK*) pointed out that it was the Chairman of the US Federal Reserve who determined the cost of the CAP since much of the uncertainty came from the level of the dollar. He therefore suggested that the problems of the struc-

<sup>1</sup> Bull. EC 6-1984, point 1.1.3.

<sup>2</sup> OJ C 63, 18.3.1986; Case 34/86 *Council v European Parliament*.

<sup>3</sup> OJ L 358, 31.12.1985; Bull. EC 12-1985, point 2.4.1.

tural Funds and of UK compensation—both largely predictable—be kept separate from the discussion on agricultural expenditure, in the establishment of a supplementary budget which would not sacrifice the research and technology programmes and the structural Funds to agriculture. On behalf of the Communists, Mrs Carla Barbarella(I) called for a ‘non-agricultural’ supplementary budget; she doubted whether the farm prices problem would be settled this year. Mr Miguel Arias Cañete (ED/E) said that Spain might agree to raising its contribution in order to swell the own resources, provided that the extra cash went to the structural Funds. Spain must not be asked to finance an agricultural policy of the past. By contrast, while acknowledging the difficulties facing the structural Funds, the spokesman for the European Democratic Alliance, Mr Philippe Malaud (F), maintained that there would soon no longer be enough money for the agricultural policy. He sharply condemned those who launched grandiose policies and then found that because money was so short, nothing more could be done. Believing this to be symptomatic of a serious financial and political identity crisis for the Community, he declared that the Council wanted Europe but was not willing to pay for it.

In his reply to the various speakers, Mr Christophersen, on behalf of the Commission, confirmed that the margin available within the 1.4% VAT limit was 2 500 million ECU. He went on to rebut the criticisms made against the Commission concerning the structural Funds. In its preliminary draft budget for 1986,<sup>1</sup> he said, the Commission had proposed the necessary appropriations for these Funds, but the budgetary authority had changed the draft. As to the need to present a supplementary budget very quickly, Mr Christophersen said that the Commission could hardly submit a proposal before May. In the mean time, it should have the conclusions of the report on the structural Funds—which the House should be able to discuss in April—as well as the final out-turn figures for the 1985 budget.

At the end of the debate, Parliament adopted almost unanimously (182 votes for, 2 against and 5 abstentions) the resolution moved by Mr Efthimios Christodoulou (EPP/GR). It carried two amendments by Mr Ove Fich (Soc/DK), one asking the Commission to present proposals during the 1987 budget procedure to cope with the exhaustion of resources and the other asking it to present in time the report on the Community’s financial needs, which the Fontainebleau European Council<sup>2</sup> had asked it to compile one year before the new own resources limit was reached.

2.4.6. Parliament gave opinions on the following Commission proposals:

- (i) a Regulation laying down the provisions applicable to goods brought into the customs territory of the Community (→ point 2.1.57);
- (ii) an amendment to the Regulation of 8 July 1985 introducing Community export and import declaration forms (→ point 2.1.54);
- (iii) a Directive extending the second stage of harmonization of taxes other than turnover taxes which affect the consumption of manufactured tobacco (→ point 2.1.72);
- (iv) the Commission’s guidelines for the management of the European Social Fund in the financial years 1987-89 (→ point 2.1.73);
- (v) an amendment to the Directive of 12 December 1977 establishing a common procedure for the exchange of information on the quality of surface fresh water in the Community (→ point 2.1.106);
- (vi) a Decision on the conclusion of the protocol to the 1979 Geneva Convention on Long-range Transboundary Air Pollution, on long-term financing of the cooperative programme for monitoring and evaluation of the long-range transmission of air pol-

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<sup>1</sup> Bull. EC 6-1985, points 1.6.7 to 1.6.14.

<sup>2</sup> Bull. EC 6-1984, points 1.1.1 to 1.1.3.

lutants in Europe (EMEP) (→ point 2.1.109);

(vii) three Regulations on common action to promote agriculture: the first to accelerate development in certain less-favoured areas of France where beef cattle are reared; the second to promote agriculture in certain less-favoured areas of northern Italy; the third to promote agriculture in the Scottish islands off the northern and western coasts with the exception of the Western Isles (Outer Hebrides) (→ point 2.1.138);

(viii) a Regulation laying down definitions of vessel characteristics and the way in which they shall be determined for fishing vessels (→ point 2.1.142);

(ix) a Decision on new Community rules for state aids to the coal industry (→ point 2.1.154);

(x) a resolution concerning new Community energy policy objectives for 1995 (→ point 2.1.153);

(xi) a Regulation on the conclusion of the Agreement for commercial, economic and development cooperation with Pakistan (→ point 2.2.24).

2.4.7. Parliament passed resolutions on the following subjects.

*Child-care infrastructures.* With some ten million children in the Community entitled to care and education, Parliament called on the Commission to draw up proposals for a Directive on equal access to child care. The Member States were urged to give priority to developing child-care facilities which were accessible to all children without discrimination, including those with disabilities.

*Services for the elderly.* Aware of the scale of this problem, which mostly involved women, Parliament asked the Commission to examine the possibility of implementing a model programme for the creation of living-space for the elderly and urged the Member States to give priority to care in the home

and to make improvements as regards the position of staff of home assistance services. They were also asked to make the whole population more keenly aware of the problems of growing old and of the contribution that the elderly can make to society in various respects. The Commission was called upon to set up by no later than 1 January 1988 a 'European Charter for the Elderly' which recognizes and safeguards their rights.

*AIDS.* In view of the spread of this disease from high-risk and marginal groups to an increasing number of other sections of society, Parliament called on the Commission to give priority to AIDS research in the new medical research programme for 1987-89 and appealed to the media to give serious, comprehensive and regular coverage to AIDS in order to combat the risks of infection by more effective prevention and information. The House therefore advocated the introduction throughout the Community of free, anonymous tests and of an obligation on the medical profession to report cases without revealing names.

*The easing of personal controls at internal frontiers.* On behalf of 320 million European citizens, Parliament considered, in a first resolution, that adoption of the Directive<sup>1</sup> would be an important step towards completion of the internal market by 1992 in the area of private travel and towards achievement of the 'people's Europe.' The House again<sup>2</sup> called on the Commission to compile a list of the obstacles to full passport union and to present this list at the earliest possible date. A second resolution insisted that the Council immediately adopt the text of the Directive which aimed to relax the controls on individuals when crossing the Community's internal borders.<sup>1</sup>

*Economic consequences of bad weather in several regions.* In three resolutions Parlia-

<sup>1</sup> OJ C 47, 19.2.1985; Bull. EC 12-1984, point 2.1.9; OJ C 131, 30.5.1985; Bull. EC 5-1985, point 2.1.9.

<sup>2</sup> OJ C 122, 20.5.1985; Bull. EC 4-1985, point 2.1.5.

ment called for emergency aid to be granted to the Pyrenean border areas, the Azores and Madeira, and the Riviera di Ponente in Liguria, hit by severe winters.

*Security at airports.* Determined to ensure that the European institutions played a decisive role in setting and maintaining the highest possible level of security in the transport sector, particularly in view of the fact that intra-Community frontiers were due to disappear by 1992, Parliament made a number of suggestions for the possible future role of the Community institutions, for action under the jurisdiction of the Member States and for relations with international organizations and airport and airline operators.

*The situation in Egypt.* Alarmed by the recent flare-up of violence in Egypt, which had highlighted the grave demographic, economic and social problems in that country, Parliament called on the Commission and Council to propose urgent measures to help remedy these problems, given the Community's interest in promoting stability in the Middle East.

*Relations with the Philippines.* Welcoming the democratic changes that have come about, Parliament urged the Council and the Commission to provide special financial assistance to the Philippines to help in solving the major economic problems of high rates of unemployment and a heavy external debt.

*The follow-up to the Council's decision on the food aid programme for 1986.*<sup>1</sup> Parliament pointed out that it had always regarded as null and void the basic Regulation on food aid management adopted unilaterally by the Council on 31 December 1982,<sup>2</sup> in particular because it encroached on Parliament's budgetary powers. Reiterating certain points of its opinion of 17 January,<sup>3</sup> the House noted that, by allocating only 386 700 tonnes of cereal equivalent for the food aid reserve compared with the 546 900 tonnes authorized by the 1986 budget, the Council deliberately infringed

the binding nature of the budget as adopted by Parliament. This demonstrated once again the need for a new basic regulation which respected Parliament's budgetary powers.

2.4.8. In the fields of political cooperation and human rights, Parliament passed resolutions on the following subjects.

*The situation in Lebanon.* Recalling the recent kidnapping in Lebanon of a team of French television reporters, Parliament reaffirmed the need to coordinate action taken by the Member States to combat terrorism and called on the Governments to be firm and implacable in the fight, notably by refusing political asylum to terrorists.

*Murder of the Mayor of Nablus.* Condemning the use of murder as a political weapon, Parliament urged all parties to make rapid progress towards peace talks, since only a negotiated settlement involving all relevant parties could end the violence associated with the Arab-Israeli conflict.

*The luxurious retirement of former dictators, such as Duvalier and Marcos.* Parliament called for the money and assets misappropriated by the former dictators Duvalier and Marcos when they exercised power in Haiti and the Philippines to be restored to their peoples.

*Human rights in the Soviet Union.* Recalling the undertakings by the Soviet Union in the Helsinki Final Act, Parliament deplored the fact that 43 men and women were imprisoned in the USSR for having defended the human rights proclaimed in the Helsinki Final Act. It again condemned the persistent violation of human rights in the Soviet Union, particularly the continued misuse of psychiatric hospitals for purposes of political persecution, and deplored the persistent harassment of Jews who had applied for

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<sup>1</sup> OJ L 29, 4.2.1986; Bull. EC 1-1986, point 2.2.31.

<sup>2</sup> OJ L 352, 14.12.1982; Bull. EC 12-1982, point 2.2.36.

<sup>3</sup> OJ C 36, 17.2.1986.

visas to leave the country, and cited several persons as victims of various forms of torture.

