

Extract from the Ninth General Report on the Activities of the European Communities 1975

Memorandum annexed to the address on the programme for 1976

I - Europe in the world

1. The Commission's main objective will be to continue the initiatives it has taken in order to help establish a new consensus in international economic affairs—in both bilateral and multilateral relations—and to bring those initiatives to a successful conclusion. The Community—and its Member States—can fulfil this objective only by placing economic cooperation within a Community context, particularly as regards the Conference on International Economic Cooperation and the Euro-Arab Dialogue.

The Commission will also continue its efforts to enable the Community to resist protectionist pressures and create—on a basis of reciprocity—more open conditions for world trade.

The multilateral framework

2. The Conference on International Economic Cooperation will probably be one of the most important world-scale international activities of 1976. It is within this framework that more equitable economic relations will have to be established. The Community must clearly make its contribution to the success of the Conference, whose commissions—on energy, raw materials, development and finance—will continue their work throughout the year. The Commission will present the Council with proposals as the work progresses. The Community, it will be recalled, is to be co-chairman of the commissions on development and finance.

3. On a wider plane, the activities of UNCTAD—which will be holding its fourth session in Nairobi in May—will be continuing. During the first quarter the Commission will transmit a document to the Council consisting of a political assessment and proposals on matters connected with the priority sectors which will be at the centre of the discussions in Nairobi.

4. At the multilateral trade negotiations in GATT it is vital—if the programme agreed in the Trade Negotiations Committee¹ is to be adhered to and substantial and tangible progress achieved this year in the various areas covered by the negotiations—that the Community make its contribution. It must therefore put forward new proposals in addition to those it has already made on the basis of its overall approach and its directives.

5. With a view to the next session of the United Nations Conference on the Law of the Sea, which is to begin in March and will possibly be followed by another session later on in the year, the Commission will present the Council with proposals dealing mainly with the setting-up of 200-mile economic zones and the consequences this will have for the Community.

6. In the Euro-Arab Dialogue, the Commission—whose representatives are acting as the European co-chairman of some of the bodies and working groups set up in this context—will continue to make an active contribution towards the progress of this undertaking, which involves both political cooperation and Community activity proper.

After three meetings at experts level,² the Euro-Arab Dialogue is entering a new phase, the beginning of which will be marked by the first meeting of the General Committee, scheduled to take place in Luxembourg in the spring. Between now and then and in the interval between the various Euro-Arab meetings, the Commission and the Secretariat of the Arab League have been asked to act as the channel for all contacts between the Nine and the Arab League countries.

7. Having concluded textiles negotiations with eight countries in 1975,³ the Commission will this year be negotiating with Brazil, Colombia, Mexico and Yugoslavia and also with Romania (which has now accepted the Community's invitation) in order to reach agreements under the Arrangement regarding International Trade in Textiles.

Policy towards the developing countries as a whole

8. Significant new progress will be made in the establishment of a worldwide Community development policy.

Thanks to the initiative taken by Parliament, the Community will now have available for the first time a slightly more substantial sum for financial and technical cooperation with Asian and Latin American developing countries.

¹ Point 383 of the attached Report.

² Point 471 of the attached Report.

³ Points 388 to 390 of the attached Report.

9. The generalized system of preferences, which in the Council's view should continue to be applied beyond 1980 for a further period,¹ is still one of the basic instruments of this policy.

In this context the Commission intends to continue and, starting this year, step up its efforts to increase the use made of the advantages offered by the GSP (seminars, establishment of the agency for documentation, information and advice on the GSP, etc.) and to improve the scheme and its management, with due regard for the developing countries' export potential and what the Community is able to do in economic terms.

10. As regards the Asian developing countries in particular, the Commission will endeavour to complete the negotiation of the trade cooperation agreements with Pakistan and Bangladesh within the first few months of the year. It will continue to provide financial and technical assistance, especially to the ASEAN countries, with a view to promoting trade and regional integration.

11. The export promotion schemes and integration aid measures decided upon at multi-lateral level in 1974 in favour of the Latin American countries—which have so far taken the form of limited experimental operations only²—will be developed at a fast pace within the framework of an initial overall programme. At the same time measures will be taken to promote trade relations. These will include assistance with the practical implementation of the bilateral agreements concluded by the Community with developing countries in Latin America.

12. With regard to food aid, the Commission will endeavour to have accepted by the Council the proposals which it transmitted at the beginning of the year for extending Community participation in the Food Aid Convention, which is to expire on 30 June next and under which the Community, together with other producer countries, undertook to provide 1.3 million tonnes of cereal aid annually.

13. The Commission will make recommendations to the Council in good time for the conclusion of agreements on commodities, particularly tin, cocoa and coffee.

*Implementation of the Lomé Convention
and the overall Mediterranean policy*

14. A feature of 1976 will be the entry into force of the Lomé Convention. The Commission will make every effort to ensure that cooperation with the African, Carib-

¹ Point 403 of the attached Report.

² Points 416 and 497 of the attached Report.

bean and Pacific countries in the areas covered by the Convention gets under way rapidly and effectively. In particular, the Commission stresses the need to set up as soon as possible the Centre for Industrial Development, which is to play a key role by providing practical encouragement for industrial cooperation with the ACP countries and thereby helping to promote their industrialization. The Community can also expect certain African, Caribbean and Pacific countries which have recently become independent to apply for accession to the Lomé Convention. It is preparing to negotiate any accession agreements with the greatest possible dispatch.

15. With regard to the overall Mediterranean policy, the completion *ad referendum* of the negotiations with the three Maghreb countries should make it easier to bring to a rapid conclusion the negotiation of comparable agreements with the Mashrek countries.

Proposals for the transition to the second stage of the Association with Malta will be presented during the first quarter.

Relations with Iran

16. The Commission, aware of the importance of the Community's relations with Iran, started talks with as open a mind as possible in order to determine the best forms for an agreement which would enable new economic and trade relations to be developed between the Community and Iran.¹ Once this exploratory phase has been completed, the Commission will send to the Council a recommendation for a decision authorizing it to open negotiations with Iran for the conclusion of an agreement reflecting the special nature of the relations between the two sides.

European Mediterranean countries

17. With regard to Greece's request for full membership of the Communities, the Council now has the Commission's opinion before it.

18. As regards Turkey, the Commission will make proposals during the first half of the year on the implementation of Article 36 of the Additional Protocol (on the free movement of workers), the first stage of which—under the terms of the Protocol—is to have effect from 1 December. In the first quarter it may also make new proposals for re-examining agricultural questions in the light of progress made in the negotiations.

¹ Point 486 of the attached Report.

19. With regard to Portugal, the aim is to develop relations by improving the existing agreements. That is the purpose of the negotiations opening in a few days between the Commission and Portugal. On the basis of these negotiations the Commission will present proposals regarding the Portuguese requests of October 1975.¹ Other proposals may be necessary.

