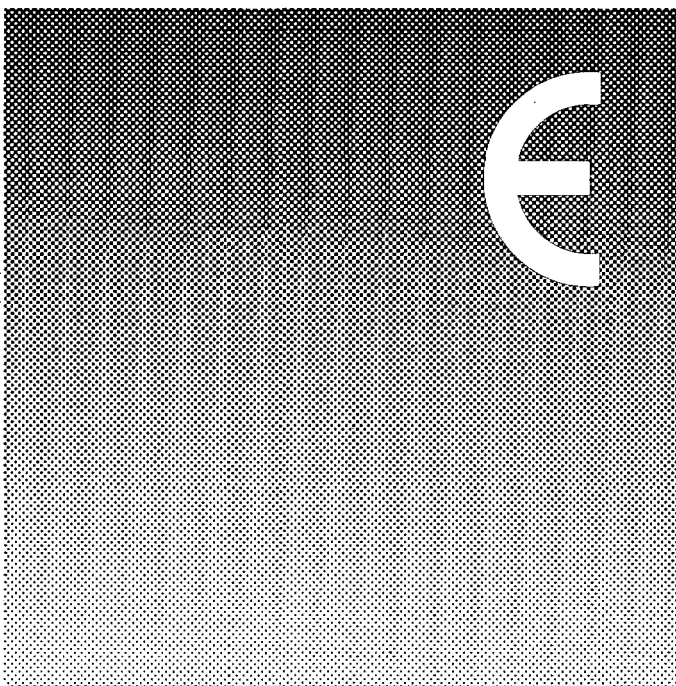


European Coal and Steel Community
European Economic Community
European Atomic Energy Community

Commission

Programme of the Commission for 1979



Brussels Luxembourg February 1979

This booklet contains the address which Mr Roy Jenkins, President of the Commission, delivered to Parliament on 13 February 1979 when introducing the Twelfth General Report on the Activities of the Communities in 1978, and also the annexed memorandum setting out the Commission's programme for 1979.

EUROPEAN COAL AND STEEL COMMUNITY
EUROPEAN ECONOMIC COMMUNITY
EUROPEAN ATOMIC ENERGY COMMUNITY

COMMISSION

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Address by
Mr Roy Jenkins,
President of the Commission
of the European Communities,
to the European Parliament
on 13 February 1979

Introduction and themes

This is the third programme speech which I have the honour to deliver to the Parliament on behalf of the European Commission. I believe that this occasion marks the opening of a more momentous year of change for the Community than it has seen for some time. It may be a dangerous year; it will certainly be a challenging year; but out of the danger may come some opportunity.

The past 12 months have proved to be an intensive period of preparation, discussion, and negotiation both within and beyond the Community. The fruits of that work and endeavour are now within our grasp. If we have the will to maintain the momentum which we have built up over most of 1978—and I believe it is imperative that we should—this year should see the following development: the establishment of the European Monetary System; the first direct elections to the European Parliament; the completion of the first stage of a three-part process leading to the Community's enlargement, with the signature of the Treaty with Greece; and the successful conclusion of major international trade negotiations in which the Community has been intimately involved. These developments and their outcome correspond to three basic priorities of the Community as we seek to meet the challenges of an increasingly complex and interdependent world. These are:

- to strengthen the internal organization and cohesion of the Community, and ensure its continued development;
- to enlarge the Community to include those European democracies able and qualified and anxious to join;
- to ensure that the Community as such makes its contribution to the management of the world economy.

For its part the Commission will fully discharge its responsibilities and do all in its power to further progress in these three vital areas.

The theme which I should like to stress to Parliament in the programme speech this year is that of interdependence. This is one major lesson which has been borne on the Commission in the first two years of our mandate. We have seen that major economic upheavals outside the Community can profoundly affect our lives and plans. Equally, our own freedom of manoeuvre to influence events is circumscribed by our economic and social weaknesses. So while our own internal affairs are naturally at the forefront of our minds—

and I shall speak of these soon—I believe that today, more than ever before, our internal preoccupations need to be seen against a background of developments outside the Community.

External policies

Recent months have shown us that the Community's international weight and presence is continuing to grow and to grow fast. With the President of the Council I represented the Community at the Economic Summit meeting in Bonn in July. We further developed the close relationship between the Community and the United States; and we made some progress in establishing a more solid basis for our relations with Japan in the interest of world economic stability. Beyond this we established a new relationship with the countries of ASEAN; and we concluded a trade agreement with China.

From this picture of events, I would like to single out two which are, I believe, particularly significant for the Community. First our relationship with the United States: apart from a steady flow of high-level exchanges between Washington and Brussels, President Carter visited the Commission early last year and I went to see him in December. These meetings have enabled us to review the main issues which condition the relationship between the two biggest trading powers in the world, and to explore the possibilities for new fields of cooperation, particularly in the field of science and technology, which represents, I believe, a significant and hopeful field for future work together. Second, I refer to the trade agreement which the Community concluded with China last April. China is the largest of the developing nations. She was not slow to recognize the reality of the Community and when she decided to open up and to increase her international exchanges, the Community was among the first to whom China turned. I am confident that in 1979 we can develop our trade and understanding with China still further, and I will have these prospects before me when I visit Peking next week.

Nevertheless as a Community we still face difficulties and dilemmas in our relations with both industrial and developing countries. These have been underlined in two vitally important international negotiations which are now coming to a conclusion. I refer to the Multilateral Trade Negotiations at Geneva, and the negotiations in which the Community is engaged for a successor to the Lomé Convention. The Community depends more on world trade than any of our major trading partners. To that extent we wish to see the international trading system strengthened and extended in scope. We have therefore welcomed the emphasis which has been placed in these negotiations on attacking the multiplicity of non-tariff barriers which obstruct the flow of trade. But we have also been bound to recognize that it is not

enough to pull down barriers wherever we find them. We have to ensure that the trading system which we are constructing contains its own checks and balances. We must ensure, for example, that it takes fair account of the new phenomenon of the highly competitive low cost producer who can now make a deep and rapid penetration into a particular market in a way that can almost wipe out our own domestic production.

This phenomenon is only an extreme manifestation of a wider problem of adjustment to which protection cannot ultimately be the answer. Over the past year the Community has found it necessary to take a number of measures to safeguard employment in certain industries such as textiles, steel and shipbuilding, which suffer acutely from over-capacity and excess labour, nearly always as a result of the growing ability of other producers outside the Community to produce these goods more cheaply. But these measures will only be acceptable or negotiable with our trading partners if they are accompanied by active and responsible policies to adapt our economies to new circumstances. The Commission, which has had to take the lead in working out measures to provide a temporary shield for those industries which are under severe pressure, is fully conscious of the need, in the coming years and at Community level, to shift the emphasis to the elaboration of that longer-term framework within which industrial change can take place as well as to the promotion of growth sectors.

This need for adjustment is one of the main elements underlying both the Multilateral Trade Negotiations and our own domestic industrial policies. It also concerns us in our negotiations for a new Convention with the countries of Africa, the Caribbean and the Pacific. It would make little sense to offer generous aid and trading benefits to these countries if we refused to prepare ourselves to accept an increasing volume of those products which newly industrializing countries inevitably begin to produce and sell. Although the Lomé Convention has only been in operation for some three years, I believe that the process of negotiating a new Convention is in itself valuable in acquainting us with the aspirations of the ACP countries and in acquainting the ACP countries with the Community's political and economic difficulties. For its part, the Commission will do all it can to see that the negotiations are concluded in good time for ratification by the 55 or more ACP countries well before the expiry of the present Convention in spring 1980.

Economic Summits

The Community is of course not alone in facing the problem of finding its place in a constantly shifting world economy. If there is interdependence between external and internal events, we have come increasingly to realize the degree

to which all major trading partners are also interdependent. It is in this context that the Economic Summits can have a particular significance. I believe that they have now become a permanent feature of international life and that they are beginning to make a major and welcome contribution to the management of the world economy. They do not, of course, solve all problems; they do not produce miracle solutions; but they mean that, from time to time, the leaders of the main nations have to concentrate, not only on domestic problems, but on the impact of these problems on other nations and on the world economy as a whole. Their value is that they make everybody think in international terms. It is important that the Community has been able, and will continue, to play a significant role at these Summits.