*The police attack on the peaceful demonstration by the 'Duna Kör' (Danube Circle) environmentalists in Budapest.* Parliament noted that the planned Gabčíkovo-Nagy-maros hydroelectric dam on the border between Hungary and Czechoslovakia, against which this group of environmentalists were protesting, constituted a threat to large tracts of agricultural land and forests and also endangered drinking water reservoirs for millions of people. Realizing that Austria—which had abandoned a similar project on its own territory—was going to finance the project in return for most of the electricity generated, the House asked the Austrian Government to withdraw its support and urged the Hungarian and Czechoslovak Governments to do likewise, on scientific and ecological grounds. Parliament also condemned the actions of the Hungarian police against the members of Duna Kör and asked the Hungarian Government to end all harassment of this group.

*The expulsion from India of the Belgian missionary, Willy Vanderkerckhove.* Parliament noted that in several comparable cases involving Belgian and Dutch Jesuits, deportation orders had been withdrawn after protests. Expressing its respect for the Indian constitution and the traditional religious tolerance of the Indian Union, the House requested the Government in New Delhi to revoke the deportation order on Willy Vanderkerckhove and enable him to continue the missionary work he had been doing for forty years in Madhya Pradesh and Bihar.

*The imprisonment of trade unionists in South Africa.* Taking note of the release, after the lifting of the state of emergency, of a great many of the people held under the state of emergency, Parliament supported the action of the Director-General of the ILO on behalf of the trade unionists still in prison under the security legislation

and urged the South African Government to release them.

*The release of Mrs Liong Moo Pah.* Parliament pressed the Malaysian authorities for the immediate release of Mrs Liong Moo Pah, detained for eight years without trial.

*The release of Mr Chia Thye Poh.* Parliament called on the Singapore authorities to release this former Socialist MP, imprisoned without any charges being brought against him, and reminded them that Singapore was a signatory to the Universal Declaration of Human Rights.

*The condemnation of terrorism in the autonomous Basque province of Spain and the Basque area of France.* Deeply concerned by the disastrous consequences for democracy of the acts of terrorism carried out by ETA and GAL, Parliament urged the Spanish and French Governments to combat these activities.

*The acts of violence during the election campaign in France.* In a first resolution Parliament condemned the outrages which on three occasions had marked the campaign. It condemned such acts unanimously, as regards both the instigators and the perpetrators, and deplored the use of such acts for electoral purposes. In a second resolution, concerning one of the three murders, the House condemned the electoral exploitation of intolerance at which certain individuals had become adept.

## Council

2.4.9. The Council held eight meetings in March. The table below lists the number, place and date of each meeting, the names of the Council President and Commission representatives and the main items of business. A more detailed account of specific items can be found in the sections of the Bulletin referred to in the footnotes.

Table 8 — Council meetings in March 1986

Number, place and date of meeting	Subject	President	Commission	Main items of business
1064th Brussels 3 March	Industry	Mr Van Eekelen	Lord Cockfield Mr Narjes Mr Sutherland	<p>Aid to shipbuilding<sup>1</sup></p> <p>Delivery of steel products from Spain and Portugal<sup>2</sup></p> <p>Mutual recognition of type approval for telecommunications terminal equipment<sup>3</sup></p> <p>Exploration programmes for non-energy mineral raw materials<sup>3</sup></p> <p>Improving competitiveness and industrial structures in the Community<sup>4</sup></p> <p>Industrial development in Portugal: statement by Portuguese Minister for Trade and Industry on special measures</p> <p>Proposal for Council Directive on legal protection of original topographies of semiconductor products<sup>4</sup></p>
1065th Brussels 6 and 7 March	Environment	Mr Winsemius	Mr Clinton Davis	<p>Limit values and quality objectives for discharges of certain dangerous substances into aquatic environment<sup>5</sup></p> <p>Sulphur content of certain liquid fuels (gas oil)<sup>5</sup></p> <p>Limitation of emissions of pollutants into air from large combustion plants<sup>5</sup></p> <p>Use of sewage sludge in agriculture<sup>5</sup></p> <p>Transfrontier shipment of hazardous waste<sup>5</sup></p> <p>New forms of cooperation (water)<sup>5</sup></p> <p>Action programme for European Year of the Environment<sup>5</sup></p> <p>New directions in environment policy<sup>5</sup></p>

Number, place and date of meeting	Subject	President	Commission	Main items of business
1066th Brussels 10 march	Economic and financial affairs	Mr Ruding	Mr. Delors Mr Cheysson Mr Pfeiffer Mr De Clercq	Debt problems <sup>6</sup> Export credits — tied aid credits: examination of position to be adopted by Community in negotiations in progress on financing of tied aid Economic situation in Community <sup>7</sup> Annual Report of Court of Auditors <sup>8</sup> Reference framework — financial year 1987 <sup>8</sup> Tax measures to encourage cooperation between firms from different Member States <sup>4</sup>
1067th Brussels 10 and 11 March	Foreign Affairs	Mr van den Broek Mr Bolkestein	Mr Cheysson Mr De Clercq	Relations with Turkey — discussion of statement by Mr Cheysson on Commission communication on a number of outstanding points of EEC—Turkey relations Relations with Gulf States Relations with United States <sup>10</sup> EEC—Japan relations: Council conclusions <sup>10</sup> Community's financial problems Cancer prevention <sup>11</sup> Textiles: renewal of MFA and bilateral agreements <sup>12</sup>
1068th Brussels 14 March	Transport	Mrs Smit-Kroes	Mr Clinton Davis Mr Sutherland	Shipping <sup>13</sup> Air transport <sup>13</sup> Intra-Community road haulage: unanimous agreement on definitive arrangements to be applied by 1992 (creation of free market without quantitative restrictions) Weights and dimensions of road vehicles: drive axle weight of commercial vehicles
1069th Brussels 18 March	Internal Market	Mr van Eekelen	Lord Cockfield	Technical barriers <sup>4</sup> New approach to technical standardization and harmonization: simple pressure vessels <sup>4</sup> Simplification of border controls <sup>4</sup> Commercial agents: further examination of proposal for Directive Elimination of certain postal charges for customs presentation <sup>4</sup>
1070th Brussels 20 March	Energy	Mr van Aardenne	Mr Mosar	New Community rules for state aids to coal industry <sup>14</sup> Lignite and peat industries <sup>14</sup>

## Commission

Number, place and date of meeting	Subject	President	Commission	Main items of business
1071st Brussels 24 and 25 March	Agriculture	Mr Braks	Mr Andriessen	<p>Oil market situation — Council conclusions<sup>14</sup></p> <p>New energy objectives for 1995<sup>14</sup></p> <p>New and renewable energy sources<sup>14</sup></p> <p>Farm prices and related measures (1986/87)<sup>15</sup></p> <p>General rules for financing of intervention by EAGGF Guarantee Section<sup>15</sup></p> <p>Relations with ACP States — negotiations on guaranteed sugar prices<sup>6, 15</sup></p> <p>Sugar used in chemical industry<sup>15</sup></p> <p>Starch products<sup>15</sup></p> <p>Olive groves damaged by frost<sup>15</sup></p> <p>Improving efficiency of agricultural structures<sup>15</sup></p> <p>Battery hens<sup>15</sup></p>

<sup>1</sup> Competition.

<sup>2</sup> Steel.

<sup>3</sup> Research and technology.

<sup>4</sup> Internal market and industrial affairs.

<sup>5</sup> Environment and consumers.

<sup>6</sup> Development.

<sup>7</sup> Economic and monetary policy.

<sup>8</sup> Financing Community activities.

<sup>9</sup> Relations with other countries and regions.

<sup>10</sup> Relations with industrialized countries.

<sup>11</sup> A people's Europe.

<sup>12</sup> Renewal of the Multifibre Arrangement.

<sup>13</sup> Transport.

<sup>14</sup> Energy.

<sup>15</sup> Agriculture.

## Commission

### Activities

2.4.10. At its March meetings the Commission adopted a number of important communications and discussed in depth the Community's financial situation and the outlook until 1990.

### *Decision, communications and proposals*

2.4.11. The Commission adopted a communication on guidelines for the future Community research and technological

development framework programme for 1987-91. This will provide a basis for consulting other Community bodies (Parliament, Council, Economic and Social Committee), in the light of whose views the Commission will adopt its proposal for a framework programme (→ points 1.1.1 to 1.1.6).

The Commission adopted a communication on guidelines for the future of the Joint Research Centre, which is to be read in conjunction with the communication on the future framework programme (→ point 1.1.7).



It adopted an assessment report on the results achieved under the first framework programme (1984-87), drawn up in conjunction with preparatory work on the 1987-91 programme (→ point 2.1.38).

The Commission adopted a communication on the Community's audiovisual policy, containing a proposal for a Directive coordinating national provisions concerning the pursuit of broadcasting activities (→ points 1.2.1 *et seq.*). The Commission noted the initial approach to an action programme for the European media software industry, for which proposals would be formulated at a later date, and decided in principle to support the European television programme projects, provided certain criteria were fulfilled. So far it has extended its support to Europa TV, the first European television programme.

Lastly, the Commission authorized Spain to take protective measures to limit imports of steel from other Member States in 1986 (→ point 2.1.25).

#### *Discussions, policy debates and work in hand*

2.4.12. The Commission considered the reference data for the 1987 budget, which it transmitted to the Council in accordance with the agreed arrangements regarding budgetary discipline, and noted that to meet its various obligations (structural funds, common policies and in particular the common agricultural policy) in 1987, the Community would have to use nearly all the new own resources available since January.

The fall in world prices of the main agricultural products due to the depreciation of the dollar is adding a considerable burden to the CAP. The Commission accordingly held a special meeting on 25 and 26 March to consider the Community's financial and budgetary situation and the outlook until 1990.

## **Court of Justice**

### **Composition of the Chambers and appointment of Presidents of the Chambers**

2.4.13. On 19 February the Court amended<sup>1</sup> its decision of 7 October 1985<sup>2</sup>

to take account of the accession of Spain and Portugal. Judge T. Koopmans was appointed President of the Fourth Chamber, Judge U. Everling President of the Fifth Chamber and judge T. Koopmans President of the Sixth Chamber for the period from 1 March 1986 to 6 October 1986.