The amount and other details of financial cooperation—the principle of which was decided by the Council on 20 January 1976—should be settled by the Community shortly so that this important aspect can be included in the negotiations. The emergency aid for projects presented by the Portuguese authorities—which were examined by the Joint EEC-Portugal Commission on 9 January—should be granted as soon as possible.

20. At its meeting of 20 January the Council noted that the present situation in Spain no longer militated against the resumption of contacts concerning the negotiations which had been broken off last October.

21. Financial cooperation with Yugoslavia—the principle of which was also decided by the Council on 20 January—should be the subject of case-by-case agreements between the European Investment Bank and Yugoslavia. Such agreements would bring the Bank in on certain projects of common interest subject to the normal criteria applied by the Bank and the availability of funds. The Commission will participate in decisions on such financings through the existing consultation machinery.

Relations with EFTA countries

22. The Commission's task in 1976 in relation to the EFTA countries (other than Portugal) will be to continue administering the agreements between them and the Community, which provide for full scale free trade for most industrial products by 1 July 1977. In the present world economic situation it is above all essential to avoid recourse to safeguard measures on either side. In addition, detailed discussions with Norway and Iceland on fishing problems will be necessary. If a satisfactory solution can be found to Iceland's problems, the tariff concessions on fish in Protocol No 6 to the EEC-Iceland Agreement could be brought into force.

Relations with other industrialized countries

23. In spite of the resolve shown by the United States Government in 1975 to resist the protectionist pressures from certain business quarters, a threat still hangs over some

¹ Point 456 of the attached Report.

important Community exports to the United States (for example, special steels and cars). Under these circumstances consultations at the highest level will be of even greater importance.

24. The Commission is very keen that the negotiations with Canada for the conclusion of an outline agreement on economic and trade cooperation, which will be entering an active phase in the first few months of the year, should be completed before the end of 1976.

25. The Community should continue its efforts to balance the trade deficit with Japan—approximately \$2 200 million in 1975—by promoting exports of European goods to the Japanese market. In this context the multilateral negotiations and regular high-level bilateral consultations are assuming particular importance.

26. A first round of informal consultations with Australia—the holding of which has been agreed in principle with that country¹—will take place in Brussels this year at ministerial or senior-official level. The aim of these talks, which will be held at regular intervals in Brussels and Canberra alternately, is to permit an informal open dialogue on topical questions, of bilateral or world interest, similar to that already engaged in by the Community with the United States, Japan and Canada and which it is in the process of developing with New Zealand.

27. Shortly the Council is to adopt measures to ensure that the special arrangements for imports of New Zealand butter on which the Commission submitted guidelines in its memorandum of 23 July 1975 are maintained beyond 31 December 1977.

Relations with State-trading countries

28. In the first quarter the Commission will begin discussions aimed at completing a trade agreement with China based on the model agreement transmitted to that country in November 1974.

29. No official response to the model agreement transmitted has been received from the other State-trading countries. Nevertheless, the Commission is still prepared to enter into negotiations with a view to establishing agreements on this basis.

30. The Commission is also still waiting for a reply to its invitation to the Secretariat of the Council for Mutual Economic Assistance (Comecon) to continue the talks begun in February 1975.²

¹ Eighth General Report, point 448.

² Point 9 of the attached Report.

31. In the multilateral field the Commission will continue to pursue actively implementation of those aspects of the Final Act of the Conference on Security and Cooperation in Europe which fall within its jurisdiction, in particular through its participation in the annual meeting of the Economic Commission for Europe in March/April.

Improvement of commercial policy instruments

32. In 1976 the Community should make substantial progress towards attaining a true common export credit policy. The need for this was stressed in the Opinion delivered by the Court of Justice on 11 November 1975, which underlined the extent of the Community's powers in this sphere and the need to eliminate the distortions of competition between exporting firms of different nationalities which can result when there is no real harmonization of export credit systems.¹

It is planned to hold negotiations for gentlemen's agreements; they will be conducted in the first place with the United States and Japan once the Council has pronounced on the proposals made by the Commission. The main objective of these negotiations is to reach an agreement on the duration and rates of interest of government-subsidized export credits.

II - Building up an integrated economic unit

A. The overall policies

Economic and financial affairs

33. Despite some signs of an improvement, the Community, in early 1976, is still in the throes of the most serious recession it has had to cope with since the war.

For the Community taken as a whole, industrial production contracted in the full year 1975 by about 8%, inflation was running at 13% (ranging from 6% for Germany to

¹ Point 518 of the attached Report.

21% for the United Kingdom) and the number of unemployed rose from 3.5 million to more than 5 million.

These factors will largely determine Commission policy in 1976 in the three main areas of short-term economic policy, medium-term policy and work to strengthen the integration process.

Short-term economic policy

34. In recent months, a moderate recovery seems to have been getting under way, although the pattern is not uniform in all the countries. This suggests that a real GDP growth rate of about 3% in the Community could be achieved in 1976, a forecast based principally on the following considerations:

- (i) managements have stopped depleting stocks or have started building them up again, and households are tending to some extent to revert to more normal patterns of consumer behaviour;
- (ii) recovery programmes have recently been implemented;
- (iii) world trade has already started recovering.

There is, however, still some doubt as to the scale, the duration and the implications for employment of the recovery. The Commission will therefore keep developments under careful review and maintain close consultation with both sides of industry. In its efforts to spur on the recovery, it will make full use of Article 155 of the Treaty of Rome.

35. The Commission is anxious to ensure that the economic policies pursued in the Community complement each other and that the disposition of policy instruments available can be altered promptly in case of need. In so far as the expansionary approach in the monetary and budgetary policy is to be maintained, the Commission will submit in due course the proposals needed to ensure that the recovery does not engender further strain with regard to prices and the balances of payments. For this purpose, it will present in the second quarter of the year proposals for the containment of the expansion of money supply and of public expenditure.

36. Pursuant to the Council Decision relating to the convergence of the economic policies of the Member States,

- (i) the Commission will lay before the Council early in March proposals concerning the adaptation of economic policy guidelines for 1976 to the new requirements of the economic trend;

- (ii) towards the end of the second quarter, the Council will define, on the basis of a Commission proposal, guidelines compatible with the main points in the 1977 preliminary economic budgets;
- (iii) lastly, in the third quarter, the Commission will lay before the Council an annual report including guidelines to be followed by each Member State in its economic policy for the following year.

Medium-term policy

37. The need to restore the key equilibria, the changed background to international trade, the launching of a more constructive dialogue between unions and managements at Community level and the need to establish the best possible policy routes to be followed mean that policies must now be given a timescale covering several years. For this purpose, the Community must establish the necessary commitments on the basis of a medium-term economic policy programme.

Further to preparatory work carried out in 1975, the Commission, cooperating with the Economic Policy Committee, will prepare a draft medium-term policy programme (the fourth in the series), which it intends to lay before the Council and Parliament in July.