Last year, as we moved from the European Councils of Copenhagen and Bremen to the Economic Summit at Bonn, we saw a steadily developing economic and monetary policy which linked the Community's determination to create an area of monetary stability with its equally strong determination to see its major economic partners brought together in a balanced plan to stimulate economic growth. This year we shall see the same pattern of meetings with European Councils at Paris, Strasbourg and Dublin and an Economic Summit at Tokyo. I hope that we can move from meeting to meeting with the same sense of purpose and the same determination to coordinate, control and to some extent manage the major economic developments which so concern us all. I also hope it will be possible for the Community, fortified by the creation of the European Monetary System, to play a more positive role in discussion of international monetary problems. I am in no sense suggesting a down-grading of the role of the International Monetary Fund. But within the Fund there is scope for a greater European contribution since economic and monetary policies are two sides of the same coin. A greater degree of understanding among the Summit participants about the management of their currencies could be beneficial.

European Monetary System

I now turn to the Community's own efforts to create a new monetary system: a zone of European monetary stability. Such a scheme can make a major contribution to securing the growth so essential if the Community is to overcome its continuing and deep-seated economic problems. The foremost of these problems is unemployment. Even if the total number of unemployed in the Community has not increased in the past year, the fact of six million unemployed is simply intolerable. The unemployed constitute a huge and urgent human reason for acting quickly to establish a system which favours stability and expansion, which strengthens our ability acting together to

achieve a new price stability in Europe, and which can help to stimulate demand on a wide geographical basis. The sombre fact is that rationalization of our labour-intensive heavy industries is only now beginning and unless we can work to create the conditions for a lasting and balanced growth in new sectors, the prospects will be gloomy indeed.

It is a matter for profound regret to me, and I believe, to most members of this House, that the European Monetary System could not be launched at the beginning of this year, as the European Council in Brussels had decided. But I recognize the crucial importance for the Community to decide how it is to deal with the monetary problems associated with the common agricultural policy if that policy and the monetary system are to work smoothly together. The essential point to make now is that I believe there is a political will for solution, that a solution is technically possible, and that we shall find it soon. But if the EMS—this new instrument worked for so hard over the summer and autumn and proclaimed in December—is to make that impact on our deep-rooted economic problems that I believe it can, it is essential that continuing thought, new efforts and new policies should be available to underpin and sustain what we are creating. The European Monetary System can give a major thrust to our objectives, but it cannot become an isolated column too far in advance of the main army of economic advance. I have three main points in mind.

First, we must accelerate the processes of convergence within our Community. This has long been the purpose of this and previous Commissions, but I cannot say that progress has been sufficient. We were encouraged by the decisions of the European Council in Bremen last June that Member States should pursue policies of concerted action. But a lot more needs to be done and the Commission will soon bring forward proposals to improve the mechanisms and increase the momentum of coordination.

Second, the Community should make much more of the benefits of the existing Common Market so as to ensure a better balance of economic activity within it. Last year we put our thinking into a five-year outline programme. In 1979 we shall be bringing forward proposals in some areas, ideas for discussion in others. The aim of both will be to increase the flow of goods and services, and to make progress, for example, in lowering non-tariff barriers. We also want to make rapid use of our new borrowing instrument to improve the social and economic infrastructure in sectors and areas in difficulty. I have new transport links particularly in mind. We shall be outlining our ideas in a paper early in the year.

Third, we need to deal with the special difficulties of less prosperous Member States, not only to underpin the European Monetary System, but also in

pursuit of our general aim of reducing economic disparities within the Community. Here we already have a new instrument in the shape of the interest-subsidized loans which the European Council agreed in December should be made available to Italy and Ireland within the framework of the EMS. But this is only part of the renewed effort which we must make for the poorer areas of the Community. To this end the Commission is, as requested by the European Council, re-examining the role which the Community's instruments, jointly and separately, can play in promoting convergence. We shall present that paper to the European Council in March.

I now turn to two further policies on which the Commission will strive to make progress in 1979, both because of their intrinsic importance to the Community, and as part of the strategy by which we aim eventually to arrive at economic and monetary union. I refer to the internal market, and to energy policy.

Internal market

The Common Market is both the starting point and the centrepiece of European integration. It is particularly important that it should function smoothly. It was once thought that with the creation of a common customs area, with unified rules for trade with third countries, all internal barriers to trade would wither away almost automatically but the reality has been different. Paperwork at intra-Community frontiers has not diminished. Formalities and procedures continue to vary from Member State to Member State. They remain a hindrance to export business, particularly for small and medium-sized firms most of which still find it difficult to operate beyond their own national frontiers. Intra-Community trade has of course greatly increased, but we have scarcely started to exploit the full advantages of our vast internal market. The Commission will be bringing forward this year a new five-year programme designed to establish the customs union on a more solid basis through the progressive introduction of Community customs legislation, administered on behalf of the Community, and through measures to encourage a far freer flow of goods over our internal frontiers.

Energy

On energy, we have recently had a vivid reminder of the fragility of the technology on which our way of life is based. Large parts of Europe were paralysed by deep snow and ice; entire regions were cut off; electricity supplies were stretched to their limits and beyond; some communications broke down; many of our citizens were faced with a lack of means to keep

themselves and their families warm. It is in just such a situation that our dependence on electricity, oil, and coal, and on other energy supplies is brought home not just to governments but to almost all the people of the Community. The vagaries of the weather underline yet again the view that I put to Parliament last year about the urgent need to recognize our limited energy resources, the need to exploit new and additional means of supply, and to reduce our own consumption of energy. External events—both the recent OPEC decision to increase oil prices on the world market and the grave developments in Iran—only serve to emphasize the continuing relevance and the urgency of the problem, yet not much has been done about it in the past year. In a few words, how are we to secure a drastic and permanent reduction in our oil imports? How are we to secure a sustained and significant cut-back in energy consumption? How are we to develop new and unconventional alternative sources of supply? How are we to exploit and use to the best advantage our available energy resources? We have little time left. It would be very dangerous for people or governments to allow themselves to be lulled into a false sense of security by the fact that there has been no major oil or energy shortage over the past few years. If we do not take action soon, there can be no doubt that during the 1980s we shall enter a permanent and debilitating energy crisis and we will have wasted years during which we could have prepared for and avoided such circumstances.

Much work is already being done by Member States and at Community level. But the scale and nature of the issues suggest that more common and Community rather than disparate and national action is required. First, we aim to reduce the Community's dependence on imported energy to 50% by 1985. This is from its present level of 56%. The Commission is ready to help coordinate national energy policies to avoid duplication and promote major research and development projects on a Community scale. Second, we must prepare now for the post-oil era. Again we have already put ideas and proposals into our working programme, and will come forward with more. In the meantime we want to promote the widest possible debate on a theme which touches so many aspects of the future of our society.

Agriculture

I turn now to agriculture, the sector of European affairs where the Community has the most concentrated responsibilities, and incurs most of its expenditure. The reasons for the preponderance of agriculture are a matter of history and indeed arise partly from the origins of the Community. But I sometimes wonder whether it is wise for us to be so occupied with one particular sector, a sector whose share of our work force has fallen from 17%

in 1960 to 8% today, and which now contributes only 4% to our total gross domestic product. Do not misunderstand me. I do not think that our responsibilities in agriculture should decrease, but rather that our responsibilities in other sectors should increase, thus bringing about a better balance within the Community which should by its nature concern all our work force and our whole capacity to generate wealth. This is a fundamental question which merits increasing attention as we look to the future development of Europe.

With enlargement, the importance of agriculture will of course increase in relative terms. In a Europe of 12 it will account for some 11% of the work force as against 8% in our present Community of 9. But the paradox of Mediterranean agriculture is this: that we cannot hope to improve the incomes of rural families solely, or even mainly, through agricultural support, but rather through developing other sectors of the economy in those regions so that, at last, there is a real alternative to work on the land.