The composition of the Chambers was determined as follows:

#### *First Chamber*

R. Joliet, President of Chamber;  
G. Bosco and F. Schockweiler, Judges.

#### *Second Chamber*

K. Bahlmann, President of Chamber;  
O. Due and T. F. O'Higgins, Judges.

#### *Third Chamber*

U. Everling, President of Chamber;  
Y. Galmot and J. C. de Carvalho Moitinho de Almeida, Judges.

#### *Fourth Chamber*

T. Koopmans, President of Chamber;  
C. N. Kakouris and G. C. Rodríguez Iglesias, Judges.

#### *Fifth Chamber*

U. Everling, President of Chamber;  
R. Joliet, G. Bosco, Y. Galmot,  
F. Schockweiler and J. C. de Carvalho Moitinho de Almeida, Judges.

#### *Sixth Chamber*

T. Koopmans, President of Chamber;  
K. Bahlmann, O. Due, C. N. Kakouris,  
T. F. O'Higgins and G. C. Rodríguez Iglesias, Judges.

<sup>1</sup> OJ C 64, 19.3.1986.

<sup>2</sup> OJ C 277, 29.10.1985, Bull. EC 10-1985, point 2.5.46.

## 2.4.14. New cases

Case	Subject	Basis
<b>Customs union</b> 42/86 Directeur Général des Douanes et Droits Indirects v Artimport and Others	Interpretation of tariff headings 39.07 E IV and 42.02 B in respect of the classification of valises and attaché cases coming from Taiwan	Article 177 EEC
<b>Taxation</b> 36/86 Danish Ministry for Fiscal Affairs v Dansk Sparinvest	Is the charging under national law of capital duty where an investment company withdraws at one of its branches all the certificates for shares previously issued and replaces them, without any additional payment on the part of the holders of the shares, by two new certificates each bearing the same nominal value as the share they replaced compatible with Council Directive 69/335/EEC?	Article 177 EEC
<b>Competition</b> 62/86 and 62/86R Akzo Chemie v Commission	Annulment of the Commission Decision of 14 December 1985 relating to a proceeding under Article 86 EEC finding that the applicant had infringed Article 86 by abusing its dominant position on the Community market in organic peroxides and imposing a fine on the applicant. Application to stay implementation of the Decision until the Court has ruled on the substance of the case	Article 173 EEC and Article 83 of the Rules of Procedure of the Court of Justice
<b>Social security</b> 37/86 Van Gastel, née Coenen v 1. Rijksdienst voor Werknemerspensioenen 2. Rijkskas voor Rusten Overlevingspensioenen	Interpretation of Article 12(2) and Article 46 of Council Regulation No 1408/71 and Article 7 and Article 46 of Council Regulation No 574/72 as regards whether a 'survivor's pension' and an 'old-age pension' granted by two different Member States to a widow are benefits of the same kind	Article 177 EEC
43/86 Bestuur van de Sociale Verzekeringsbank v de Rijke and de Rijke, née van Gent <sup>1</sup>	Interpretation of 'periods to be taken into account as insurance periods' referred to in Annex VI, Section I, paragraph 2(c) of Regulation No 1408/71 (originally Annex V, Part F, point 2(c) of Regulation No 1408/71)	Article 177 EEC
<b>Free movement of workers</b> 39/86 Lair v Universität Hannover	Does the fact a Member State accords grants for higher education to nationals of other Member States only if they can show that they have been employed in the host Member State	

Case	Subject	Basis
59/86 Rütten v Dienststellenleiter des Jugendamtes der Landeshauptstadt Stuttgart	for at least five years before the start of the course concerned constitute discrimination contrary to Article 7 EEC?	Article 177 EEC
<b>Agriculture</b>	1. Is the eligibility to a body representing public service staff constituted under the laws of Baden-Württemberg of a public service employee who does not possess German nationality but the nationality of another Member State a matter falling within the scope of Article 48(2) EEC and Article 8(1) of Regulation No 1612/68? 2. Possible application of Article 48(4) EEC or of the first sentence of Article 8(1) of Regulation No 1612/68	Article 177 EEC
38/86 Firma Neumann v Bundesanstalt für landwirtschaftliche Marktorndung	Compatibility of Article 16(2) of Commission Regulation No 2172/79 on detailed rules of application for the disposal of beef bought by intervention agencies with the principle of proportionality where the purchaser has breached an initial contract of sale and then concluded a second contract at a more favourable price	Article 177 EEC
56/86 Société pour l'Exportation des Sucres Office Belge de l'Economie et de l'Agriculture <sup>2</sup>	Compatibility with the principle of proportionality of rules requiring loss of security for tender where the quality of sugar delivered is inferior to the agreed quality	Article 177 EEC
58/86 Coopérative Agricole d'Approvisionnement des Avirons v Receveur des Douanes de Saint-Denis and Directeur Régional des Douanes de la Réunion <sup>2</sup>	1. Applicability of a levy where the real purchase price exceeds the Community price; inconsistency with the objectives of Council Regulation No 2727/75 2. Infringement of the principle of non discrimination (the second subparagraph of Article 40(3) EEC) by treating different situations in the same way 3. Applicability of the first paragraph of Article 13 of Council Regulation No 1430/79 4. Limitation period applicable to applications for repayment: 12 months, as provided in Article 2 of Commission Regulation No 1575/80, or three years, as provided in Article 2 of Council Regulation No 1430/79	Article 177 EEC
61/86 United Kingdom v Commission	Annulment of Commission Regulations Nos 3451/85 and 9/86 in so far as they impose payment of a clawback on the export of animals and products on which the variable premium is not granted	Article 173 EEC
68/86 United Kingdom v Council	Annulment of the Council Directive of 31 December 1985 prohibiting the use in livestock farming of certain substances having a hormonal action	Article 173 EEC

Case	Subject	Basis
<b>Fisheries</b>		
46/86 Romkes v Officier van Justitie for the District of Zwolle	Validity of Council Regulation No 1/85 in so far as it concerns the allocation between the Member States of the total allowable catches of plaice in ICES divisions IIa and IV	Article 177 EEC
53/86 Officier van Justitie for the District of Zwolle v Romkes and Others	Is a national law introduced after the entry into force of Regulation No 171/83 imposing a minimum size of 27 cm for plaice compatible with Article 20(1) of that Regulation?	Article 177 EEC
<b>Budget</b>		
85/86 Commission v European Investment Bank	Annulment of the decision of the Bank's Board of Governors of 30 December 1985 concerning the accounting position of the proceeds from the tax withheld by the Bank on the salaries and pensions of its staff	Article 180(b) and 173 EEC
<b>Commercial policy</b>		
81/86 De Boer Buizen v 1. Council, 2. Commission	Claim for damages in respect of the losses suffered by the applicant following implementation of Council Regulation No 60/85 on the restriction of exports of steel pipes and tubes to the USA and Commission Regulation No 61/85 on the monitoring by the Community of exports of steel tubes and pipes to the USA (prohibition on exports to the USA by the applicant)	Article 215 EEC
<b>Infringements</b>		
60/68 Commission v United Kingdom	Council Directive 76/756/EEC: dim-dip lighting on motor vehicles	Article 169 EEC
63/86 Commission v Italy	Article 52 EEC: various provisions of national and regional laws reserving for Italian citizens access to assisted mortgages and to the purchase and lease of housing built or renovated with the help of public funds	Article 169 EEC
69/86 Commission v Italy	Article 171 EEC: failure to comply with the judgment delivered by the Court of Justice on 15 November 1983 in Case 322/82 (fruit and vegetable quality standards)	Article 169 EEC
70/86 Commission v Greece	Refusal to pay the interest on arrears claimed following delay in making available financial contributions	Article 169 EEC

Case	Subject	Basis
74/86 Commission v Germany	Failure to comply with Community rules on wine growing (increase in the alcoholic strength of Moselle wines)	Article 169 EEC
75/86 Commission v Belgium	Failure to comply with obligations by requiring the possession of Belgian nationality for recruitment to the staff of the public establishment known as Caisse Générale d'Épargne et de Retraite	Article 169 EEC
76/86 Commission v Germany	Failure to fulfil obligations under Articles 30 and 36 EEC by imposing a ban on the marketing of milk substitutes	Article 169 EEC
83/86 Commission v France	Grading of pears: Ministerial Order extending an inter-trade agreement in breach of Community law	Article 169 EEC
84/86 Commission v Greece	By restricting public supply contracts to national products Greece has infringed provisions on the free movement of goods	Article 169 EEC
86/86 Commission v Greece	Greece has not designated the authority empowered to issue the order for enforcement and has accordingly not notified the said designation, <i>inter alia</i> , to the Commission	Article 169 EEC Article 141 Euratom
87/86 Commission v Germany	Entitlement to use the <i>Bocksbeutel</i> bottle reserved for wine-growers in certain regions of Germany: incompatibility with Article 30 EEC	Article 169 EEC

#### Disputes between the Community and its staff

##### v Commission

64/86 and 64/86 R Sergio: 71 to 73/86 Knaepen and Others: 78/86 and 78/86 R Costacurta: Annulment of the decision of the Selection Board for competition COM/A/8/84 not to permit the applicants to take part in training courses: application for suspension of the said decision.

<sup>1</sup> OJ C 98, 26.4.1986.

<sup>2</sup> OJ C 80, 9.4.1986.