The programme will endeavour to bring out the economic and social implications of the economic policy choices facing the Community. The main problems are growth and employment and the position which the Community wishes to occupy in international relations, but the 'democratization' of economic power, especially through increased involvement of the workers in the running of industry and the participation of both sides of industry in the preparation of the main medium-term decisions, will also be dealt with.

38. When preparing the programme, the Commission will take into account as fully as possible the findings of the Tripartite Conference held in Brussels on 18 November 1975, during which agreement was reached on the value and the need to pursue discussions between unions, managements, governments and the Commission with a view to seeking out together solutions to the problems besetting the Community.

The Commission attaches great importance to these meetings, since they provide a useful forum within which properly interrelated guidelines can be defined at Community level.

The Conference agreed to meet again in June 1976, and on this occasion the Commission will provide a detailed analysis of the economic and social situation, covering more fully the main questions discussed in November 1975, particularly the elimination of unemployment. Preparatory work for the Conference will be carried out in association with the unions and the managements.

39. In view of the complexity of the present situation and uncertainty as to future trends, research work must be stepped up. The Commission hopes that its proposal to set up a European Communities Institute for Economic Analysis and Research made in 1975¹ will be endorsed by the Council before the summer of 1976.

Strengthening integration

40. Progress made recently on the reform of the international monetary system and the incentive provided by the Tindemans report on European Union have provided new bearings for work towards economic and monetary union.

41. In this context, consolidation of the Community currency exchange system will play a preponderant role. In particular, the Community can hope to make a major contribution to the establishment of stable international monetary relations only if it makes substantial progress internally.

The Commission will do everything in its power to strengthen the Community character of the currency exchange system and extend at the same time the stability area in Europe. This latter objective must be achieved in the first instance through fuller control of the major macroeconomic equilibria, which is indispensable if lasting stability in currency exchange relations is to be achieved. The Commission will take the initiative in every way to help the member countries whose currencies are floating independently to bring their currencies back into the Community 'snake'. If appropriate, it will propose measures enabling this to be done gradually.

In the context of the world agreement concluded at the end of 1975 on avoiding erratic fluctuations of exchange rates, the Commission will seek to promote even greater coordination of interventions on the exchanges, particularly with respect to the dollar.

42. To underpin the Community currency exchange system and with a view to substantial progress towards the establishment of a European central bank, the Commission will adjust in the first half of 1976 its proposals concerning the development of the role of the European Monetary Cooperation Fund (EMCF) in the present circumstances and will press for decisions in the Council.

A first aim is to define more specifically the EMCF's responsibilities and to extend them substantially.

In the second place, the Commission is considering whether some or all of the gold to be restored by the IMF to the member countries could not be deposited with the

¹ Point 187 of the attached Report.

EMCF. Once these deposits, to which, if necessary, other reserve assets could be added, had been constituted, the EMCF would be responsible for ensuring directly very short-term financing and short-term financing.

43. It is Commission policy to press for increased use of the new composite unit of account (EUA) already being used for the operations of the European Development Fund, for the balance sheet of the European Investment Bank and for the ECSC operational budget.¹

The Commission is also developing use of the EUA in relations with banks with which it has accounts and in relations with firms having direct links with the Community institutions.

44. The recovery which is apparently now on the way in the Community could well engender, in certain member countries, appreciable balance of payments deficits. Financing machinery should be activated immediately to cope with these. The main facilities are short-term support and medium-term assistance and the Community loan. Should these facilities fall short of needs, the Commission will propose their extension.

The Commission is pressing for the adoption of its proposal for a Euratom loan, which is part of a policy to achieve greater independence for Europe in the area of energy.

45. The coordination of economic policies at Community level should also be strengthened. In particular, the member countries enjoying Community support should comply as fully as possible with Community guidelines.

In addition, the Commission will urge the national authorities to agree among themselves each year on a degree of growth of money supply compatible with internal and external equilibria.

46. In addition to progress in these areas, the Commission hopes that as part of the discussions to take place on European Union a detailed analysis will be made as soon as possible of its report to the Council on this question.² The whole complex of problems raised by economic and monetary union are discussed in this report, against the background of political union. The discussions should make it possible to establish guidelines for further progress towards economic and monetary union.

¹ Point 91 of this Memorandum.

² Point 180 of the attached Report; Supplement 5/75 - Bull. EC, points 36 to 42.

Tax harmonization

Own resources: completing the arrangements

47. From 1 January 1975 onwards, the Community should, as provided in the Council Decision of 21 April 1970, have been receiving that part of its own resources deriving from VAT; this would have meant that the Community's expenditure would have been financed entirely from own resources.

However, the Community cannot draw upon VAT-based resources until a uniform basis of VAT assessment has been agreed. This is the purpose of the proposal for a sixth directive, amended by the Commission in September 1974 in the light of Parliament's Opinion, which is still pending before the Council, although major progress has been made following the Council meeting of 24 November 1975 and as a result of action by Parliament.¹ The proposal should be approved before June 1976—and the Commission will continue to press this matter—so as to allow VAT-based resources to be allocated to the Community with effect from 1 January 1978.

The Commission has taken all the steps necessary to enable the procedures for implementation of the sixth directive to enter into force at the same time as the directive itself.

Indirect taxes

48. In addition to its efforts to achieve adoption by the Council of the proposal (see above) for a directive on a uniform basis of assessment for the value added tax—a priority matter—the Commission will lay before the Council the following new proposals, the first of which it had originally been intended to present in 1975:

- (i) a proposal for a directive harmonizing indirect taxes other than VAT and excise duties on transactions in securities (second quarter);
- (ii) a proposal providing for the periodic adaptation to inflation of tax exemptions for individuals and for dealing with problems posed by exchange rate fluctuations determining the size of the exemptions (third quarter).

Direct taxes

49. Supplementing the proposal for a directive concerning the harmonization of systems of company taxation and of withholding taxes on dividends,² the Commission will

¹ Point 149 of the attached Report.

² OJ C 253 of 5.11.1975.

present a proposal during the fourth quarter to enable the principles embodied in this directive to be applied to 'collective investment undertakings'. Unit trusts and investment companies are at present covered by rules which vary from State to State and which are also different from the normal taxation arrangements.

The Commission intends to lay before the Council, also in the fourth quarter, a proposal for the introduction of an arbitration procedure to eliminate double taxation which may result from company profit adjustments carried out by the authorities of a Member State.

Tax evasion

50. During the second quarter, the Commission, pursuant to the Council Resolution of 10 February 1975 on measures to combat tax evasion,¹ will introduce a proposal concerning mutual assistance and cooperation between national revenue departments in the field of direct taxation. Similar proposals concerning indirect taxes will follow in the fourth quarter.

Prior consultation procedure

51. During the second half of the year, the Commission, as stated in its action programme for taxation,² intends to propose that the Council establish a prior examination and consultation procedure for important measures which the national authorities may envisage taking in fields coming under the tax harmonization process.