It is in this longer perspective that I ask you to view our current policies. Last year I said we had not yet succeeded in mastering the problem of surpluses. In the intervening 12 months we have made progress in obtaining acceptance of our price policy, thanks in no small measure to the influence of this House. But I have to tell you that, despite that, the situation and prospects on the agricultural markets today are worse, not better, than a year ago. Milk production is accelerating, while consumption is static. Every third tonne of sugar that we produce is exported with the aid of an all too substantial subsidy. That is why we now insist on the need for a rigorous price policy for as long as the market imbalances last. This means a general freeze in the common prices for the coming season. With the other measures we have proposed, particularly for milk, this policy can succeed in restoring a proper balance to our agricultural policies. Indeed, I say that it must succeed: for the alternatives that lie before us, if we fail in our efforts to solve this problem through the price and market mechanisms, will be even more unpopular with farmers than is the present situation with consumers.

If the surpluses have put the budget under intolerable strain, then the monetary distortions in agriculture have, like the invisible worm, been gnawing at the heart of the Common Market. In order to restore fair competition and bring back normal conditions of trade, we must return to the unity of the agricultural market. Here I am optimistic despite the failure to reach agreement at the Brussels agricultural Summit yesterday. As regards existing monetary compensatory amounts, we cannot do everything at once: but we could make substantial progress this year, and move towards elimination over a period of a few years. As regards future MCAs, the introduction of the EMS should mean greater monetary stability, and thus less

risk of the creation of new MCAs. It will also create an economic climate in which MCAs, whether old or new, can be eliminated in an orderly way. But I add a note of warning. In eliminating MCAs we must not compromise our price policy, or achieve the unity of the agricultural market at the price of abandoning our other objectives including, in particular, the elimination of predictable surpluses. A temporary success of that kind would spell long-term defeat.

Finally there is our policy for agricultural structures. I would prefer a more humane word than 'structures', which smacks too much of technocracy and economic jargon. I want a term which would encompass all facets of the improvement of the countryman's way of life, and the advancement of the farmer's professional skills. For agricultural policy must, at heart, be concerned not with the number of cows or of hectares, but with persons and human beings. Perhaps a better phrase is 'rural development', the promotion of all that can help people in predominantly agricultural regions to bring their living standards up to those shared by the Community in general. Here again the Commission is making further proposals which will advance the frontiers of our policy.

Fisheries

Next fisheries. Sometimes, as we discuss our policies in all their legal and political complexity, we tend to forget the realities that lie behind them in the world outside our conference rooms and assembly chambers. The fact impresses itself upon us when we look at the maps of fish stocks in the waters of Western Europe. The areas of spawning, of feeding, of migration, and of maturity, none of these fits in with the geometry of median lines or of 200-mile limits. Fish are not respecters of territorial waters. No plan for the management and conservation of these fish resources can be framed in merely national terms. That, fundamentally, is why the absence of a common policy is a gain for no Member State, and for none of our fishing industries. It is a loss for all, and a loss which multiplies as time passes and stocks are depleted yet more. We shall therefore continue to press in the Council for decisions on fisheries.

Consumer policy and environment policy

In the coming year we shall also present our new programme for consumer protection. It will naturally come up for discussion in this House. I will not anticipate our proposals, but by way of example I mention one of them: a system for the rapid exchange of information within the Community on the

hazards of dangerous products. Today I want to reaffirm that the interests of consumers, and their protection by Community law, remain central to the Commission's policies. The tasks assigned to the Community by the Treaties mean that all our actions have repercussions on consumers; and the Commission, with its particular responsibilities, has the duty to provide a better balance for the interests of consumers than they can obtain individually through the interplay of economic forces. The Commission will not evade that duty.

I have heard it suggested that the Commission's intention to apply stricter criteria to proposals for harmonization means that in future we shall put less emphasis on consumer policy. Nothing could be further from the truth: what we have determined is to avoid interference in consumer choice by legislative proposals for harmonization that is unnecessary and unimportant. We cannot do a better service to the consumer, and to the Community's image, than to concentrate our efforts on what is really worthwhile rather than dissipating on matters that are not of vital importance.

In our environment policy we shall pursue a similar course, with proposals that concentrate on the priority areas of water quality, the effects of chemicals on health, and noise abatement. We hope also to open up a new dimension in public understanding of these questions by promoting facilities in each Member State for assessment of the effects of environmental hazards throughout the Community.

Institutions

I would like to end by looking forward to two major developments which will shape the future of the Community. Both direct elections and the forthcoming enlargement of the Community raise questions about the operation and the evolution of the Community's institutions. I welcome the initiative which has led us to the request for three wise men to study these matters and report to the European Council in the course of this year. At the same time the Commission has decided quite separately to appoint its own independent review body to examine the structure and the workings of the Commission. This independent review body started its work at the beginning of this month, and we expect its report before the autumn. I hope that these reviews will lead to practical ideas for improving the functioning of the Community. At the same time, we need to guard against the view that procedural or institutional innovations can of themselves produce instant solutions to problems in the Community. Our difficulties often stem from deep-seated economic and social disparities which are bound to engender their own pressures and conflicts.

We are at present witnessing two important institutional changes within the Community framework. First, there is the growing role of the European Council which has provided a vital impulse to the evolution of the Community, especially in the last 12 months. Second, we are on the eve of direct elections to this House which will constitute a significant strengthening of the democratic base of the Community's institutional structure. But there appears to be a gap: at present there are no contacts between the European Council and Parliament, and I believe that serious thought should be given to ways in which a link could be established.

The enlargement of the Community is also bound to have a significant effect on the operation of the institutions. Last year the Commission produced a review of some of these implications. We shall do our best to ensure that the ideas which we put forward are seriously considered and implemented. At this stage I stress the importance of the Commission's management role in giving effect to the decisions of the Council. Without some extension of that role and better definition of the distinction between political and executive decisions, I fear that in an enlarged Community the risks of confusion and paralysis, which already exist, will become even more serious.

Direct elections to this House are now less than four months away. They represent the honouring of a commitment made more than 20 years ago and in a sense complete the foundations which were then laid down. The long delay in fixing these elections, and the aspirations and, indeed in some quarters, the apprehensions which surround them testify to their crucial importance in our development. I believe that the Commission has over the years established constructive working relations with this House. I certainly believe that we have derived great value from the dialogues with this House. There have occasionally been arguments and tensions; that is inherent in the parliamentary process. But I certainly pay tribute to the value which we attach to the relations which have long existed and which we have endeavoured to strengthen still further during the life of this Commission. At the same time I welcome the prospect of the more intensive relationship which directly-elected deputies may wish to have with the other institutions of the Community, including the Commission, in the name of their electors.

All the issues with which we deal, remote or technical as they sometimes seem, are directly and crucially related to the welfare of the citizen. The European Monetary System is ultimately about the value of money in peoples' pockets. The common agricultural policy is about the balance between the money in the pockets of the farmer and of the housewife. There are many issues, some controversial, which will, I hope, become the themes for the electoral campaign which will shortly be opening. If the campaign can focus

the attention of the Community's electorate on the essential purposes and problems of the Community, then it will have achieved something which we have found to be a major obstacle in our work whether it be in the Commission, the Parliament or the Council, namely to make a reality to the individual citizen of the sometimes complex and obscure processes of Community life.

Any observer of the Community today must be struck by the complex variety of its activity compared with only a few years ago. I believe that in 1978 we found a new sense of momentum. Also some of it was lost at the beginning of the year; we must get it back. To do this and to achieve a new sense of momentum will require unremitting effort, undeterred and undismayed by any temporary discouragements. The Community does not face an easy future. As we approach what I believe will be a difficult, certainly challenging, and possibly dangerous decade ahead for the Community in the world, internal unity will be of increasing importance. For its part the Commission will continue fully to play its part as a source of ideas and initiatives for the strengthening of the economic and institutional basis of the Community enterprise. It will endeavour to continue to serve Europe as a whole and not just any one part of it.

Memorandum annexed to the
1979 programme address

Internal policy

The organization of a European zone of monetary stability and improved growth

1. *The Commission's main efforts in 1979 will be concentrated on the introduction of the new exchange rate system and on the various policies to be introduced or developed with a view to facilitating the complete and coherent activation of the new system.*

2. As the European Council stated in December,¹ a greater degree of convergence in the performances of the various economies must be attained, on the basis of fuller coordination of economic policies; the present concerted action arrangement will provide the natural framework for all necessary improvements and additions. For this purpose, the Commission will, in the first half of the year, take appropriate action to improve the arrangements concerning the coordination of short-term economic policies.