#### 2.4.15. Judgments

Date and case	Held
ECSC — Steel 25.2.1986: 74/84 Hoesch Werke v Commission	Ordered removed from the Court Register (annulment of a Decision requiring an inspection pursuant to Article 47 ECSC providing for checks by the employees of a trust company acting on behalf of the Commission and requiring production of the auditors' report)

Date and case	Held
25.2.1986: 230/84 Stahlwerke Peine-Salzgitter v Commission	Ordered removed from the Court Register (annulment of a Decision concerning an obligation to discharge periodic penalty payments under Article 47 ECSC for failure to comply with a Decision ordering an investigation requiring the production of the auditors' report)
12.3.1986: 85 and 177/84 Usinor v Commission	Ordered removed from the Court Register (annulment of the Commission Decisions of 14 February 1984 and 23 May 1984 fixing steel production quotas for the first and second quarters of 1984)
<b>Free movement of goods</b>	
11.3.1986: 121/85 Conegate v HM Customs & Excise	<p>1. A member State may not rely on grounds of public morality within the meaning of Article 36 EEC in order to prohibit the importation of certain goods on the grounds that they are indecent or obscene, where the same goods may be manufactured freely in its territory and marketed in that territory subject only to an absolute prohibition on their transmission by post, a restriction on their public display and, in certain regions a system of licensing of premises for the sale of those goods to customers aged 18 years and over.</p> <p>2. Article 234 EEC must be interpreted as meaning that an agreement concluded prior to the entry into force of the EEC Treaty may not be relied upon in order to justify restrictions on trade between Member States</p>
13.3.1986: 54/85 Ministère Public v Mirepoix	In the present state of Community legislation on foodstuffs treated with pesticides, neither Articles 30 and 36 EEC nor any other provisions of Community law preclude a Member State from applying to fruit and vegetables imported from another Member State its own rules prohibiting the marketing of those products if they have been treated with maleic hydrazide
<b>Customs union</b>	
18.3.1986: 58/85 Ethicon v HZA Itzehoe	<p>1. The description 'yarn wholly of polyglycollic acid' ex CCT subheading 51.01 A in Council Regulations Nos 1162/79 and 1481/80 does not cover yarn made of both polyglycollic acid and lactic acid, even if the 10% of lactic acid which it contains has no effect on the properties and use of that product</p> <p>2. Consideration of the questions raised has disclosed no factor of such a kind as to affect the validity of Regulations Nos 1162/79 and 1481/80 as regards the suspension in question</p>

Date and case	Held
<b>Industrial affairs</b>	
20.3.1986: 35/85 Procureur de la République v Tissier	A substance which is not presented for treating or preventing disease in human beings or animals but which enables medical diagnoses to be carried out on human beings or animals must be regarded as a medicinal product within the meaning of Article 1 of Council Directive 65/65/EEC if it is meant to be administered to human beings or animals, whether on its own or mixed with other substances
4.3.1986: 234/84 John Walker and Sons v Ministeriet for Skatter og Afgifter <sup>1</sup>	<p>1. The first paragraph of Article 95 EEC must be interpreted as meaning that products such as Scotch whisky and fruit wines of the liqueur type may not be regarded as similar products</p> <p>2. In the present stage of its development Community law, and in particular the second paragraph of Article 94 EEC, does not preclude the application of a system of differential taxation in respect of certain beverages on the basis of objective criteria. Such a system has no protective effect in favour of domestic producers where a substantial proportion of domestic production of alcoholic beverages is included in each tax category</p>
12.3.1986: 105 to 113/85 Société d'Exploitation des Garages Sellier and Others v Caisse de Compensation de l'Organisation Autonome Nationale de l'Industrie et du Commerce (ORGANIC)	Ordered removed from the Court Register (interpretation of Article 33 of sixth VAT Directive (77/388/EEC))
<b>Competition</b>	
5.3.1986: 253/85 The President of the District of Arcahon, La Teste, Gujan Mestras and Le Teich v Société B.C. and Michel Leclerc	Ordered removed from the Court Register (interpretation of Articles 37, 52, 59, 86 and 90 EEC)
<b>Social security</b>	
11.3.1986: 28/85 Deghillage v Caisse Primaire d'Assurance Maladie, Maubeuge	The medical finding that a person is suffering from an occupational disease must be recognized by the Member State which, by virtue of Article 57(1) of Regulation No 1408/71, is under a duty to pay the benefits, even if that finding was made in another Member State and in accordance with its legislation
13.3.1986: 296/84 Sinatra v Fonds National de Retraite des Ouvriers Mineurs	1. The provisions of Regulation No 1408/71 do not preclude the grant of benefits to which entitlement was acquired by virtue of national legislative provisions alone, when those benefits are greater than those determined pursuant to Article 46 of the Regulation. In such a case, Article 12(2) of Regulation No 1408/71 does not preclude the application of a national rule against overlapping with benefits acquired under foreign legislation, in order to determine the benefits acquired under national legislative provisions alone.

Date and case	Held
	<p>2. Article 46 of Regulation No 1408/71 is applicable when the amount of the benefits due by virtue of national legislation is unrelated to the periods completed and when the minimum period giving rise to entitlement under that legislation has been completed, even in the case of a special occupational scheme and even if the periods completed in another Member State were not so completed within an equivalent scheme. For the purpose of determining the amount referred to in the first paragraph of Article 46(1) it is not permissible to apply a national rule against overlapping with benefits acquired under foreign legislation. The amount found to be higher, on the basis of the comparison prescribed in the second paragraph of Article 46(1), is to be reduced where appropriate in accordance with Article 46(3)</p>
<p><b>Social policy</b></p>	
<p>18.3.1986: 24/85 Spijkers v 1. Gebroeders Benedik Abbatoir 2. A.Benedik en Zonen</p>	<p>Article 1(1) of Directive 77/187/EEC must be interpreted to the effect that the expression 'transfer of an undertaking, business or part of a business to another employer' envisages the case in which the business in question retains its identity. In order to establish whether or not such a transfer has taken place in a case such as that before the national court, it is necessary to consider whether, having regard to all the facts characterizing the transaction, the business was disposed of as a going concern, as would be indicated, <i>inter alia</i>, by the fact that its operation was actually continued or resumed by the new employer, with the same or similar activities</p>
<p><b>Agriculture</b></p>	
<p>5.3.1986: 69/85 Wünsche Handelsgesellschaft v Germany</p>	<p>Order of the Court:            1. The Court has no jurisdiction to give a ruling on the first three questions            2. There is no need to give a ruling on the fourth and fifth questions (conformity of the judgment in case 345/82 with the general principles of Community law)</p>
<p>12.3.1986: 10/85 Milac v HZA Lörrach</p>	<p>Consideration of the questions submitted for a preliminary ruling has disclosed no factor of such a kind as to affect the validity of Commission Regulation No 1036/78 fixing the monetary compensatory amounts and certain coefficients and rates for their application, inasmuch as that Regulation provides for the application of compensatory amounts in respect of whole-milk powder imported from France into the Federal Republic of Germany and, for the purpose of calculating those amounts, takes into account the processing costs for skimmed-milk powder and butter</p>



Date and case	Held
18.3.1986: 244/83 Meggle Milchindustrie v Council and Commission	The application is dismissed (compensation for losses caused by failure to apply monetary measures to casein and caseinates)
19.2.1986: 238/85 Gebrüder Metelmann v Bundesanstalt für landwirtschaftliche Marktordnung	Ordered removed from the Court Register (validity of Article 22(4) of Regulation No 262/79 on the sale of butter at reduced prices for use in the manufacture of pastry products and ice-cream)
19.2.1986: 395/85 Federazione dei Panificatori dello Stato Italiano v Commission <sup>1</sup>	Ordered removed from the Court Register (annulment of Regulations No 1259/72, No 232/75, No 262/79 and No 1932/81: intervention butter, sale at reduced prices for certain processing operations)
<b>Commercial policy</b>	
5.3.1986: 59/84 Tezi Textiel v Commission <sup>1</sup>	The application is dismissed (annulment of a Commission Decision authorizing the Benelux countries not to apply Community treatment to certain textile products originating in Macao)
5.3.1986: 242/84 Tezi v Minister for Economic Affairs <sup>1</sup>	Articles 113 and 115 EEC, together, must be interpreted as meaning that, after the conclusion of the Arrangement regarding International Trade in Textiles and the adoption of Council Regulation No 3589/82, the Commission may still apply Article 115 in relation to trade in textile products subject to the said Regulation
<b>Infringements</b>	
4.3.1986: 106/84 Commission v Denmark <sup>1</sup>	By taxing wine made from grapes at a higher rate than wine made from other fruit, Denmark has failed to fulfil its obligations under the first paragraph of Article 95 EEC
18.3.1986: 85/85 Commission v Belgium	By imposing, through the tax by-laws of the municipalities of Etterbeek, Uccle, Jette, Evere and Woluwé-Saint-Pierre, an indirect duty to register in the population registers on officials and other servants of the European Communities together with their spouses and dependent members of their families who are exempt from the requirement of registration and who have their principal residence in those municipalities, Belgium has failed to fulfil its obligations under Article 5 EEC and Article 12(b) of the Protocol on the Privileges and Immunities of the European Communities
20.3.1986: 303/84 Commission v Germany	By failing to determine within the prescribed period certain sugar production levies for the 1980/81 sugar year, by failing to credit those amounts to the account of the Commission within the prescribed period and by refusing to pay the interest on those arrears, the Federal Republic has failed to fulfil its obligations under the EEC Treaty

Date and case	Held
20.3.1986: 17/85 Commission v Italy	By failing to adopt or communicate to the Commission within the prescribed period the measures required by Council Directive 78/660/EEC on the annual accounts of certain types of company, Italy has failed to fulfil its obligations under the EEC Treaty
20.3.1986: 72/85 Commission v Netherlands	By failing to introduce the specific measures enabling officials of the European Communities to exercise the right accorded to them under Article 11(2) of Annex VIII to the Staff Regulations to have the actuarial equivalent of, or the sums repaid in respect of, retirement pension rights acquired under the Netherlands pension scheme paid into the Community pension scheme, the Netherlands has failed to fulfil its obligations under the EEC Treaty
5.3.1986: 414/85 Commission v Ireland	Ordered removed from the Court Register (Council Directive 80/777: mineral waters)

**Disputes between the Community and its staff**

**v Commission**

- 11.3.1986: 293 and 294/84 Sorani and Others, Adams and Others: The decision of the Selection Board for Competition No COM/B/2/82 contained in the letters drafted in identical terms sent to each of the applicants on 7 September 1984 refusing to admit them to the tests for that competition is annulled
- 14.3.1986: 64/86 R Sergio: The application for interim measures is dismissed
- 20.3.1986: 8/85 Bever: The application is dismissed
- 21.3.1986: 78/86 R Costacurta: The application for interim measures is dismissed
- 27.2.1986: 147/85 Cowood: Ordered removed from the Court Register

<sup>1</sup> OJ C 80, 9.4.1986.