Approximation of legislation concerning financial institutions

Banks

52. Pending adoption by the Council of the directive proposed on 12 December 1974, on the coordination of laws relating to banking supervision and the setting-up of a Contact Committee to be consulted on the main aspects of coordination, the Commission

¹ Point 156 of the attached Report.

² Point 148 of the attached Report.

intends to present two proposals in the second half of the year for the protection of the credit market, on both the supply and the demand sides. One proposal will relate to the institution in the Community countries of a deposit insurance system and the other will be concerned with the establishment of a system of central risks bureaux at Community level.

Insurance

53. During the second half of the year, a proposal for a directive will be sent to the Council concerning the coordination of legislation relating to the winding-up of direct insurance undertakings.

During the same period, the Council will also receive, pursuant to the first indemnity coordination directive of 24 July 1973,¹ a number of proposals aimed at settling the problem of specialization in the fields of sickness insurance, insurance of legal expenses and costs of litigation, and credit and suretyship insurance. With regard to the latter risk in particular, a solution will also have to be found to the problem of export credit insurance transactions carried out for the account of or with the support of the State; such transactions are at present specifically excluded from the field of application of the 1973 directive.

It had been hoped that the negotiations with Switzerland could be started in 1975.² These have had to be postponed but they have not been cancelled. They should normally get under way in the first quarter of 1976.

Other financial institutions

54. In the first quarter of 1976, the Commission will lay before the Council a proposal for a directive on the coordination of national laws on 'collective investment undertakings' (structure of unit trusts and investment companies, investment policy, information to be disclosed, supervision and verification, etc.). The relevant work could not be completed, as originally planned, in 1975.

¹ OJ L 228 of 16.8.1973.

² Memorandum annexed to the address on the programme for 1975, point 22.

B. The sectoral policies

Common energy policy

55. In accordance with the conclusions adopted by the European Council in Rome on 1 and 2 December 1975 and the decisions taken by the Council on 9 December,¹ the Commission will during the first half of this year make additional proposals to back up those already made in January, designed to protect existing energy sources and ensure the development of alternative sources on reasonable economic terms.

In the first half of 1976 the Commission will, in conjunction with the Member States, continue to examine the problems of financing investment in the energy sector and will send to the Council such proposals as might be required.

Action specific to the different sectors

56. As regards possible new proposals in various sectors, the Commission's Report to the Council dated 16 January 1976 on progress in the implementation of the Community's objectives for 1985 (approved in December 1974²) will make it possible to specify, in close liaison with the Energy Committee, areas where Community action would be highly desirable and effective, and on which a proposal should be made to the Council.

57. In the coal sector, the aim of maintaining Community hard coal production at its current level will necessitate measures to facilitate stocking in periods of slump (first quarter). Steps should also be taken as regards coal-fired power stations in order to stabilize coal consumption (second quarter).

58. In the oil and gas sector, the Commission hopes that the Council will adopt the proposals already made concerning increased Community support for technological developments projects, the setting-up of a Community system of support for exploration and of a system of information and consultation on oil prices and, lastly, the adoption of crisis measures.

In the first quarter, the Commission will send to the Council a Communication on the preparation of joint guidelines for an oil and gas policy, primarily concerning Community

¹ Point 343 of the attached Report.

² Eighth General Report, point 336.

production, supplies of crude from outside the Community, problems on the internal market (in particular refining) and relations with the industry.

Adoption of the proposals already laid before the Council and of any others which stem from this Communication should provide the Community with the tools required to implement its policy.

59. In the nuclear sector, the Commission will present, in the first half of the year, the illustrative nuclear programme and the first measures for implementing a common nuclear fuel supply policy (relations with the uranium-producing countries, prospecting and stocking in the Community, enrichment, reprocessing). As regards electricity, the Commission will also propose (in the second half of the year) measures aimed at enlarging electricity's share of the energy market and gradually replacing conventional fuels by nuclear electricity.

60. As regards energy demand, the Commission will present, in the second and fourth quarters, a second and third set of measures concerning the rational use of energy.

Relations with the other energy-consuming countries and the producer countries

61. Apart from work deriving from the Community's participation in the Conference on International Economic Cooperation, the Commission will continue to examine energy problems on a bilateral basis, both in negotiating preferential agreements and in the twice-yearly contacts with other industrialized countries.

The Commission will continue to take part in the work of the International Energy Agency in the spirit outlined in last year's Memorandum,¹ particularly as regards the long-term cooperation programme and research and development.

Common agricultural policy

62. As already stated in its 'Stocktaking of the common agricultural policy' in February 1975,² the Commission intends to concentrate common agricultural policy in 1976 on restoring the equilibrium of certain markets, in particular milk and wine, on reducing

¹ Memorandum annexed to the address on the programme for 1975, point 27.

² Point 248 of the attached Report.

disparities of earnings between different categories of farmers and different regions, and on the progressive re-establishment of the single market (elimination of monetary compensatory amounts). In view of the economic and monetary situation, the Commission will seek to adopt measures of common agricultural policy within these guidelines which as regards their economic and budgetary cost meet the requirements of effectiveness and strict economy.

63. As regards markets, it envisages the following particular measures:

- (i) implementation of Council decisions on common agricultural prices and related measures for the 1976/77 marketing year (in particular, amendment of the basic cereals regulation, rationalization of fruit production, restoration of equilibrium on the milk and wine markets);
- (ii) modification of the market organization for hops (first quarter);
- (iii) new common market organizations for alcohol and vinegar (first quarter).

64. Before any fresh progress can be made in respect of structures, the proposals now pending before the Council must be adopted. This applies in particular to the proposals for directives concerning forestry measures¹ and aid to young farmers who have been farming for less than five years and are implementing a development plan.³

This also applies to the proposals for regulations on common measures to improve the conditions under which agricultural products are processed and sold³ and on producer groups and associations thereof.⁴

The Commission will also continue its efforts in 1976 to ensure the full and effective implementation of the socio-structural directives.⁵

65. As regards the harmonization of agricultural legislation, the Commission will, as in the past, make every effort to secure the removal of the numerous barriers to trade which exist at present while pursuing the general objectives of the laws and regulations in question—notably consumer protection, the protection of human, animal and plant health, and the protection of the environment.

In the field of veterinary legislation, the Commission will continue its efforts to secure the implementation of the Directive of December 1972 on common Community arrange-

¹ OJ C 44 of 19.4.1974; this proposal was amended on 7 March 1975 (COM(75)88 final).

² OJ C 31 of 8.2.1975.

³ OJ C 218 of 24.9.1975.

⁴ OJ C 75 of 26.7.1971.