3. In addition, measures will be taken at European level to support the efforts being made by the less prosperous countries of the Community to strengthen their economic potential:

- (i) the Commission will take all appropriate action under the mandate conferred upon the Community institutions and on the European Investment Bank with a view to placing at the disposal of the less prosperous Member States participating fully and effectively in the European Monetary System mechanism loans on special terms as provided in Chapter B of the Resolution of the European Council of December 1978.¹ So as to enable a start to be made before 1 April 1979, the Commission trusts that the Council will act as soon as possible on its proposal relating to the granting of interest subsidies on these loans;
- (ii) the Commission will report to the next meeting of the European Council on the results of its work on the relationship between increased convergence of the economic performances of the Member States and the use of Community instruments, especially the Funds designed to reduce structural disequilibria.

¹ Bull. EC 12-1978, point 1.1.11.

4. The Commission has selected a number of supporting measures to back up at Community level the strategy agreed by the European Council, while making direct preparations in specific fields for further progress towards economic and monetary union. The fields in which supporting measures are to be adopted on a priority basis are defined in the economic and monetary action programme for 1979. They include:

- (i) better exploitation of the dynamics of the large market: improved free movement of goods, services and capital will help to stimulate growth and facilitate sectoral change. The aim will be not only to ensure that none of the ground gained in matters of integration is lost but to pursue, in fields in which there is a definite common interest, efforts to reduce obstacles to the completion of the common market;¹
- (ii) the promotion of investment, especially investment in infrastructure. The introduction of the new Community borrowing and on-lending facility² is a new aspect of Community action in this field.³ In addition, the gradual preparation of a European infrastructure outline plan will constitute the first step in joint action by the Member States and the Commission. During 1979, the Commission plans to take the initiative under the arrangements for measures to assist the less prosperous member countries, and in the field of transport infrastructure for the Community as a whole;⁴
- (iii) further efforts to reduce dependence on energy imports. The stress will be on the coordination and support of efforts being made by the countries to achieve savings in this field. Savings of this kind will allow imports to be reduced and help to ease financing and balance of payments constraints;⁵
- (iv) action in the tax field: in addition to pressing ahead with measures designed to achieve greater homogeneity of the Community market,⁶ the Commission will present a 'green paper' on the scope for progress in the medium term towards greater convergence of taxation systems.⁷

5. With a view to throwing light on the longer-term economic and social development of the Community, the Commission will present to the second 1979

¹ Point 7 *et seq.*

² Twelfth General Report, point 97.

³ Point 108.

⁴ Point 66.

⁵ Point 49 *et seq.*

⁶ Point 24 *et seq.*

⁷ Point 28.

meeting of the European Council a study on the outlook for structural change between now and 1990.

Internal market and industrial structures

6. *The Commission's priority objectives will be:*

- (i) *to give European firms a large market that will provide them with a sound basis for operating in the Community and place them in a strong position to withstand the pressure of the increasingly keen competition on external markets;*
- (ii) *to reinforce the measures already taken and to take new measures so that the agreement reached in the European Council in December 1977 on the growing need for problems of crisis industries to be tackled at Community level can be translated into action;¹*
- (iii) *to take advantage of the Community dimension in order to remove the structural barriers to growth and to promote specific industrial development projects.*

The single market

Compliance with the rules of the Treaty

7. The Commission will step up its action to secure the removal of measures introduced by Member States which restrict intra-Community trade; infringement proceedings will be taken where necessary to enforce strict respect for the rules of the EEC Treaty.

Harmonization in matters directly affecting the internal market

Removal of technical barriers to trade

8. The aim here will be to seek adoption of the remaining motor vehicles proposals so as to complete the arrangements for Community type approval. The Commission will be putting new proposals for directives to the Council on agricultural tractors and measuring instruments. Proposals will be made for

¹ Bull. EC 12-1977, point 2.1.1.

measures to reduce the impact on trade of measures issued by Member States' standards institutions.

Customs legislation

9. It is important that the Council adopt this year the proposals listed in the 1979 part of the multiannual programme for the consolidation of the customs union, which the Commission recently transmitted to the Council. Some of these proposals have yet to be sent to the Council:

- (i) proposals for achieving a greater degree of uniformity in the rules governing trade with non-member countries:
 - (a) harmonization of export procedures (second half of the year);
 - (b) adjustment of the rules on value for customs purposes (depending on the outcome of the GATT negotiations);
 - (c) harmonization of provisions governing the scope of the information provided by customs administrations (second half of the year);
- (ii) proposals for simplifying formalities and checks at borders within the Community with a view to their eventual removal:
 - (a) establishment of a simplified procedure for goods in free circulation to stay temporarily within a Member State (first half of the year);
 - (b) improvements to the Community transit scheme (second half of the year).

10. The Commission will also be making proposals on which the customs union programme does not call for a Council decision this year:

- (i) settlement of disputes (second half of the year);
- (ii) harmonization of general duty-free entry schemes (first half of the year);
- (iii) conversion into regulations of current Community directives on customs procedures with economic impact (second half of the year).

Company law

11. The Commission will give priority to bringing Council work on the seventh Directive,¹ on group accounts, and the eighth Directive,² on the approval of persons responsible for auditing accounts, to fruition; these directives are the necessary adjunct to those that have already been adopted and should provide some

¹ Supplement 9/76—Bull. EC.

² Supplement 4/78—Bull. EC.

insight into the structure of multinationals. A proposal for a directive on groups of companies will be sent to the Council.

Free movement of persons

12. The Commission will be making the following proposals:

- (i) in the first half of the year, proposals concerning movement within the Community of nationals of Member States who do not yet enjoy the conditions of entry and residence accorded by Community law to employed and self-employed workers;
- (ii) in the second half of the year, a proposal to deal with certain problems pertaining to personal income tax, notably for frontier workers;
- (iii) in the second half of the year, a proposal to regulate certain aspects of civil liability insurance in respect of the use of motor vehicles, the aim being to secure identical protection for all insured persons throughout the Community, wherever the insurance is taken out.

Depressed sectors

13. In order to set the Community steel industry on a new footing of international competitiveness which alone will enable it to offer reasonable employment prospects, the Commission has decided that the industry must be restructured. To the extent that the restructuring scheme is put into effect and that the Commission's proposed common approach to State aid¹ also becomes reality, the Commission will maintain the crisis plan² that has received the support of Parliament, the Council and the ECSC Consultative Committee:

- (i) in regional terms, the Commission will see that in areas affected by structure change national and regional programmes for the development of replacement industries are put into operation with Community support through the coordinated operation of the Community's various financial instruments;
- (ii) in social terms, the Commission will also take a hand in social projects designed to combat redundancies and will work where possible to safeguard jobs and redeploy workers. Depending on the exigencies of structural reform it will revise the bilateral agreements concluded with the Member States in order to reinforce and harmonize readaptation aid granted under the ECSC Treaty;

¹ Point 21.

² Eleventh General Report, point 149 *et seq.*; Twelfth General Report, point 125.

(iii) in financial terms this means that the Commission will continue its endeavours to obtain from the Member States, while the structural reform plan is proceeding, the extra financial resources that it has requested in order to boost the ECSC operational budget.¹

14. In the shipbuilding and textile industries the Commission will take appropriate measures to encourage the modernization of production facilities at a time when demand is in decline, while seeking to safeguard jobs in these industries. An integral part of this scheme will be social measures financed from the Social Fund. The Commission will also use the specific appropriations entered in the 1979 budget for this purpose.

In shipbuilding, it will particularly take the necessary steps to implement the Council Resolution of 19 September 1978 on the reorganization of the industry.²

For textiles, it will formulate proposals for specific measures to solve the problems of the industry (which includes clothing), beginning with the reorganization of the man-made fibres industry.

15. In other industries that have particular difficulties, the Commission will have two concerns when wielding the various instruments at its disposal: it will be seeking to reinforce the unity of the common market and to safeguard free trade with the rest of the world.