**Court of Auditors**

2.4.16. On 6 March the Court of Auditors adopted an opinion <sup>1</sup> on the proposal for a Regulation amending the Council Regulation of 2 August 1978 <sup>2</sup> on the general rules for the financing of interventions by the EAGGF Guarantee Section (→ point 2.1.115). <sup>3</sup>

**Economic and Social Committee**

*235th plenary session*

2.4.17. The Economic and Social Committee held its 235th plenary session on 13 and 14 March, with Mr Muhr in the chair,

when it welcomed its 21 new Spanish members. It was an important session, since the Committee adopted opinions on the Commission's farm price proposals and related measures for 1986/87, the Commission memoranda on cereals and beef and veal, and three proposals on structural policy.

**Farm prices**

2.4.18. The Economic and Social Committee adopted by 84 votes to 10, with 10 abstentions, an opinion on the Commission

<sup>1</sup> OJ C 80, 9.4.1986.

<sup>2</sup> OJ L 216, 5.8.1978.

<sup>3</sup> OJ C 348, 31.12.1985; Bull. EC 2-1986, point 1.3.9.

proposals on the fixing of prices for agricultural products and related measures.<sup>1</sup> The Committee felt that the problems in the agricultural sector could only be solved with the help of a broad range of Community policies. It could endorse price proposals for 1986/87 which really would lead to a general freeze of the present situation, provided that the structural measures in the Green Paper were adopted at the same time. The price proposals put forward by the Commission did not meet this twofold requirement.

The Committee acknowledged that the objectives of Article 39 of the EEC Treaty could be achieved only gradually and following a fairly long transitional period. The strategy for restoring market balance should aim to exhaust the possibilities of disposal on world and domestic markets, to switch capacity from surplus products to other products, and to encourage a drop in production. Where such measures were not possible, the Committee felt that additional measures should be introduced to encourage voluntary abandonment of production capacity

#### Memorandum on beef and veal

2.4.19. The Committee also declared itself in favour (by 52 votes, with no votes against and 10 abstentions) of the Commission memorandum on adjustments to the market organization for beef/veal and the proposal for a Council Regulation on the adjustment of the common organization of the market in beef/veal.<sup>2</sup>

The Committee noted the present serious imbalance in the beef/veal market despite the unprecedented volume of exports. It recognized the need to make changes to the present system within a reasonable time. It believed that a lower price to the consumer combined with adequate premiums to the producer would bring about a healthier market and stimulate consumption. It considered that an adequate system of intervention was needed until the disturbances caused by milk quotas and the disposal of existing stocks had ended. The Committee

also recommended that the Commission should institute a system of variable slaughter premiums to replace the premium for animals over six months old.

Finally, the Committee considered that one of the Community's objectives in the forthcoming GATT negotiations should be to reduce its beef imports, except those from the ACP countries.

Finally, the Committee considered that one of the Community's objectives in the forthcoming GATT negotiations should be to reduce its beef imports, except those from the ACP countries.

#### Memorandum on cereals

2.4.20. The Committee adopted by 34 votes to 7, with 4 abstentions, an opinion on the Commission memorandum on the adjustment of the market organization for cereals and the proposal for a Council Regulation amending the common organization of the market in cereals.<sup>3</sup> It reaffirmed its support for price restraint, but asked at the same time for the Community's social aims to be taken into account, especially the protection of incomes of poorer farmers. It also recognized the need for stiffer quality standards and felt that the co-responsibility levy was an instrument which might increase farmers' awareness of the realities of the market. Finally, it called on the Commission to examine without delay the possibility of reducing areas under cultivation and limiting the use of nitrogenous fertilizers.

#### Structural measures

2.4.21. The Committee adopted by 26 votes to 6, with 2 abstentions, an opinion on three proposals on agricultural develop-

<sup>1</sup> OJ C 53, 7.3.86; OJ C 85, 14.4.1986; Bull. 2-1986, points 1.3.1 *et seq.* and 2.1.107.

<sup>2</sup> Bull. EC 12-1985, points 2.1.154 to 2.1.158; OJ C 85, 14.4.1986; Bull. EC 2-1986, points 1.3.5 and 2.1.107.

<sup>3</sup> Bull. EC 11-1985, points 2.1.127 to 2.1.132; OJ C 53, 7.3.1986; Bull. EC 2-1986, points 1.3.3 and 2.1.107.

ment in the following less-favoured areas: the French Massif Central, the Alpine area of Italy and the islands off the northern and western coasts of Scotland. However, while it agreed with the Commission on the need for Community action in these areas, the Committee radically disagreed with the method and means proposed.

It preferred a single outline regulation covering all structural agricultural measures to the proliferation of specific actions in small areas, and piecemeal, compartmentalized measures. Such a regulation should lay down principles and objectives and define general and sectoral programmes operating through programme contracts finalized in the light of proposals from the regions and Member States.

Its request to the Commission to reconsider its proposals will not, however, have any practical effect since the Council has already agreed in principle<sup>2</sup> to the three Regulations and is only waiting for the opinions of Parliament and the Committee to approve them formally.

### **ECSC Consultative Committee<sup>3</sup>**

#### *255th meeting*

2.4.22. The ECSC Consultative Committee held its 255th meeting in Luxembourg on 14 March with Mr Bund in the chair.

It examined, under Article 55 of the ECSC Treaty, Community financial aid from the ECSC levy, a steel research programme (→ point 2.1.29) and a technical coal research programme for 1986.<sup>4</sup> It also considered deliveries of ECSC products from Spain and Portugal to the Community market (→ point 2.1.24).

Under Articles 19 and 46 the Committee examined the market for solid fuels in the Community in 1985 and the outlook for 1986 and the forward programme for steel for the second quarter of 1986.

#### **Solid fuels market**

2.4.23. The Committee examined the Commission report on the market for solid fuels in the Community in 1985 and the outlook for 1986.<sup>5</sup> During the debate attention was drawn to the possible consequences of the drop in oil prices. The Commission was asked to compare the figures for the world coal market with those for the Community and to take advantage of the fall in oil prices by allocating additional financial resources to coal conversion.

This would increase the security of supply and forestall future price movements.

The Commission representatives replied that it was difficult to take specific measures at present since there was no clear indication of whether this was a short, medium or long-term phenomenon. If it were a long-term phenomenon and it appeared that the energy objectives were being comprehensively threatened, the Commission would be obliged to act.

#### **Forward programme for steel**

2.4.24. The Committee examined the forward programme for steel for the second quarter of 1986 (→ point 2.1.23).

Imports, exports and negotiations with non-Community countries were analysed during the discussion. The problem of the drop in prices for reinforcing bars and coated sheets was also discussed.

Speakers indicated that their assessment of the situation on the steel market was less optimistic than the Commission's.

The Commission representative recognized that exports were falling and imports rising. However, as internal consumption was increasing, the forward programme did not show any drop in production. As a result

<sup>1</sup> Bull. EC 1-1986, point 2.1.104.

<sup>2</sup> Bull. EC 2-1986, point 2.1.121.

<sup>3</sup> A detailed account of the history, activities, structure and operation of the Committee is given at point 3.4.1.

<sup>4</sup> Bull. EC 2-1986, point 2.1.37.

<sup>5</sup> Bull. EC 2-1986, point 2.1.150.

of the arrangements with non-Community countries, imports would not exceed 10%, and the Commission would ensure that the rules on quantities and prices were respected.

## European Investment Bank

### *Operations in March*

2.4.25. Loans totalling 466.1 million ECU<sup>1</sup> were announced by the European Investment Bank in March for investments within the Community, including 211.4 million in Italy, 93.2 million in the United Kingdom, 80.1 million in the Netherlands, 59 million in Spain and 22.4 million in France. Of the total amount, 16.3 million ECU was provided from the resources of the new Community borrowing and lending instrument (NCI).<sup>2</sup> Outside the Community the Bank lent 32.5 million ECU in Egypt under the Financial Protocol between the Community and that country.

### Community

#### *Italy*

2.4.26. In Italy LIT 315 000 million was lent for investments in infrastructures, industry, energy and transport. LIT 145 000 million went towards infrastructure projects — LIT 85 000 million to help in construction of the A26 motorway in northern Italy, LIT 30 000 million for flood protection works in the lower Po basin, LIT 10 000 million for improvements to the water supply system serving Cagliari (Sardinia) and LIT 20 000 million to assist reconstruction of the earthquake-damaged road network in Campania and Basilicata.

LIT 62 600 million was granted to industry, mainly in the form of global loans (credit lines) for small and medium-scale investments, including LIT 27 100 million to IMI (Istituto Mobiliare Italiano), LIT 32 500 million to Mediocredito Centrale for small and medium-scale investments in the centre and north and in the Mezzogiorno, and,

lastly, LIT 3 000 million for the modernization and expansion of a factory at Piacenza for the production of automated industrial manufacturing systems.

LIT 58 500 million was lent for energy investments: LIT 35 000 million for the construction or expansion of four hydroelectric power stations in northern Italy (Cellina, Ridracoli, Mera III and Tagliuno), LIT 7 500 million for the construction of the Braulio station in Lombardy, and LIT 16 000 million for small and medium scale investments in the Centre and North (LIT 10 000 million to Mediocredito Lombardo and LIT 6 000 million to Mediocredito Centrale).

Finally, in the transport sector, a loan of LIT 50 000 million went to Alitalia to help finance the purchase of ten MD 82 aircraft, which will be used on routes between Italy and the other Member States.

#### *United Kingdom*

2.4.27. UKL 57.5 million, including UKL 10 million from NCI resources, was lent in the United Kingdom for investments in infrastructure and transport. UKL 15 million went towards improvements to the main road network in the Birmingham, Coventry and Wolverhampton areas to open up new industrial estates and improve access to existing sites, and UKL 5 million was granted for the first and second phases of the Middlesbrough by-pass, which will improve links between Middlesbrough's port and the industrial areas along the south side of the River Tees.