⁵ (EEC) 159/72, (EEC) 160/72, (EEC) 161/72 (OJ L 96 of 23.4.1972), (EEC) 268/75 (OJ L 128 of 19.5.1975).

ments upon importation of animals and meat from non-member countries.¹ To this end, it will present to the Council proposals on tests for trichinosis (first quarter) and tests for residues in meat (third quarter). Before 1 July the Commission will also send to the Council the report provided for in Article 106 of the Act of Accession concerning the problems raised by the derogations granted to the three new Member States. Lastly, it will present to the Council a proposal relating to trade in horses within the Community and with non-member countries (third quarter).

In the field of foodstuffs legislation, the Commission will send the Council a proposal for a general directive on labelling (first quarter).

As regards plant health, the Commission will be making two proposals on pesticides:

- (a) approval of pesticides so as to permit freedom of movement (first quarter);
- (b) fixing the maximum level of pesticide residues in feedingstuffs (third quarter).

As regards animal nutrition, the Commission will put to the Council a proposal relating to the problem of bioproteins and other basic constituents of feedingstuffs (first quarter).

In order to provide a sound basis for its work on the protection of human and animal health, the Commission will set up a Scientific Committee on Feedingstuffs, (first quarter), on the lines of the committee already set up for foodstuffs.

66. Following the communication which it sent to the Council in 1975 on the simplification of the mechanisms of the common agricultural policy, the Commission will either lay before the Council or itself adopt the necessary measures.

Industrial policy

67. The economic crisis which continued in 1975 had serious effects on most branches of European industry, and as a result the Member States have taken support measures, generally based on national schemes.

The Commission's aim is to encourage Community solutions to current problems and to ensure that the measures taken by national governments do not cancel each other out or merely export difficulties from one Member State to another.

68. It will therefore continue with its detailed consideration of the objectives and resources of a Community policy for industrial change, and some of its conclusions will

¹ OJ L 302 of 31.12.1972.

be set out in the fourth medium-term economic policy programme.¹ Particular attention will be paid to the comparative study which it began at the end of 1975 on the various means used by governments to support the development of their home industries.²

69. The Commission will also put forward proposals for Community policies on a number of particularly important or sensitive industries:

- (a) the steel industry, which is in the throes of a particularly acute crisis; here the Commission has already consulted the Council and the ECSC Consultative Committee on the advisability of setting minimum prices, and will shortly decide what action it should take;
- (b) the aircraft industry, where the Commission will press for rapid progress in the consideration of its action programme of last October³ so that, by the second and third quarters, it can put forward proposals for practical action;
- (c) shipbuilding, where the report on the state of the industry called for by the European Council on 1 and 2 December 1975 in Rome⁴ will be prepared by the end of the first quarter; in the light of this report the Commission will be able to lay before the Council proposals for solving the most delicate problems in the third quarter;
- (d) the whole range of electronics industries, where a medium-term plan will be published, probably in the second quarter, covering three areas (data processing, electronic components and telecommunications).

70. Although the Council has not yet held a policy debate, the Commission is still working on the inventory of multinational firms which was originally to have been published in the third quarter of 1975.⁵ Certain firms were rather slow in replying to the Commission's questionnaire, and the inventory is now likely to appear in March 1976, assuming enough replies are received and the information they contain warrants publication.

71. To turn to company law, the Commission will do all it can to see that discussion on the main political problems (such as worker participation) arising from the Statute for European Companies is over by the middle of the year, so that technical examination of the Statute may be commenced before the end of the year.

In the field of coordination of national company law, the aim is the adoption by the Council of the second directive (capital and formation) and the fourth (annual accounts).

¹ Point 37 of this Memorandum.

² Point 295 of the attached Report.

³ Point 303 of the attached Report.

⁴ Point 309 of the attached Report.

⁵ Memorandum annexed to the address on the programme for 1975, point 35.

Before the end of the year the Commission also plans to send the Council a proposal on coordination of national law concerning corporate groups. The aim here will be to coordinate the protection of certain classes of persons, such as workers, minority shareholders, creditors and outsiders.

But the Commission's major concern as regards company law will be to organize a very wide-ranging debate in all interested quarters, but especially in Parliament, on employee participation and company structures. This will be based on the green paper published by the Commission late last November.

72. Since significant progress was made in 1975 on the consideration of a number of proposals for directives to remove technical barriers to trade, the Commission will try and persuade the Council to adopt rather more of these directives in 1976 than in the past so as to catch up with at least part of the backlog which has built up in recent years.

In view of the increase in the number of technical barriers directives in force, the Commission feels that it must attach greater importance to monitoring their application in the Member States. Some improvement was noted in 1975, and the Commission hopes that further progress will be made this year.

Competition policy

Restrictive practices and dominant positions

73. Now that the Commission has taken six decisions applying Article 85 EEC to patent-licensing agreements, it believes that by the third quarter of this year it will be able to send the Council a proposal for a block-exemption regulation covering certain types of patent-licensing agreement, the aim being to benefit mainly the small and medium firms.

The Commission will also be continuing with the preparation of a regulation to be put to the Council under Article 87 before the end of the year, applying the rules of competition to air transport; account will be taken of the special nature of that industry.

Finally, the Commission is planning to amend Decision No 25-67 during the third quarter so as to extend the exemption from the requirement for prior authorization under Article 66(3) ECSC.

State aids

74. Pursuing its general policy on action by the Member States to cope with the industrial and social consequences of the economic crisis,¹ the Commission will continue to see to it that such measures do not merely export from one Member State to another the difficulties to be resolved or alleviated and, where structural problems arise, that the measures do not just mask them but really help to solve them.

75. As regards regional aids, the Commission will exercise the powers conferred on it by the Treaty in the field of state aids in order to give effect to the principles of coordination valid for all regions of the Community; these were defined in 1975 and take account of the specific economic and social needs of each region.² The Commission thus hopes to ensure that competition is not unduly distorted and that national action really does correspond to the relative gravity of the regional problems which it is to deal with. In this way it will help to make national regional policies more effective, particularly as regards the situation facing those regions of the Community which are in the most serious difficulty.

Research, science and education

Scientific research and technological development

76. As in the last two years, the Commission's action in this area will be guided by the resolutions adopted on 14 January 1974, which are aimed in particular at the progressive development of a Community R & D policy.³

77. During 1976 the Commission will:

- (i) draw conclusions from the experience acquired during the experimental phase, 1974-76, as defined in the resolutions referred to above, with a view to working out the broad lines of a common R & D policy; a report will be presented to the Council during the third quarter;
- (ii) seek to obtain a Council decision as quickly as possible on its proposals for multi-annual 'indirect action' programmes in the area of controlled thermonuclear fusion, to be carried out under contract; these will include the construction of the Joint

¹ Point 67 of this Memorandum.

² Point 144 of the attached Report.

³ OJ C 7 of 29.1.1974.