Growth industries

16. The success of the Commission's measures for the reorganization of crisis industries will to some extent depend on the Community's ability to promote the growth of new industry that directly or indirectly can create new employment. The Commission will follow the broad lines of action set out in its June 1978 report on the structural aspects of growth:³ it will put the necessary proposals to the Council. In particular it will pay special attention to the ever more convergent development of the telecommunications and data-processing industries and the development of the aerospace industry.

¹ Twelfth General Report, point 60.

² OJ C 229 of 27.9.1978; Bull. EC 7/8-1978, point 2.1.20; Bull-EC 9-1978, point 2.1.15.

³ Twelfth General Report, point 99.

Competition policy

17. *The Commission will be at pains to ensure that the structural changes that are required will be carried through in a manner consistent with the principle of the unity of the common market and in such a way as to foster the competitiveness and technological development of industry in the Community by maintaining effective competition. The Commission will endeavour to make further progress in the application of the competition rules to air and sea transport¹ and to make the financial relations between Member States and the public undertakings they control more readily intelligible.*

Restrictive practices

18. To promote the transfer of technology in the Community, the Commission will be publishing a draft regulation during the first half of the year specifying the circumstances in which patent licensing agreements may be considered compatible with the EEC Treaty's competition rules.

19. With a view to helping small firms in particular, the Commission will, during the first half of the year, be recasting the Regulation exempting certain categories of exclusive dealing agreements² to bring it into line with the latest developments in the common market.

State aids

20. In the course of its regular scrutiny of regional aid schemes the Commission will apply the new coordination principles of which it notified the Member States at the end of 1978.³ It will also state its views on the compatibility of various national schemes of regional aid with the Treaty rules on competition. In addition, the Commission will monitor the effects of regional aid schemes on the situation in certain industries that may find themselves in structural difficulties.

21. As regards industry aids, the Commission will see to it that effect is given to its policy on aid to shipbuilding⁴ and will persevere with its attempts to draw up a joint set of rules governing aid to the steel industry.

¹ See points 67 and 68.

² OJ 57 of 25.3.1967.

³ OJ C 31 of 3.2.1979; Bull. EC 11-1978, point 2.1.34.

⁴ Council Directive of 4 April 1978 on aid to shipbuilding: OJ L 98 of 11.4.1978.

State monopolies and public undertakings

22. The Commission will ensure that the French and Italian manufactured tobacco monopolies, the French oil monopoly and the Italian match monopoly are suitably adjusted by the end of 1979.

23. The Commission will prepare a directive in the first half of the year with the aim of improving the intelligibility of financial relations between Member States and their public undertakings. This is needed if the Commission is to be in a position to ensure that these undertakings are not better treated—in respect of aids, for instance—than other undertakings with which they are in direct competition; the fact that the special functions of public undertakings must be performed efficiently will not of course be forgotten.

Tax harmonization

24. *The Commission's objective is to consolidate the common market: to this end it will press for adoption by the Council of a number of proposals pending and will if necessary institute legal proceedings to put an end to instances of discrimination and to eliminate tax obstacles. The Commission will also initiate discussion on the future of tax harmonization.*

Indirect taxation

Excise duties

25. The Commission regards the adoption, first, of the proposals for directives on spirits, wine and beer, and second, of the proposal on mineral oils as matters ranking for priority treatment.¹

Value added tax

26. In the second half of the year the Commission will send the Council proposals for directives to ensure the uniform application of VAT to:

(i) the stores of vessels and aircraft;

¹ Twelfth General Report, point 191.

- (ii) the importation of goods qualifying for customs duty exemption other than exemption provided for in the Common Customs Tariff;
- (iii) goods placed under arrangements for processing under customs control before being declared for home use.

These proposals are necessary to supplement the sixth Directive.¹

Direct taxation

27. In the field of direct taxation, the Commission is making every effort to obtain the final adoption by the Council of the proposal²—originally made in 1969—for a directive on the system of taxation applicable to mergers, divisions and contributions of assets occurring between companies of different Member States. The Commission also attaches great importance to the proposal for a directive concerning the harmonization of systems of company taxation and of withholding taxes on dividends:³ in the absence of an Opinion by Parliament, it has not so far been possible to begin the examination of this proposal in the Council.

Lastly, the Commission will be making a proposal on the personal taxation of frontier workers' income.⁴

Medium-term objectives

28. The Commission expects to present, in the second half-year, a green paper on the scope for and ways and means of advancing, through converging tax systems, towards a 'mean' Community structure. It is intended that this document will make it possible to initiate discussion on one of the main areas of economic and monetary union.

Financial institutions

29. *In this field, the Commission's main aim for 1979 is to make significant progress on specific issues towards the attainment of a common market in financial services, where progress is lagging well behind that made towards the attainment of*

¹ OJ L 145 of 13.6.1977; see also point 207.

² OJ C 39 of 22.3.1969.

³ OJ C 253 of 5.11.1975.

⁴ Point 12.

the common market in goods. Action in this area is especially important in connection with efforts to achieve an economic and monetary union.

Insurance

30. The Commission plans to work for more expeditious examination of the proposal already transmitted relating to freedom to provide services in respect of indemnity insurance,¹ with a view to a Council decision by the end of the year.

31. During the first half of the year, the Commission will present to the Council:

- (i) a proposal for a directive on the coordination of legislation governing insurance contracts;
- (ii) proposals for directives relating, respectively, to protection of legal rights and to credit insurance, the aim being to eliminate difficulties arising because of risk specialization in one of the Member States;
- (iii) a draft agreement between the EEC and Switzerland on direct insurance other than life;

and in the second half of the year it will be presenting a proposal for a directive covering certain aspects of the third party insurance of motor vehicles.²

Banks

32. The Commission will examine, with the Advisory Committee composed of senior officials of Member States in the field of banking legislation and supervision,³ a general programme of work, and will adopt measures relating to the annual accounts of banks, authorization requirements and observation ratios.

Securities markets

33. The Commission will present to the Council in the second half of the year:

- (i) a proposal on a Community issue prospectus for transferable securities;
- (ii) a proposal designed to facilitate access to the profession of stockbroker.

¹ OJ C 32 of 12.2.1976, and Bull. EC 2-1978, point 2.1.22.

² Point 12.

³ Twelfth General Report, point 174.

Regional policy

34. *The persistence of serious regional disparities hampering progress towards the balanced integration of the Community, and the effects of the socio-economic crisis, which have harmed the less-favoured regions more than the others, have highlighted the need for a more effective regional policy than the one now being implemented. Accordingly, the Commission takes the view that a process leading to a more active phase of the regional policy must be started in 1979.*

35. First, the Commission will defend the principle that the Community's regional policy cannot be implemented on the scale required by circumstances without a sharp increase in the appropriations for the Fund.

36. At the same time, the Commission will spare no effort to ensure that the Fund's resources are used as effectively as possible. For this purpose, it will propose new regional policy schemes connected with the use of the non-quota section.¹ New methods of intervention will also be sought with a view to ensuring that the Fund has a genuine impact on the development of the less-favoured regions, including the launching of integrated regional development operations designed to concentrate the Community's efforts and the determination by the Commission of priority areas for Fund intervention.

37. Lastly, the Commission will endeavour, both in its proposals and in its contributions to discussions in the Council, to ensure that all the Community policies make active and effective contributions to solutions to the problems arising from regional disparities, old or new.

Employment and social policy

38. *The Commission's prime objective continues to be to improve employment levels while creating genuine opportunities for the least-favoured categories: young people, women and migrant workers. To this end, the Commission will make optimum use of Community financial instruments and legislation.*

¹ Twelfth General Report, point 244.

Actions directly linked to improving the employment situation

39. *Promotion of a better distribution of available work, compatible with the requirements of productivity and competitiveness*: The Commission will contact the two sides of industry to work out the details of the actions it will undertake to give substance to the conclusions of the Tripartite Conference.¹ To this end, in the course of the first half-year the Commission will issue a Communication on the measures to be taken by the Community, particularly as regards limiting systematic overtime working and eliminating abuses in temporary work. In the light of the discussions on this Communication, the Commission will formulate specific proposals on the questions involved. In this context the Commission will also take initiatives regarding the development of non-discriminatory forms of part-time work, the expansion of training opportunities for young people and adults and the development of more flexible retirement schemes.