A loan of UKL 17 million in Scotland will finance water supply, sewerage and sewage treatment schemes, mainly in the Glasgow and Strathclyde development area. UKL 10 million from NCI resources will go towards electrification of the Glasgow to Ayr and

<sup>1</sup> The conversion rates at 27 March used by the EIB in statistics for the second quarter were 1 ECU = BFR 44.47, DKR 8.02, DM 2.17, DR 134.59, ESC 140.98, FF 6.68, HFL 2.45, IRL 0.72, LFR 44.47, LIT 1477, PTA 136.39, UKL 0.63, USD 0.94.

<sup>2</sup> OJ L 298, 20.10.1978; Bull. EC 10-1979, point 2.1.10.

Ardrossan railway lines, resignalling, and the purchase of rolling stock.

Finally, the EIB granted UKL 7.5 million for a number of road, water supply and sewerage schemes in the Falkirk and Stirling areas to meet demand from industry, particularly at the Stirling University Science Park, to reduce urban congestion and to open up new areas for industrial development. Another UKL 3 million went towards road works near Preston, Lancashire, and the M65 link to Accrington.

### *Netherlands*

2.4.28. In the Netherlands the EIB granted HFL 200 million to Philips to support development of the megachip. The loan will help finance a large-scale investment programme directed towards the mastering of sub-micron technology, the technology to be used for the production of the next generation of integrated circuits. The first type of integrated circuits of this generation, which will be produced by Philips using sub-micron technology, will be a semiconductor static memory with a storage capacity of one megabit (one million bits) per chip. The Mega project is a joint venture between Philips and Siemens. One of the EIB's main objectives is to promote the development of modern technology in order to strengthen European competitiveness. The Mega project will play a decisive role in this respect. With the megachip, Philips and Siemens hope to improve their position on the international chip market. The Community share of the world semiconductor industry fell from 13.9% in 1979 to 8.5% in 1984. Philips will present its engineering samples of the one-megabit static memory in 1988 and start volume production by 1989 at the latest.

### *Spain*

2.4.29. The EIB granted Spain its first loans since accession to the Community:

PTA 8 000 million will support small and medium-scale industrial and infrastructure investments in less developed regions. The funds are in the form of two global loans to Instituto de Crédito Oficial (ICO) on behalf of two banks of the ICO group: Banco de Crédito Industrial received PTA 4 000 million to help develop and modernize Spanish industry and related services and Banco de Crédito Local de España received PTA 4 000 million for infrastructure investments by local public authorities, including water and sewerage schemes, local roads, rural electrification, telephone connections and essential urban improvements.

### *France*

2.4.30. In France the EIB lent FF 150 million for small and medium-scale investments in fisheries in coastal areas receiving regional development premiums. The global loan was granted to Caisse Centrale de Crédit Coopératif, which will onlend it for investment in firms for the purchase or modernization of vessels, the construction of cold-storage plants and the processing of seafood products.

### *Outside the Community*

2.4.31. In Egypt the Bank lent 32.5 million ECU for the construction of a cement plant, exhausting the funds available from the Bank's own resources for lending under the second Financial Protocol between the Community and Egypt. The loan will help finance the construction of the El Mynia white cement plant near Samalut, about 250 km south of Cairo. The loan has a 3% interest subsidy from the Community budget. With an estimated capacity of over 200 000 tonnes per annum, the plant's production is geared to the domestic market in line with the Egyptian Government's policy to encourage the production of key building materials.



**PART THREE**  
**DOCUMENTATION**

# 1. ECU

## Values in national currencies of one ECU

26 March 1986<sup>1</sup>

Belgian franc and Luxembourg franc (convertible)	44.4756
Belgian franc and Luxembourg franc (financial)	45.1394
German mark	2.17167
Dutch guilder	2.45117
Pound sterling	0.632168
Danish krone	8.00973
French franc	6.67655
Italian lira	1 476.58
Irish pound	0.718585
Greek drachma	134.632
Spanish peseta	136.232
Portuguese escudo	141.552
United States dollar	0.925178
Swiss franc	1.81983
Swedish krona	6.83337
Norwegian krone	6.76768
Canadian dollar	1.29849
Austrian schilling	15.2423
Finnish mark	4.84562
Japanese yen	166.995
Australian dollar	1.30032
New Zealand dollar	1.73417

<sup>1</sup> OJ C 72, 27.3.1986

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*

March 1986

National currency	Value in national currency of one ECU
Belgian franc and Luxembourg franc	46.4118
Danish krone	8.41499
German mark	2.39792 <sup>1</sup> 2.41047 <sup>2</sup> 2.38516 <sup>3</sup>
Greek drachma	77.2479 <sup>4</sup> 102.345 <sup>3</sup>
French franc	6.49211 <sup>4</sup> 7.10590 <sup>5</sup> 7.00089 <sup>3</sup>
Irish pound	0.725690 <sup>4</sup> 0.750110 <sup>3</sup>
Italian lira	1 341.00 <sup>4</sup> 1 482.00 <sup>3</sup>
Dutch guilder	2.70178 <sup>1</sup> 2.71620 <sup>2</sup> 2.68749 <sup>3</sup>
Pound sterling	0.618655
Spanish peseta	144.382 <sup>6</sup>
Portuguese escudo	150.355 <sup>7</sup>

<sup>1</sup> For cereals and durum wheat.

<sup>2</sup> For milk and milk products.

<sup>3</sup> For other products.

<sup>4</sup> For seeds.

<sup>5</sup> For milk and milk products, pigmeat, wine, sheepmeat and goatmeat.

<sup>6</sup> All products other than fruit and vegetables.

<sup>7</sup> Sheepmeat, sugar, seeds, olive oil, oilseeds, dried fodder, peas and field beans, lupins, processed fruit and vegetables other than oranges and lemons, and fisheries.



## 2. Additional references in the Official Journal

3.2.1. This section lists the titles of legal instruments and notices of Community institutions or organs which have appeared in the Official Journal since the last Bulletin was published but relating to items appearing in earlier issues of the Bulletin; the references were not available when the Bulletin went to press.

The number of the Bulletin and the point to which this additional information refers is followed by the title shown on the cover of the Official Journal, the number of the issue and the date of publication.

### **Bull. EC 11-1985**

#### *Point 2.1.88*

Proposal for a Council Directive on the protection of workers from the risks related to exposure to benzene at work (Fifth individual Directive within the meaning of Article 8 of Directive 80/1107/EEC)  
OJ C 349 of 31.12.1985

#### *Point 2.1.119*

Proposal for a Council Directive on the prevention of environmental pollution by asbestos  
OJ C 349 of 31.12.1985

#### *Point 2.1.166*

Proposal for a Council Regulation laying down the conditions under which non-resident carriers may operate national road haulage services within a Member State  
OJ C 349 of 31.12.1985

### **Bull. EC 12-1985**

#### *Point 2.1.16*

Commission Directive of 23 December 1985 adapting to technical progress Council Directive 71/320/EEC on the approximation of the laws of the Member States relating to the braking devices of certain categories of motorvehicles and their trailers  
OJ L 380 of 31.12.1985

#### *Point 2.1.24*

Amended proposal for a first Council Directive to approximate the laws of the Member States relating to trade marks  
OJ C 351 of 31.12.1985

### **Bull. EC 3-1986**

#### *Point 2.1.80*

Second amended proposal for a Council Directive concerning the annual accounts and consolidated accounts of banks and other financial institutions  
OJ C 351 of 31.12.1985

#### *Point 2.1.83*

Proposal for a Council Directive on Information to be published when major holdings in the capital of a listed company are acquired or disposed of  
OJ C 351 of 31.12.1985

#### *Point 2.1.86*

Proposal for a Council Directive amending Directive 72/464/EEC on taxes other than turnover tax which affect the consumption of manufactured tobacco: sixth extension of the second stage of harmonization  
OJ C 349 of 31.12.1985

#### *Point 2.1.125*

Amended proposal for a Council Regulation (EEC) on a Community aid scheme for non-documentary cinema and television co-productions  
OJ C 351 of 31.12.1985

#### *Point 2.1.141*

Proposal for a Council Directive on water quality objectives for chromium  
OJ C 351 of 31.12.1985

#### *Point 2.1.146*

Proposal for a Council Directive on the protection of animals used for experimental and other scientific purposes  
OJ C 351 of 31.12.1985

#### *Point 2.1.164*

Amendment to the proposal for a Council Regulation (EEC) amending Regulation (EEC) No 1785/81 on the common organization of the markets in the sugar sector  
OJ C 349 of 31.12.1985

#### *Point 2.1.73*

Council Directive of 31 December 1985 prohibiting the use in livestock farming of certain substances having a hormonal action  
OJ L 382 of 31.12.1985

*Point 2.1.174*

Proposal for a Council Directive amending Directive 77/99/EEC on health problems affecting intra-Community trade in meat products  
OJ C 349 of 31.12.1985

2.3.2

Council Decision of 19 December 1985 on import quotas to be opened by Member States in respect of State-trading countries in 1986  
OJ L 382 of 31.12.1985

*Point 2.3.44*

Proposal for a Council Regulation (EEC) concerning the implementation of the special programme to combat hunger in the world.  
OJ C 349 of 31.12.1985

*Point 2.5.20*

Opinion No 5/85 of the Court of Auditors on the draft Financial Regulation applicable to the Sixth European Development Fund  
OJ C 361 of 31.12.1985

**Bull. EC 1-1986**

*Point 2.1.37*

Proposal for a Council Directive on the adoption of common technical specifications of the MAC/

packet family of standards for direct satellite television broadcasting

OJ C 59 of 2.4.1986

*Point 2.1.63*

Proposal for Council Decision adopting the European Community Action Scheme for the Mobility of University Students (Erasmus)

OJ C 73 of 2.4.1986

**Bull. EC 2-1986**

*Point 2.4.14*

Proposal for a Council Regulation (EEC) laying down the procedures for the exercise of implementing powers conferred on the Commission

OJ C 70 of 25.3.1986

Proposal for a Council Decision adopting an action programme for the promotion of youth exchanges in the Community — 'YES for Europe' — 1987-89

OJ C 72 of 27.3.1986

### 3. Infringement procedures

#### Initiation of proceedings for failure to implement directives

3.3.1. In March 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 eleven cases:

#### Internal market and industrial affairs

Council Directive of 25 July 1983 on the approximation of the laws of the Member States relating

to certain lactoproteins (caseins and caseinates) intended for human consumption<sup>1</sup> (Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, United Kingdom).