European Torus (JET)—which follows on from Tokamak experience—biology and health protection, the environment and the Community Bureau of References. The current programmes expired at the end of 1975, and at its 15 December meeting the Council was unable to reach a decision as to whether they should be continued;

- (iii) present, during the second quarter, a proposal for a multiannual 'direct action' programme (1977-80) to be assigned to the Joint Research Centre (JRC). This proposal will take account of the Council's discussion on 15 December 1975. In the main, it will seek to focus the Centre's activities on the broad themes of energy and the environment, accompanied by a further range of activities in the field of measurements, standards and reference techniques. Emphasis will be placed on the JRC's public-service role;
- (iv) transmit to the Council, in the third quarter, a proposal for the revision of the multiannual energy research programme adopted in 1975, the first phase of which is due to expire at the end of the year.¹ Experience in this first phase—which includes new research in the field of energy conservation, the production and use of hydrogen, solar energy, geothermal energy and systems analysis—should enable the programme to be adopted, and thus ensure effective cooperation with the national programmes now starting up in this sector.

Scientific and technical information and information management

78. The establishment of the European network EURONET in the course of a three-year programme of action is intended to provide a link between the European scientific and technical information systems. In 1976 EURONET is expected to cover metallurgy, medicine and certain social fields; energy, education, industrial information and patents will also be integrated into the network later on.

During the last quarter the Commission will also bring before the Council firm proposals for the evaluation, dissemination and utilization of research results, with a view to arriving at a common policy regarding the information market, both in and outside the Community.

Education and mutual recognition of qualifications

79. The Commission intends to:

- (i) devote itself throughout the year to the implementation of the first Community action programme on education, adopted on 10 December 1975 by the Council and

¹ Point 327 of the attached Report.

the Ministers of Education meeting within the Council.¹ The programme is to be carried out in close collaboration with the new Education Committee. By 1 July a report will be drawn up to show how the education systems might help to combat unemployment among young persons by smoothing the transition from school or university to working life. Pilot schemes are to be launched in a number of Member States to help work out suitable educational techniques for the training given to young foreigners. In order to bring about greater mobility in this sector and achieve a closer approximation between the educational systems in the Community, studies will be put in hand and meetings held between the responsible officials at various levels;

- (ii) put forward proposals to expand environmental studies at upper-primary-school and lower-secondary level within the context of the Community programme for the environment (second quarter);
- (iii) endeavour to secure the adoption of those proposals on the mutual recognition of Community qualifications which have reached the most advanced stage of examination by the Council, notably those relating to nurses, architects and—as soon as Parliament has stated its position on the amended proposal—lawyers.

Common transport policy

80. The Commission is pressing on with the implementation of the 1974-76 programme contained in its Communication to the Council of 24 October 1973, the main emphasis being on the examination by Parliament and the Council of the proposals put forward in 1975.

81. The Commission will go ahead with the progressive introduction of the Community transport system which it envisages; it intends to initiate measures as outlined below this year:

- (a) a Communication on Commission measures to coordinate investments in transport infrastructures, particularly as regards the creation of Community financing instruments (second quarter); this was not sent to the Council in 1975 as originally planned,² the Commission having preferred to concentrate initially on making the fullest possible use of the existing consultation procedure;

¹ Point 334 of the attached Report.

² Memorandum annexed to the address on the programme for 1975, point 42.

- (b) supplementary proposals on the organization of the transport market, including one prohibiting anti-economic behaviour in respect of transport prices and conditions, and another concerning the Community arrangements for the carriage of goods by road between Member States (first and fourth quarters);
- (c) a proposal to the Member States meeting in the Council concerning the revision of the Agreement of 21 March 1955¹ on the establishment of through international railway tariffs for the carriage of coal and steel (first quarter).

82. In following up measures already taken, especially as regards harmonization of structures, the Commission intends to send the Council the proposals specified below:

- (a) a proposal for a Regulation implementing the agreement on the temporary laying-up of vessels once the negotiations with Switzerland have been concluded (third quarter);
- (b) proposals to amend both the Regulation on the harmonization of certain social legislation relating to road transport and the Regulation supplementing it (first quarter);² this measure is to be coordinated with the plan to have the AETR ratified simultaneously by all the Member States;
- (c) proposals concerning comparability of railways' accounting systems and uniform costing principles, as required by Decision 75/327/EEC of 20 May 1975 (fourth quarter);
- (d) a proposal concerning the harmonization of the structure of taxes on commercial vehicles (fourth quarter).

Credit and investment

83. As regards the Commission's credit and investment activities, the ECSC has received applications from the coal and steel industries for financial assistance totalling 1 800 million u.a. for 1976 and subsequent years. The ECSC is therefore financing a considerable proportion of the investment expenditure of these industries. The Commission intends to make full use of the opportunities to refinance on the advantageous terms available to it in order to stimulate investment further.

¹ OJ 9 of 19.4.1955.

² OJ L 77 of 29.3.1969; OJ C 108 of 10.12.1973.

84. In the iron and steel industry the Commission will be giving priority to measures (such as modernization and rationalization) which aim at increasing firms' competitiveness. These include aid to investment designed to ensure that the Community is kept supplied with raw materials from non-member countries.

Under the energy policy, the development of alternative forms of energy will receive additional funds in 1976; for instance, power stations burning Community coal will be financed, and in the iron and steel industry investments will be made in projects aimed at the recovery and rational use of energy.

In view of the coal and steel industries' present difficulties the ECSC's facilities for financing projects under the second paragraph of Article 54 and under Article 56 of the Treaty will be widely used in 1976.

The Commission will continue to accord priority treatment to loans for projects with a social objective and will lend on particularly favourable terms. Long-term loans at 1% will be made from the special reserve set aside for the construction of workers' housing.

C. The functioning of the internal market

85. In the field of customs policy, a whole series of measures will either be taken by the Commission (where it has power itself) or proposed to the Council to simplify procedures and formalities as required by the programme of 25 February 1975, which calls for action on the rules of origin, the Common Customs Tariff and Community transit.¹ Activity will be going on here throughout the year.

The Commission will continue with its policy of harmonizing customs legislation, which is so essential to the achievement of a real customs union. In the first quarter, for instance, it will put before the Council a proposal for a directive concerning the customs debt, and probably in the fourth quarter there will be a proposal for a regulation on the temporary admission of goods imported into the Community customs territory.

86. This year, again, the accent will be placed on measures under the industrial policy programme, and particularly on the removal of technical barriers to trade and the establishment of a legal framework for corporate activity on a European scale.²

¹ Point 73 of the attached Report.

² Points 71 and 72 of this Memorandum.

Specifically as regards branded pharmaceuticals, the opinions of the committee set up under the directives adopted by the Council last year will provide the Commission with the information it needs to develop a coherent policy on public health. The Commission will also be introducing a proposal on veterinary medicine before the end of the first quarter.

There are other plans, also, to give better protection to citizens and firms within the framework of a more open internal market (new measures to be taken in the third quarter as regards consumer credit¹ and product liability).