40. *Improved operation of the labour market*: To develop an active employment policy, the Commission will promote concertation between those responsible for the national employment services. In cooperation with the Italian Government, it will carry out certain technical assistance pilot schemes with a view to setting up a new national employment service in Italy.

41. *Social measures linked with industrial restructuring*: While seeking to preserve employment wherever possible the Commission will play its part in the social measures to deal with labour shake-outs, notably measures under the ECSC and measures involving the Social Fund.²

42. *Equal treatment of men and women at work*: The Commission will seek to ensure strict observance of Community provisions with respect to equal pay³ and see that the necessary measures are taken to implement the principle of equal access to work and vocational training.⁴

43. *Migrant workers*: The Commission will transmit to the Council and Parliament a memorandum on the organization of further consultations with Member States on immigration policy with respect to non-member countries.

¹ Bull. EC 11-1978, point 1.3.5.

² Points 13 and 14.

³ Council Directive of 10 February 1975: OJ L 45 of 19.2.1975.

⁴ Council Directive of 9 February 1976: OJ L 39 of 14.2.1976.

Other social policy actions

44. *Improvement in working conditions*: Under the action programme on health and safety at work,¹ the Commission will present to the Council a proposal for an outline Directive to prevent and limit the exposure of workers to an initial set of major pollutants present at places of work, such as carcinogenic substances, lead, asbestos and arsenic (second half-year).

45. *Worker participation in decision-making at undertaking level*: The Commission will forward to the Council a proposal to make the information and consultation of workers or their representatives compulsory in groups of undertakings (second half-year).

46. *Promotion of worker participation in asset formation*: In the first half-year the Commission will present a memorandum in two parts, one containing an analysis of the systems applied or contemplated by the Member States and the other, guidelines on the search for solutions to the main problems involved. The memorandum is intended to stimulate a wide-ranging discussion of the subject.

Public health

47. In the public health sector, the Commission is concerned to present a comprehensive view of the various activities arising out of the Community's responsibilities and to ensure better cooperation between the Member States. It will accordingly take appropriate action which will take account of the deliberations of the Ministers for Health on 13 December 1977² and 16 November 1978.³

Participation of the two sides of industry in the economic and social decisions of the Community

48. The Commission will intensify contacts with the two sides of industry to establish effective concertation with respect to sectors in difficulty and undergoing reorganization, where necessary through joint meetings of 'tripartite frameworks on a European level'; the need for which was stressed by the European Council of 7 and 8 April 1978.⁴

¹ OJ C 165 of 11.7.1978.

² Eleventh General Report, point 255.

³ Twelfth General Report, point 224.

⁴ Bull. EC 4-1978, point 1.2.1.

Energy policy

49. *In 1979 the Community must make substantial progress towards the objective—confirmed by the European Council in July 1978¹—of reducing the Community's dependence on imported energy to 50% by 1985, an objective which must underlie all national and Community efforts. At the same time, longer-term objectives will have to be determined.*

Coordination and evaluation of action by Member States

50. The Commission will also make a systematic evaluation of the Member States' energy programmes and coordinate them to serve the jointly agreed objectives.

Action by the Community

General measures

51. In the second half of the year, the Commission will prepare a communication on the structure of electricity and gas tariffs and prices, dealing specifically with their compatibility with the objectives set for energy saving and investment financing.

52. With more particular regard to the rational use of energy, the Commission will submit:

- (i) in the first half of the year: a proposal for a second directive on the performance, regulation and inspection of heat generators; and
- (ii) in the second half of the year: further proposals for implementing directives on the energy-consumption labelling of domestic appliances.

53. In order to maintain energy investment at the level needed to meet the Community's energy objectives and contribute towards economic recovery, the Community's financial instrument will be used to the full² particularly the Euratom borrowing arrangements and the new Community instrument for borrowing and lending.

¹ Bull. EC 6-1978, point 1.5.2.

² Point 109.

54. In the field of external relations, the Commission is to present a communication setting out a broad strategy for external action by the Community on energy, including relations with developing countries, in the light of its long-term objectives. On the basis of the opinion delivered by the Court of Justice on 14 November 1978 pursuant to Article 103 of the Euratom Treaty,¹ it will seek authorization to negotiate the Community's participation, alongside the Member States, in the Convention on the physical protection of nuclear materials and a cooperation agreement with Australia, to secure the Community's uranium supplies.

Before the interim agreement with Canada expires on 31 December 1979, it will place draft instructions before the Council for negotiating safeguards arrangements in respect of sensitive nuclear operations.

Sectoral measures

55. *Hydrocarbons*: The Commission will continue negotiations with the refining industry aimed at reducing capacity. It is also planning to prepare supply projections in respect of oil and petroleum-products as a basis for discussions with Member States on any changes in the pattern of supply and demand. The Commission will, in the first half of the year, adopt an implementing decision on the coordinated reduction of consumption.

56. *Nuclear energy*: The Commission will continue its action to ensure reliable and regular supplies of fissile material.

To this end, it will present:

- (i) a communication on the future role of the Supply Agency (Chapter VI of the Euratom Treaty) (first half of the year);
- (ii) proposals on the stockpiling of nuclear fuel and aid to uranium prospecting outside the Community (first half of the year).
- (iii) a proposal on the degree of physical protection of nuclear materials in the Community (first half of the year); and
- (iv) an outline proposal on the carriage of radioactive materials (second half of the year).

¹ Twelfth General Report, point 569.

57. *Coal*: the Commission will urge the Council to adopt the proposals put forward in 1977 and 1978 (support for power-station coal; intra-Community trade in steam coal and coking coal)¹ and then to implement them.

58. *Alternative sources of energy*: In the second half of the year the Commission will propose that support for demonstration projects be extended to new sectors—wind, wave and tidal energy.

Setting of new objectives

59. In order to chart the way ahead beyond the period covered by the present objectives, the Commission will, in the first half of the year, put up proposals for policy objectives for 1990 and construct energy supply and demand models for the period up to the year 2000.

Common agricultural policy

60. *The priority for the Commission in 1979 is to obtain Council decisions to consolidate and adapt the common agricultural policy.*

61. To this end, the Commission will do all it can to persuade the Council to reach a decision in due course on the proposals recently submitted or due to be submitted shortly for :

- (i) pursuing a rigorous price policy, which is essential in the present context of serious market imbalances;
- (ii) restoring the balance between supply and demand on markets in structural surplus, and in particular milk;
- (iii) bringing the policy on farm structures up to date;
- (iv) reforming the agri-monetary system to allow for the introduction of the European Monetary System.

¹ Eleventh General Report, points 398 and 399; Twelfth General Report, points 384 and 385.

62. The Commission also intends to take the following action:

- (i) As regards markets, it will make a proposal with regard to the common organization of the market in sugar, to apply from the 1980/81 marketing year (first half).
- (ii) With regard to the harmonization of legislation on animal and plant health, the Commission will seek to improve the protection of public health by proposing directives fixing limits for pesticide residues in cereals and products of animal origin (second half). It will also make proposals for improving coordination in the control of certain animal diseases, such as foot-and-mouth disease, which still form a considerable obstacle to trade (second half).

Common fisheries policy

63. *The Commission's primary objective in 1979 will be to ensure that a common fisheries policy, adapted to the new international context of 200-mile exclusive fishing zones, is finally implemented. This is all the more urgent because of the serious difficulties that fishing industries are facing. The absence of a Community conservation policy is, moreover, having increasingly unfortunate consequences for Community relations with non-member countries.*

64. The Commission will take the necessary action, *vis-à-vis* the Council, in the first half of the year to enable the following measures to be adopted:

- (i) establishment of the Community system for the conservation and management of resources and the control of their exploitation (proposals, which the Commission may amend and supplement, are already before the Council¹);
- (ii) negotiation and application of bilateral agreements with non-member countries—adjustment of international fisheries conventions (proposals are already before the Council¹); others will be added to supplement the existing agreements);
- (iii) development of measures for the modernization of structures (the proposals already put forward by the Commission¹ will be reviewed in the light of the system for the conservation of resources which is set up);

¹ Twelfth General Report, points 338 to 349.

- (iv) revision of the common organization of the market¹ (proposals will be made in the light of the system for conserving resources).