Commission Directive of 26 July 1984<sup>2</sup> amending the Annex to the Council Directive of 30 June 1982 concerning certain products used in animal nutrition<sup>3</sup> (Ireland, Netherlands, United Kingdom).

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<sup>1</sup> OJ L 237, 26.8.1983

<sup>2</sup> OJ L 245, 14.9.1984.

<sup>3</sup> OJ L 213, 21.7.1982.

Council Directive of 21 December 1982 on the notification of animal diseases within the Community<sup>1</sup> (Ireland).

Council Directive of 19 July 1982<sup>2</sup> amending Annex II to the Council Directive of 23 November 1976 relating to the fixing of maximum levels for pesticide residues in and on fruit and vegetables<sup>3</sup> (Belgium).

Tenth Commission Directive of 25 July 1984 establishing Community methods of analysis for the official control of feedingstuffs<sup>4</sup> (Luxembourg, Netherlands).

Forty-seventh Commission Directive of 26 October 1984<sup>5</sup> amending the Annexes to the Council Directive of 23 November 1970 concerning additives in feedingstuffs<sup>6</sup> (Luxembourg, Netherlands, United Kingdom).

#### Environment, consumer protection and nuclear safety

Commission Directive of 22 July 1983 introducing temporary measures for the designation of certain ingredients in the labelling of foodstuffs for sale to the ultimate consumer<sup>7</sup> (Italy, Netherlands).

Commission Directive of 25 April 1984<sup>8</sup> 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 substances<sup>9</sup> (Italy, Netherlands).

#### Financial institutions and taxation

Tenth Council Directive of 31 July 1984 on the harmonization of the laws of the Member States relating to turnover taxes, amending the Council Directive of 17 May 1977<sup>10</sup> — application of value added tax to the hiring out of movable tangible property<sup>11</sup> (Italy, Netherlands).

Council Directive of 8 July<sup>12</sup> amending the Council Directive of 28 May 1969 on the harmonization of provisions laid down by law, regulation or administrative action relating to exemption from turnover tax and excise duty on imports in international travel<sup>13</sup> (Italy).

Council Directive of 13 June 1983 on the supervision of credit institutions on a consolidated basis<sup>14</sup> (Italy, United Kingdom).

### Initiation of proceedings for failure to comply with a judgment of the Court pursuant to Article 171 of the EEC Treaty

#### Financial institutions and taxation

Discriminatory charging of duty on sparkling wines (Italy).

#### Reasoned opinions

3.3.2. The Commission delivered reasoned opinions in the following cases:

#### Internal market and industrial affairs

Failure to incorporate correctly into national law the Council Directive of 19 July 1982 laying down measures to facilitate the effective exercise of the right of establishment and freedom to provide services in hairdressing<sup>15</sup> (Italy).

Failure to incorporate correctly into national law the Council Directive of 18 December 1978 concerning the coordination of provisions laid down by law, regulation or administrative action in respect of the activities of veterinary surgeons<sup>16</sup> (Italy).

Failure to inform the Commission of national measures to give effect to the Council Directive of 22 March 1977 to facilitate the effective exercise by lawyers of freedom to provide services<sup>17</sup> (Greece).

Prices of and reimbursement for medicinal products (France).

#### Employment and social affairs

Failure to incorporate correctly into national law the Council Directive of 20 October 1980 on the

<sup>1</sup> OJ L 378, 31.12.1982.

<sup>2</sup> OJ L 234, 9.8.1982.

<sup>3</sup> OJ L 340, 9.12.1976.

<sup>4</sup> OJ L 238, 6.9.1984.

<sup>5</sup> OJ L 297, 15.11.1984.

<sup>6</sup> OJ L 270, 14.12.1970.

<sup>7</sup> OJ L 255, 15.9.1983.

<sup>8</sup> OJ L 251, 19.9.1984.

<sup>9</sup> OJ L 196, 16.8.1967.

<sup>10</sup> OJ L 145, 13.6.1977.

<sup>11</sup> OJ L 208, 3.8.1984.

<sup>12</sup> OJ L 183, 16.7.1985.

<sup>13</sup> OJ L 133, 4.6.1969.

<sup>14</sup> OJ L 193, 18.7.1983.

<sup>15</sup> OJ L 218, 27.7.1982.

<sup>16</sup> OJ L 362, 23.12.1978.

<sup>17</sup> OJ L 78, 26.3.1977.

approximation of the laws of the Member States relating to the protection of employees in the event of the insolvency of their employer<sup>1</sup> (Italy).

Failure to incorporate correctly into national law the Council Directive of 9 February 1976 on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions<sup>2</sup> (France).

### Agriculture

Failure to inform the Commission of national measure to give effect to the Commission Directive of 12 April 1983 establishing exceptions from the Council Directive of 21 December 1976<sup>3</sup> for certain products which contain other foodstuffs and only a small percentage of meat or meat product<sup>4</sup> (France, Italy).

Failure to inform the Commission of national measures to give effect to the third Commission Directive of 21 December 1982<sup>5</sup> amending the Annex to the Council Directive of 23 November 1976 on the marketing of straight feedingstuffs<sup>6</sup> (France, Italy).

Failure to inform the Commission of national measures to give effect to the forty-fourth Commission Directive of 29 November 1983<sup>7</sup> amending the Annexes to the Council Directive of 23 November 1970 concerning additives in feedingstuffs<sup>8</sup> (Luxembourg).

Failure to inform the Commission of national measures to give effect to the Council Directive of 30 June 1982 concerning certain products used in animal nutrition<sup>9</sup> (Ireland).

Failure to inform the Commission of national measures to give effect to the Council Directive of 18 April 1983 on the fixing of guidelines for the assessment of certain products used in animal nutrition<sup>10</sup> (Ireland).

Failure to inform the Commission of national measures to give effect to the third Commission Directive of 28 July 1983<sup>11</sup> amending the Annex to the Council Directive of 17 December 1973 on the fixing of maximum permitted levels for undesirable substances and products in feedingstuffs<sup>12</sup> (Ireland).

Monitoring of the nitrate content of cheese (Italy).

### Transport

Failure to inform the Commission of national measures to give effect to the Council Directive

of 25 July 1983 concerning the authorization of scheduled inter-regional air services for the transport of passengers, mail and cargo between Member States<sup>13</sup> (France).

### Personnel and administration

Discriminatory entrance charges at municipal sports centres in Brussels for staff of the European Communities and members of their families (Belgium).

Conditions for the grant by local authorities in Brussels of the preferential tariff for water consumption applicable to staff of the European Communities (Belgium).

### Environment, consumer protection and nuclear safety

Failure to incorporate correctly into national law the Council Directive of 18 July 1978 on the quality of fresh waters needing protection or improvement in order to support fish life<sup>14</sup> (Italy).

Failure to inform the Commission of national measures to give effect to the Council Directive of 17 May 1982<sup>15</sup> amending for the second time the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products<sup>16</sup> (Italy).

Failure to inform the Commission of national measures to give effect to the Commission Directive of 21 December 1978<sup>17</sup> adapting to technical progress the Council Directive of 17 July 1972 on the approximation of the laws of the Member States relating to certain methods for the quantitative analysis of binary textile fibre mixtures<sup>18</sup> (Denmark).

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<sup>1</sup> OJ L 283, 20.10.1980.

<sup>2</sup> OJ L 39, 14.2.1976.

<sup>3</sup> OJ L 26, 31.1.1977.

<sup>4</sup> OJ L 112, 28.4.1983.

<sup>5</sup> OJ L 383, 31.12.1982.

<sup>6</sup> OJ L 32, 3.2.1977.

<sup>7</sup> OJ L 350, 13.12.1983.

<sup>8</sup> OJ L 270, 14.12.1970.

<sup>9</sup> OJ L 213, 21.7.1982.

<sup>10</sup> OJ L 126, 13.5.1983.

<sup>11</sup> OJ L 222, 13.8.1983.

<sup>12</sup> OJ L 38, 11.2.1974.

<sup>13</sup> OJ L 237, 26.8.1983.

<sup>14</sup> OJ L 222, 14.8.1978.

<sup>15</sup> OJ L 167, 15.6.1982.

<sup>16</sup> OJ L 262, 27.9.1976.

<sup>17</sup> OJ L 17, 24.1.1979.

<sup>18</sup> OJ L 173, 31.7.1972.

**Proceedings terminated**

3.3.3. The Commission decided not to continue the following infringement proceedings:

*Cases in respect of which a reasoned opinion had been sent*

**Customs union**

Charge for presentation to customs of postal parcels (Belgium).

Fees for the health inspection of poultrymeat (Belgium).

**Internal market and social affairs**

Failure to inform the Commission of national measures to give effect to the Council Directive of 21 January 1980 concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in midwifery and including measures to facilitate the effective exercise of the right of establishment and freedom to provide services<sup>1</sup> (Luxembourg).

Failure to inform the Commission of national measures to give effect to the Council Directive of 22 December 1980<sup>2</sup> amending, consequent on the accession of Greece, the Council Directive of 21 January 1980 concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in midwifery and including measures to facilitate the effective exercise of the right of establishment and freedom to provide services<sup>1</sup> (Luxembourg).

Municipal Order in Biarritz requiring French nationality for the pursuit of certain activities (France).

Obstructing imports of motorcycles (Italy).

Quotas for fertilizer imports (Greece).

Marketing of rum and vodka (Ireland).

Obstacles to the importation of barbecues (France).

Hindering the sale of ready-mixed concrete (Netherlands).