Finally, in the first half of the year, the Commission will be sending the Council a memorandum on Community trademarks following the December 1975 signature of the Convention for the Community patent.

In the second quarter the Commission will complete the two Conventions on economic criminal law originally scheduled for 1975.² The proposal for a directive on commercial agents also scheduled for last year² will go to the Council in the fourth quarter.

D. Information policy

Inside the Community

87. One of the priority objectives of information policy in 1976, with an eye to the election of the European Parliament by direct universal suffrage in 1978, will be to arouse greater interest on the part of all Europeans in the building of Europe.

In parallel with measures to inform the general public, the Commission will seek to select and rationalize and thereby improve its contacts with political, trade union and academic circles, consumers, business and agriculture.

The policy of decentralization will be stepped up, with intensified activities in the regions.

¹ Point 119 of this Memorandum.

² Memorandum annexed to the address on the programme for 1975, point 47.

Outside the Community

88. The broadening-out of the Community's external relations has been accompanied by an increased demand for information.

Although priority will be given to information for the Community's major trading partners and the ACP countries, a special effort will be made for the Mediterranean countries.

The Commission will work not only through its Information Offices but also through its delegates in the Lomé Convention countries and through closer relations with the information services of the Member States and the information counsellors in their embassies in other non-member countries.

E. The budget and financial control

The budget

89. In 1976 the institutions involved in these matters will make fresh efforts to improve and intensify the budgetary procedures and debates.

In the light of the guidelines which emerged from the European Council meeting held in Rome on 1 and 2 December 1975, the Commission will cooperate fully to ensure that the measures contemplated are put into effect as soon as possible. For instance, it will send to the Council in March an initial communication setting out the budgetary guidelines for 1977, in preparation for the debate at the Council meeting in March and April that is to be attended by both Foreign Ministers and Finance Ministers.

90. The Commission will be considering the revision of the Financial Regulation applicable to the General Budget of the European Communities, particularly with a view to alleviating some of the difficulties which have arisen in the past.

91. So that the 'European currency basket' unit of account can be applied to the budget as from 1 January 1978, the Commission will this year continue the preparatory work needed to ensure that all the requisite decisions are taken in due time. Before the effects

of using the EUA on the budget can be fully assessed, there will have to be a thorough study of the EUA's incidence on the Community's expenditure.

Financial control

92. In the spirit of the conclusions reached by the European Council meeting in Rome, the Commission will continue its efforts to apply a more efficient financial control of Community expenditure, concentrating on the prevention and eradication of irregularities affecting Community funds. With this in view, the Commission will cooperate to ensure that when the treaty strengthening Parliament's budgetary powers is ratified, the future Court of Auditors and the competent committee of Parliament will be able to perform their duties as effectively as possible within the new framework.

93. In order to intensify the preventive and punitive measures applicable to irregularities in respect of the common agricultural policy's funds, the Commission will take certain steps to implement the Council Resolution of 15 December 1975.¹ On the one hand, within its own province it will draft measures aiming at stricter application and better formulation of the Communities' implementing legislation and will inform the Council thereof as soon as possible. On the other hand, the Commission wishes the work of the Special Committee of Inquiry to be continued and intensified. It considers that the Committee should now turn to the wine sector, following its work on the beef and veal sector hitherto, on which a report will be sent to Parliament and the Council during the second quarter.

F. Statistics

94. In 1976 the Statistical Office will carry out major new surveys covering in particular labour costs and various aspects of agricultural production. The annual survey of industrial firms will be gradually extended to cover distribution. Work on the pattern of

¹ Point 56 of the attached Report.

energy consumption is also planned. A system of statistics covering education will be built up.

The three new Member States will have been integrated into the Community statistical system by the end of the year in respect of all relevant aspects of statistics, including external trade, a particularly difficult area. This will greatly speed up the work of circulating comparable statistics for the nine Member States.

III - Improved structural and regional balances and a better quality of life

Social policy

95. With regard, in particular, to continuation of the work of the Tripartite Conference and preparation of the medium-term economic policy programme,¹ the Commission will concentrate to a greater extent than in the past on extending social policy to cover all aspects of Community policies, since the remedies for the present situation entail combined action by those responsible for economic and social affairs.

Employment

96. The Commission will continue to provide and develop up-to-date information on and an analysis of employment problems as part of the programme of studies on the labour market. There will also be increased cooperation with the employment services. A report drawn up by a group of independent experts for the purpose of pinpointing the main problems which will be raised by employment trends during the next few years will clarify the Commission's future action and that of other Community institutions.

97. The Commission will send two draft recommendations on vocational training to the Council, one to encourage the development of supplementary practical training for

¹ Points 37 and 38 of this Memorandum.

young people seeking employment (first half of the year), the other to ensure the development of vocational training for women workers (second half of the year).

98. In the field of free movement of workers, the Commission will:

- (i) propose measures to be adopted in order to control illegal immigration (first quarter); and
- (ii) implement the first stage of free movement for Turkish workers, pursuant to the Additional Protocol to the Association Agreement.¹

European Social Fund

99. The Social Fund—on occasion in close cooperation with the other financial instruments of the Community, and in particular the Regional Fund—will continue to give aid for the training and mobility of labour in all the spheres which have been successively opened up to it.

The Commission regrets that the Council has not adopted its proposals to extend the Fund to cover occupational adaptation operations connected with the recession; it will therefore seek solutions to this problem under the existing system.

Moreover, as required by Article 11 of the Council Decision of 1 February 1971 on the reform of the European Social Fund,² the Commission will be reviewing the rules governing the Fund's activity and will lay proposals before the Council at the end of 1976.

Worker participation in management

100. Commission action in this field this year will continue to be concerned with the Statute for European Companies and the harmonization of structures of limited liability companies.³

Living and working conditions

101. The Commission is planning new specific activities in the following fields:

¹ Point 18 of this Memorandum.

² OJ L 28 of 4.2.1971.

³ Point 71 of this Memorandum.

Wages, incomes and asset formation

102. It will present to the Council:

- (i) a report on the system of encouraging asset formation by workers (second half of the year)..
- (ii) a study on the lowest wage in the Community, followed by the Commission's conclusions (second half of the year).

Social protection and social security

103. The Commission will present to the Council proposals:

- (i) to extend social protection, and in particular social security, to groups of persons who are not covered or who are insufficiently covered (first half of the year);
- (ii) gradually to introduce equal treatment for men and women as regards social security (second half of the year).

European Social Budget

104. The first European Social Budget (1970-75), transmitted to the Council in December 1974¹ and revised at its request, will be available in the first quarter.

In addition, the Commission will propose, during the second half of the year, that the programme of specific measures to combat poverty be continued.

Protection of migrant workers

105. The action programme for migrant workers, which was the subject of the Council Resolution of 18 December 1975,² will be implemented. Measures envisaged by the Commission during the second half of the year include the following:

- (i) formal consultations between the Member States concerning their policies on immigration from non-member countries;
- (ii) in the context of work on the granting of special rights to the citizens of Member States, the Commission will examine the possibility of ensuring the effective participation of all migrant workers in municipal and local affairs in the host country;

¹ Eighth General Report, point 229.