Transport policy

65. *The Commission's priority objectives for 1979 are as follows:*

- (i) *to identify the Community's practical needs in terms of transport infrastructures and work out Community financial measures;*
- (ii) *to make a start on solving the most urgent problems in sea and air transport sectors.*

Transport infrastructure

66. The Commission will:

- (i) in the first half of the year present a Memorandum on the general policy which the Community should follow with regard to transport infrastructure;
- (ii) having regard to the result of the debate on the Memorandum, again put forward the proposal for a Council Regulation on financial support for transport infrastructure projects of Community interest² and draw up, with the assistance of the Transport Infrastructure Committee³ and under a European infrastructure programme, a preliminary list of such projects to serve as a common frame of reference for the use of the Community's various financial instruments (in particular the EIB, the Regional Fund and the new Community borrowing and lending instrument).

Sea transport

67. The Commission intends:

- (i) to send proposals to the Council, as part of the measures already taken by the Community on the safety of ships at sea, with a view to harmonizing inspections of ships in Community ports (first half of the year);

¹ Council Regulations of 20 October 1970: OJ L 236 of 27.10.1970, and 19 January 1976: OJ L 20 of 28.1.1976.

² OJ C 207 of 2.9.1976.

³ Twelfth General Report, point 354.

- (ii) to take the steps required to produce a Community solution to the problem of the Code of Conduct for Liner Conferences (first half of the year);
- (iii) if necessary, to put proposals to the Council for the Member States to take countermeasures to the unfair trading practices of certain non-member countries;¹
- (iv) to work out measures applying competition rules to sea transport (first half of the year).

Air transport

68. The Commission's effort to implement the priority work programme adopted by the Council in June 1978² will concentrate on simplifying formalities (facilitation), reviewing State aids and the interchangeability of crews.

69. The Commission will also send the Council in the first half of the year a communication on the improvement of the general structure of civil aviation and the degree of competition in this sector in the Community. Depending on the outcome of the discussions on this communication, the Commission will take the necessary action.

Rail, road and inland-waterway transport

70. In the first half of the year the Commission will present to the Council a proposal on the extension of the consultation procedure set up in 1962³ to the activities of the Member States in the field of external relations concerning rail, road and inland waterways.

71. In the second half of the year the Commission will present:

- (i) a proposal on structural improvements to the market for the carriage of goods by inland waterway;
- (ii) proposals to make the railways more efficient and financially independent by applying the Council Decision of 20 May 1975;⁴

¹ Application of the Council Decision of 23 November 1978: Bull. EC 11-1978, point 2.1.105.

² Bull. EC 6-1978, point 2.1.109.

³ OJ 23 of 3.4.1962.

⁴ OJ L 152 of 12.6.1975.

- (iii) proposals to promote the use of combined (road: rail) transport;
- (iv) proposals concerning the establishment of common rules for access to the market for the carriage of goods by road and inland waterway to meet increased competition from some Eastern-bloc countries.

Research and science policy

72. *In the field of research and science, the Community has a role of growing importance to play as a framework within which the available potential can be more effectively used and developed. This year it will be necessary to define the general lines of Community policy for the 1980s and the Community research programmes for the years ahead.*

73. The Commission will be working out the broad lines of the Community science and technology policy for 1980-90 (second half-year) which include new projects of a general nature designed to make the Community research system more creative and hence more profitable.

74. The new four-year programme (1980-83) for the Joint Research Centre (JRC) which the Commission is to propose in March will follow the broad lines of the current programme, laying still greater emphasis on the activities specific to the Centre and on the role assigned to it in Community research. The programme will be concerned in particular with the topics of nuclear safety, new sources of energy and the protection of the environment, and will include a section providing for a potential JRC contribution to scientific and technological activities for the benefit of developing countries.

75. The Commission is also to propose new research projects—to be carried out in the Member States but partially financed by the Community—in the following fields:

- (i) radiation protection and the management, storage and transport of radioactive waste: the proposals will be aimed at the follow-up and enlargement of the current programmes. In this way, the Community will continue its drive to ensure that nuclear energy is compatible with protection of the environment and the safety of workers (first half-year);

(ii) biomolecular engineering: the research in this area could lead to results of importance to biomedical and agricultural development.¹ The Community programme will permit a regrouping of the Community's skilled scientific manpower, which at present is scarce and widely dispersed (first half-year).

During the second half-year the Commission also intends to take action in the field of social research, pursuant to the guidelines for the common policy for science and technology for the period 1977-80.²

76. In view of the growing volume of Community funds devoted to research, the Commission will make every effort to improve methods for the evaluation and utilization of Community research so that they can be systematically applied to the programmes under way.

Consumer protection and information

77. *As a general rule, the Commission endeavours to take account of consumers' interests when framing any policy having a bearing on consumers. This chapter deals only with specific measures which will be taken by the Commission under the consumer protection and information policy, adopted by the Council on 14 April 1975³—which expires this year—and the formulation of a new programme. The priority for 1979 is, in fact, the preparation of a new programme.*

78. In the first quarter the Commission will, on the basis of a preliminary draft new programme, conduct wide-ranging consultations with the Member States, consumer associations, industry and other interested parties. The Commission will then be able to put up a proposal before the end of the first half of the year.

79. As provided for in the first programme the Commission is also planning to submit further proposals, in particular:

- (i) in the first half of the year:
 - a proposal for a directive on consumer credit;
- (ii) in the second half of the year:

¹ Industrial manufacture of enzymes such as insulin, or biochemical products of high value such as interferon; production of plants with new characteristics.

² Supplement 3/77—Bull. EC.

³ OJ C 92 of 25.4.1975.

- (a) a proposal for instituting a system for the rapid exchange of information on the hazards of dangerous products for the use of Member States and the Commission ;
- (b) two proposals for directives relating to textiles, one on textile names and composition labelling, the other on methods of analysing certain textile products ;
- (c) a proposal for adapting the directive on cosmetic products to technical progress (drawing up the positive list of preservatives).
- (d) a proposal in the second half of the year for a directive on toys. This directive is intended both to ensure the free movement of toys within the Community and to protect the health of young consumers. It will form part of the Community's contribution to the International Year of the Child.

Environment policy

80. *In implementing the environmental action programme,¹ the Commission will continue those activities aimed at reducing pollution and nuisances whilst putting the emphasis of developing a preventive environment policy. This should not only be a means of avoiding certain adverse effects on the environment, but also help to promote employment by developing new anti-pollution techniques and investments.*

81. Environmental impact assessment is a particularly important part of preventive policy. The Commission will therefore be putting forward proposals aimed at establishing common principles for national procedures for the authorization of certain kinds of public and private facilities (first half of the year).

82. For the reduction of pollution and nuisances, the Commission will be concentrating on improving water quality, preventing the harmful effects of new chemicals on health and the environment and noise abatement :

- (i) In the second half of the year proposals for directives on certain particularly harmful pollutants in industrial effluent will be sent to the Council.
- (ii) The action programme of the European Communities adopted in June 1978²

¹ Seventh General Report, points 259 to 264.

² Twelfth General Report, point 250.

on the control and reduction of pollution caused by the spillage of oil at sea will be carried out.

- (iii) The Commission will continue to negotiate with the US Environmental Protection Agency (EPA) on the effect of chemicals on the environment. It is most important for industry in the Community that agreement should be reached on how the American and the Community laws are to be applied.
- (iv) In the first half of the year the Commission intends to place new proposals before the Council on fluorocarbons (propellant gases used particularly in aerosols) in view of the potential risks to man and the environment arising from the use of these substances. This action is in response to the call issued by the Council at its meeting of 18 and 19 December 1978.
- (v) Proposals for directives on the sound levels of domestic appliances, of certain types of construction equipment and on methods of measuring the noise of construction equipment at the operative's position, due to be submitted in the second half of 1979, will round off the noise abatement programme.

Education

83. *The Commission will continue its work of implementing the Resolutions of the Council and the Ministers of Education comprising an action programme in the field of education¹ and concerning the transition of young people from education to working life.²*

84. The Commission will take all the necessary steps to prevail upon the Council to adopt the proposed measures aimed at facilitating the admission of students from other Member States to higher education institutions and the proposals on modern language teaching and the study of the Community in schools.³

85. With a view to achieving greater equality of opportunity, which is one of the basic principles of the Community edifice, and facilitating the integration of young people into the working world, the Commission will take appropriate measures concerning:

- (i) the special educational problems of handicapped young people including integration into ordinary schools and the development of new techniques suited

¹ OJ C 38 of 19.2.1976, Tenth General Report, point 402.