Importation of letter-weighing and parcel-weighing machines (France).

'Buy French' campaign (France).

Provisions concerning the shapes of packaging for margarine (France).

**Agriculture**

Failure to inform the Commission of national measures to give effect to the Council Directive of 22 January 1980<sup>3</sup> amending the Council Directive of 21 December 1976 on health problems affecting intra-Community trade in meat products<sup>4</sup> (Belgium).

**Financial institutions and taxation**

Reduction of tax base (France).

Failure to incorporate correctly into national law the Council Directive of 14 December 1981<sup>5</sup> supplementing the Council Directives of 16 June 1975<sup>6</sup>, 27 June 1977<sup>7</sup>, 25 July 1978<sup>8</sup> and 18 December 1978<sup>9</sup> concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications of doctors, nurses responsible for general care, dental practitioners and veterinary surgeons respectively, with regard to acquired rights (Netherlands).

Failure to incorporate correctly into national law the Council Directive of 22 March 1977 to facilitate the effective exercise by lawyers of freedom to provide services<sup>10</sup> (Italy).

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

<sup>2</sup> OJ L 375, 31.12.1980.

<sup>3</sup> OJ L 47, 21.2.1980.

<sup>4</sup> OJ L 26, 31.1.1977.

<sup>5</sup> OJ L 385, 31.12.1981.

<sup>6</sup> OJ L 167, 30.6.1975.

<sup>7</sup> OJ L 176, 15.7.1977.

<sup>8</sup> OJ L 233, 24.8.1978.

<sup>9</sup> OJ L 362, 23.12.1978.

<sup>10</sup> OJ L 78, 26.3.1977.

# 4. The Consultative Committee of the European Coal and Steel Community

## Background

The Treaty establishing the European Coal and Steel Community, which was signed on 18 April 1951 by the Foreign Ministers of the six founding countries, provided in Articles 18 and 19 for a Consultative Committee to be set up. The Committee's tasks and working methods are defined more explicitly in its Rules of Procedure.

The Committee was formally installed on 26 January 1953 in Luxembourg, where the Secretariat has been based ever since.

The ECSC Consultative Committee is on a par with the Economic and Social Committee, which is competent for all sectors other than coal and steel. When the Executives were merged in 1967, the Member States considered merging the two Committees as well. In the end, however, it was decided to keep them separate. This was because application of various articles of the ECSC Treaty requires the Consultative Committee to be consulted on a host of highly specific points, all of which demand detailed knowledge of the two industries, notably with regard to markets and prices, objectives, production forecasting, social policy and its implications, the funding of technical and social research, and so on.

The Consultative Committee also had the right of referral (which the Economic and Social Committee did not have at the time).

As membership of the Community has grown from six to 12, the number of Committee members has risen in line with the new accessions. The 51 members who, at the outset, represented the six countries have today grown to 96 following the accession of Spain and Portugal.

## Activities

Apart from the Council, the ECSC Consultative Committee is the only Community institution which the Commission has to consult on all matters involving the coal and steel industries before it takes a final decision.

According to the act involved, there are three different forms of consultation requirement:

(a) Commission acts which require only the Committee's opinion;

(b) Commission acts which require both the Committee's opinion and the opinion of the Council;

(c) Commission acts which require the Committee's opinion plus the assent of the Council.

*(a) Commission acts requiring only the Committee's opinion*

Article 46

Publication of programmes and general objectives

Article 55(1) and (2) (a) and (b)

Promotion of technical and economic research and research on occupational safety

Article 60(2) (a)

Arrangements for publishing price lists and conditions of sale

Article 60(2) (b)

Limits on price reductions resulting from methods of quotation

Article 62, first paragraph

Equalization payments between undertakings in the same coalfield

Article 68(2) and (3)

Recommendations to small undertakings concerning abnormally low wages

*(b) Commission acts requiring both the Committee's opinion and the opinion of the Council*

Article 53, subparagraph (a) of first paragraph

Introduction of financial arrangements common to several undertakings

Article 53, second paragraph

Recommendations to the States concerning financial arrangements inconsistent with application of the Treaty

Article 60

Definition of pricing practices contrary to the Treaty

Article 61

Setting of maximum and minimum prices

Article 62, first paragraph

Equalization payments between undertakings in different coalfields

Article 67(2) and (3)

Counteracting of infringements of competition rules

Article 68(2), (3) and (5)

Recommendations to governments or large undertakings concerning abnormally low wages

*(c) Commission acts requiring the Committee's opinion and the assent of the Council*

Article 55(2) (c)

Technical and economic research

Article 56

Financial aid including aid for redeployment of redundant workers

Article 58(1) and (3)

Introduction of a quota system in the event of crisis

Article 59(1)

Production quota system

Article 59(5)

Restrictions on exports to non-member countries

Article 95, first paragraph

Attainment of Community objectives, as set out in Articles 2, 3 and 4.

Finally, the second paragraph of Article 19 of the Treaty requires the High Authority (since 1 July 1967 the Commission of the European Communities) to keep the Consultative Committee informed of the broad lines of its action under Article 54 (investment and financial aid) and under Articles 65 and 66 (restrictive practices and mergers).

## Structure

The ECSC Consultative Committee is made up of three groups of members, equally represented, namely:

- 32 producers (11 from the coal industry and 21 from the steel industry);
- 32 workers (10 from the coal industry, 19 from the steel industry and three representing both);
- 32 consumers and dealers (16 from the coal industry and 16 from the steel industry).

These 96 members are divided between the countries as follows:

Belgium	8
Denmark	3
France	13
Germany	19
Greece	3
Ireland	3
Italy	9
Luxembourg	4
Netherlands	5
Portugal	3
Spain	8
United Kingdom	18

Members in the consumer/dealer category are nominated by governments and appointed direct by the Council.

Representatives of the other two groups — producers and workers — are nominated to the Council by the governments from lists submitted by the employers' associations and the trade unions.

The organizations most representative of the two sectors which nominate candidates must first be designated by the Council.

Members of the Committee are appointed in a personal capacity, on the strength of their ability and qualifications, for a period of two years. They are bound by no terms of reference or instructions from the organizations which nominate them.

## The Committee's workings

At its first meeting each year the Committee elects its Chairman and its officers. The Chairman is elected in turn from among members representing the producers, workers, and consumers/dealers groups. This means in practice that three 'coal' Chairmen, one from each of the three groups, over a period of three years, alternate with three 'steel' Chairmen, again one from each group.

The Vice-chairmen, one from each of the two groups to which the Chairman does not belong, as well as the other officers, distributed by country and by group, are also elected at this inaugural meeting, when the Committee also sets the dates of its four ordinary meetings.

The Chairmen of the four standing subcommittees are also elected at this meeting. The subcommittees appoint their officers at their first meetings.

The four standing subcommittees are:

- the General Objectives Subcommittee, concerned with structural and long-term issues;
- the Market and Prices Subcommittee, concerned with short-term issues;
- the Labour Questions Subcommittee, concerned with social issues; and
- the Research Projects Subcommittee, concerned with technical and social research programmes in coal and steel.

Besides the standing subcommittees, *ad hoc* subcommittees may be set up to consider specific matters, such as the problems raised by enlargement.

The main purpose of the standing or *ad hoc* subcommittees is to prepare the ground for meetings of the full Committee.

Membership of standing subcommittees, which used to be limited to 36, was raised to 42 in January 1986 in order to accommodate the new Spanish and Portuguese members.

Members of subcommittees may be assisted or represented at meetings by experts. Any member of the Committee may attend subcommittee meetings.

Meetings of the Consultative Committee usually proceed as follows:

After a roll call of members to ascertain that the quorum is present, the agenda is approved and the subcommittee rapporteurs give a brief account of matters dealt with in subcommittee which are on the agenda; all Committee members then have an opportunity to express their views. The Chairman of the Committee then records that the consultation has taken place.

The Committee drafts resolutions and opinions, which are adopted more often than not unanimously. As a rule these resolutions and opinions are published in the Official Journal of the European Communities.

### Secretariat

Administratively, the Secretariat of the ECSC Consultative Committee is attached to the Commission's Secretariat-General, but it is the Chairman and officers who are responsible for organizing the Committee's business.

The Chairman of the Committee, the Secretary-General of the Commission and, by delegation, the Secretary of the Committee are its authorizing

officers for the commitment of expenditure and for payment orders.

One of the main tasks of the Committee's Secretariat is to maintain constant liaison with the Commission, through its Secretariat-General, with the Commission Directorates-General concerned, with the Chairman and officers of the Committee and with members of the three groups. It also proposes and prepares agendas for Committee and subcommittee meetings, writes minutes, organizes translation, prepares and sends out invitations to meetings, prepares memoranda for the Chairmen, arranges meetings, circulates documents, prepares the annual report and the Committee's handbook, and performs other administrative duties.

The Secretariat is also responsible for the Committee's relations with the Commission, the Council, the Economic and Social Committee and Parliament as well as with other European institutions recognized by the Commission.

### Impact on Commission and Council decisions

The expertise of its members enables the Consultative Committee to advise the Commission when it has to take decisions concerning the coal and steel industries. It was this particular aspect that Jean Monnet remarked upon in *Les Etats-Unis d'Europe ont commencé*:

'In describing how these institutions operate I should like to emphasize a point which we regard as essential, namely that any decision by the High Authority (Commission) must, before it is taken, be discussed with the Consultative Committee...'

This is borne out by the fact that the Members of the Commission responsible are always present at key meetings of the Committee.

A further point to note is that the minutes of Committee meetings are sent to the Commission, the Council and Parliament along with the opinions and resolutions adopted at the meeting.

The fact that the Committee's opinions and resolutions are published in the Official Journal is an indication of their importance and their acknowledged authority.

Committee meetings are not public, and matters under discussion may be declared confidential. The Committee cannot be likened to a political platform trying to catch votes. It is a means of constant conciliation between the sometimes conflicting interests of the countries and groups represented. It is a matter of satisfaction that the founders of the ECSC thought of having such a Committee at European level and that its members have preserved and maintained the spirit in which it was created.



How consultation works