² Point 217 of the attached Report.

- (iii) measures to implement the Association Agreement with Turkey as regards the social security of migrant workers.

Protection of workers in the case of individual dismissal

106. The conclusions of a report on the position of workers in the case of individual dismissal will be examined in the first quarter with representatives of both sides of industry. The Commission will then decide whether proposals should be made to the Council.

Handicapped persons

107. The Commission will prepare a long-term programme for the social reintegration of handicapped persons which will be presented to the Council in the second half of the year.

Humanization of work and job enrichment

108. The Commission's report on the humanization of work will be presented to the Council in the first quarter. The problem will then be examined in connection with the European Foundation for the Improvement of Living and Working Conditions.

Health protection and safety for workers and the population at large

109. In addition to a number of specific studies and proposals (study on the radiological repercussions of the growth of nuclear power, establishment of harmfulness criteria and common standards of health protection for the principal environmental pollutants), the Commission will put forward during the second quarter an action programme on safety, hygiene and health protection at work on the basis of the guidelines drawn up in 1975. To follow up the work begun since the advisory committee responsible for these areas was constituted, the Commission will also propose concrete measures for the prevention of risks inherent in certain manufacturing processes in the chemical industry (second half of the year).

It will stipulate the medium-term research objectives to be promoted in the social sphere pursuant to the ECSC Treaty (fourth quarter).

Worker participation in preparing Community policies

110. The Commission hopes to extend the active participation of the two sides of industry here. It envisages in particular:

- (i) Commission aid to workers' organizations with a view to setting up a European Trade Union Institute;
- (ii) continued talks with management and labour in various industries for the purpose of consulting them on the subject of common policies and intensifying joint meetings in the most important sectors of the economy.

Regional policy

111. The machinery of the European Regional Development Fund and the Regional Policy Committee set up last year should become fully operational in 1976.

The Fund is in fact already working, but the emphasis must now be on ensuring that it is used as effectively as possible to correct the Community's main regional imbalances. The Commission will therefore make a special point of ensuring that the Fund's resources go mainly to the regions which suffer from the most serious imbalances and that projects in these regions receiving assistance from the Fund are projects making a genuine contribution to their development. If the situation in the least-favoured regions is to be improved as quickly as possible, the total resources allocated to them must be increased. The Commission will therefore see to it that assistance from the Fund has a more clearly complementary character in supporting the efforts being made by the Member States themselves.

The first regional development programmes drawn up on the basis of the standard outline approved by the Regional Policy Committee will be sent to the Commission in the coming year.

112. The Commission is nevertheless well aware of the fact that use of these two instruments cannot suffice alone to eliminate the disparities between the regions of the Community.

In this respect it is important to increase the impact at regional level of the financial instruments at the Community's disposal. To this end the Commission has set up machinery to improve the coordination of instruments affecting the regions within its own

departments, and the effect of these measures should begin to be felt in the coming year.

In the same context, the Commission is endeavouring to achieve fuller coordination of Community policies to bring about a higher degree of convergence between the objectives of the agricultural, industrial, social and external policies in particular and those of the Community's regional policy.

With the same objective of coordination of Community policies, the Commission is pressing for the implementation of the principles of coordination of regional aids, and this should also help to concentrate effort on those regions where measures are most needed.

113. Finally, in the present economic situation, dominated by unemployment and inflation problems, the Commission would stress the importance of effective structural policies, particularly of regional policies, which have a decisive contribution to make to efforts to deal with the basic causes of these difficulties.

Environment policy

114. During 1976 the Commission will carry on implementing the action programme approved by the Council on 22 November 1973 and the decisions taken by the Council at its meetings of 7 November 1974, 16 October 1975 and 8 December 1975,¹ concentrating on work scheduled for 1975 which could not be completed for lack of funds.

The Commission will give priority to the fight against water pollution at both Community and international level.

115. In the first quarter the Commission will make proposals for a number of directives defining quality objectives for fish- and shellfish-breeding waters. In the same field, the Commission will transmit proposals to set up a procedure for the exchange of information on the monitoring of pollution of fresh surface waters and on the methods of measurement to be used to determine their quality.

As regards the protection of the environment and natural species, the Commission will present a proposal for a directive concerning the protection of certain species of birds.

¹ Eighth General Report, point 253; Point 237 of the attached Report.

116. During the second and third quarters the Commission will send to the Council a proposal for a directive concerning the transport, storage and treatment of toxic and dangerous wastes and also appropriate proposals for controlling the use of new chemical substances likely to be harmful to health and the environment.

117. During the fourth quarter the Commission will present two proposals for directives concerning water pollution, the first on the protection of underground water and the second on the definition of quality objectives for irrigation water.

During this same quarter the Commission will make known the results of its work on the evaluation of the environmental effects of waste heat from power stations and on the definition of criteria and guidelines which must be taken into consideration or followed, as the case may be, in the selection and operation of nuclear power stations.

Lastly, the Commission will, in the context of the Washington Convention, make suitable proposals for harmonizing the implementing measures to protect species of flora and fauna threatened with extinction.

118. Another noteworthy step in 1976 will be the presentation to the Council during the second quarter of a communication concerning a second programme of action on the environment.

The Commission will also ensure that the Community actively participates in the various Conventions to which it is already party (Paris Convention for the Prevention of Marine Pollution from Land-based Sources) or which it will be called upon to negotiate (Outline Convention on the Protection of the Mediterranean Marine Environment against Pollution, Convention for the Protection of the Rhine against Chemical Pollution, Strasbourg Convention for the Protection of International Watercourses against Pollution).

Protection of consumer interests

119. The Commission will continue its work on the implementation of the European Economic Community's preliminary programme for a consumer information and protection policy, which was approved by the Council on 14 April 1975.¹

A number of proposals which the Commission had hoped to send to the Council in 1975 required more time than expected owing to the complex nature of the subjects dealt

¹ Points 240 and 241 of the attached Report.

with and the new approach involved. The proposal already referred to on the labelling of foodstuffs¹ is due to go to the Council during the first quarter of 1976. Proposals for directives on contracts concluded outside business premises should be transmitted to the Council during the second quarter and will be followed during the third quarter by proposals for directives on consumer credit² and the standardization of quantitative conditions for the marketing of certain prepackaged goods. This last proposal will be accompanied by another concerning unit pricing of foodstuffs sold by weight or volume. Also during the third quarter, a proposal for a directive on home study courses will be presented to the Council.

120. The Consumers' Consultative Committee will continue to receive the support of the Commission and during the last quarter of the year the Commission will organize a meeting of all the consumer organizations in the Member States.

¹ Point 65 of this Memorandum.

² Point 86 of this Memorandum.