² OJ C 308 of 30.12.1976, Tenth General Report, point 403.

³ Twelfth General Report, Point 427.

to their particular needs, with a view to improving their participation in social and working life.

(ii) equal opportunities for girls as regards education and training with a view to facilitating their transition from school to working life,

The Commission will also propose expanding continuous education for adults with a view to giving them a better opportunity to adapt to social changes and labour market developments.

External policy

Europe in the world

86. *In the external relations field the Commission will continue in 1979 to be guided by two objectives:*

- (i) the maintenance of free and expanding world trade,*
- (ii) the consolidation of relations with the developing countries.*

Two priorities will help meet these two objectives in 1979:

- (i) the conclusion of the multilateral trade negotiations under GATT,*
- (ii) the conclusion of the negotiations with the African, Caribbean and Pacific (ACP) countries for the renewal of the Lomé Convention.*

87. On the basis of the political agreement achieved regarding the overall objectives of the GATT multilateral negotiations the Commission will make every effort to get the political decisions reached put into practice. This will apply in particular to the field of non-tariff barriers, where it is planned to set up within the GATT framework a number of new procedures; for example for public invitations to tender and technical standards.

88. The Commission will do everything in its power to bring the negotiations with the ACP countries to a successful conclusion before the end of April so that the new Convention can enter into force as anticipated on 1 March 1980. The Commission will speed up work on the implementation of the financial protocols with the Maghreb and Mashreq countries and with Israel.

89. In May 1979 the fifth United Nations Conference on Trade and Development (UNCTAD) will be held in Manila. The Commission attaches great importance to this meeting, the success of which will depend in particular on the way the

Community manages to define and defend constructive common positions. The Commission will be presenting its proposals in due course.

90. The Commission hopes that concrete progress will be made in 1979 in the establishment of commodity agreements under UNCTAD's Integrated Programme. The Commission will continue to press for agreement on the Common Fund and for the conclusion of the agreement on rubber.

91. The Commission will take whatever steps are necessary to ensure that its proposals to improve the management of food aid and to extend the use of such aid as an instrument of development policy are adopted before the end of the year.

92. The Commission will make every effort to achieve greater coherence between the Community's and the Member States' internal and external policies. The Commission intends to present further communications to this effect, as it has recently done in the case of sugar.

93. The Commission will give details of its assessment of the effects the developing countries' economic growth will have in sustaining demand for exports from industrialized countries, particularly the Community. In the light of this assessment it intends to submit to the Council the broad lines of an action programme aimed in particular at promoting a substantial increase in transfers of resources to the developing countries.

94. The Commission will continue its action to promote and protect European investment in the developing countries.¹ It expects its proposals in this field to find their first practical expression in the future agreements with the ACP and ASEAN countries.

95. Following the meeting of the Foreign Affairs Ministers of the Community and ASEAN in Brussels on 20 and 21 November 1978 the Commission will apply itself to translating into reality the mutual political desire for closer cooperation between Europe and South-East Asia. To this end, the Commission plans to complete the exploratory talks and subsequently conduct negotiations for the conclusion of a cooperation agreement between the Community and ASEAN. The Commission hopes that such an agreement can be concluded before the end of the year.

¹ Bull. EC 1-1978, points 1.4.1. to 1.4.6.

96. India and Brazil wish to renew the present commercial agreements on a broader basis; the Commission intends to present the Council with proposals for negotiating directives during the first half of the year.

97. In the spirit of the Trade Agreement concluded in 1978, the Commission plans to intensify relations between the Community and China.

98. In Europe, work will be concentrated on the following points:

- (i) Within the framework of the present Association Agreement with Turkey the Commission will attempt to find solutions to Turkey's economic problems that are satisfactory to both parties.
- (ii) As soon as possible the Commission will start negotiations on a cooperation agreement with Yugoslavia, which it hopes to complete in the first six months of the year.
- (iii) In relations with the EFTA States the operation of the present free-trade agreements needs to be further improved, in particular by reducing non-tariff trade barriers while at the same time establishing closer cooperation in various fields.
- (iv) The Commission will continue its efforts towards normalizing relations between the Community and the countries of Eastern Europe.

99. In relations with the industrialized countries two points deserve special attention:

- (i) the continuation of the Commission's efforts to achieve greater equilibrium in trade between the Community and Japan;
- (ii) the negotiation of a cooperation agreement with Australia¹ and the proposal for negotiating directives in respect of Canada,¹ aimed at guaranteeing Community supplies of uranium.

100. In 1979 the Commission will endeavour to make further progress in defining a common export policy. To this end, it will:

- (i) negotiate with the Community's main partners on the world market with a view to improving the present arrangements on export credit terms;²

¹ Point 54.

² Twelfth General Report, point 452.

(ii) attempt to bring to a successful conclusion the discussions on a Community mechanism for financing exports, on which it presented proposals in 1975-76.¹

Enlargement

101. *In the Commission's opinion, the main objectives for 1979 are the following:*

Greece: Conclude the negotiations and sign the Treaty of Accession;

Portugal: Undertake a substantial part of the negotiations, beginning with the customs union and external relations;

Spain: Start work, within the Council, on defining the common negotiating basis for the actual commencement of the negotiations.

102. *To this end, the Commission will present all the proposals required to find solutions that are satisfactory to the present Community and the applicant countries.*

103. The Commission will, furthermore, bear in mind the prospect of enlargement in pursuing existing Community policies and preparing new proposals. It is clear that effective concerting of action with the acceding countries is indispensable in order to do this.

¹ Ninth General Report, point 424; Tenth General Report, point 489.

Budgetary and financial policy

104. *For the Commission, priority goes to the debate on the prospects for financing the budget, the aim being to secure a decision on the creation of new own resources. As for the own-resources system itself, the important thing is that all Member States should apply the Sixth VAT Directive for it to become fully operational.*

105. The Commission takes the view that present own resources—accruing from customs duties, agricultural levies and value added tax up to a ceiling of 1% of the basis of assessment—might not be enough to cover the Community's requirements from 1981 onwards. The Commission intends to play a full part in the debate which has just opened in the institutions on its Communication of November 1978¹ in which it reviewed the various possible methods of covering the additional requirements from as early as 1982. The Commission will take the course of this debate into account in the preparation of a formal proposal to the Budgetary Authority which it expects to present in July 1979 so as to get the new system into actual operation, after ratification by the Member States' parliaments, in 1982.

106. In the context of the inter-institutional dialogue on the future development of the Community budget, the Commission will examine in greater detail the trend in the main sectors of budgetary expenditure in the light of:

- (i) the efficient use of expenditure at Community level compared with the corresponding expenditure in national budgets;
- (ii) the part they play in the search for greater convergence of the economies of the Member States.

107. The Commission will use all the means at its disposal to ensure that the provisions of the Sixth VAT Directive are fully applied.

¹ Supplement 8/78 - Bull. EC.

108. The decisions taken by the European Council in connection with the setting up of the EMS underline the importance which must be attached to the possible contribution of the structurally orientated financial instruments to strengthen the economies of the less prosperous Member States. The granting of loans on favourable terms to the less prosperous Member States which are participating effectively and fully in the European Monetary System¹ should also promote convergence of the Member States' economies—a prerequisite for the proper functioning of the system. In this connection, the Commission will pay particular attention to the situation of the economically weakest regions.

109. The Commission intends to direct attention to the systematic development of all financial instruments and to the intensification of their coordinated use. Accordingly, the Commission will, at an early date, propose using the new Community borrowing and lending instrument.²

110. The Commission will again put forward its proposal that a second part of the general budget³ be created to accommodate budget headings relating to borrowing and lending operations, a proposal which was made with the aim of giving greater transparency to all these operations.

¹ Point 3.

² Point 4.

³ Twelfth General Report, point 53.

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This booklet contains the annual programme address delivered by the President of the Commission and the memorandum annexed to it. The address and memorandum relate to the Commission's programme for the year ahead. They are presented to Parliament at the same time as the General Report on the past year.

