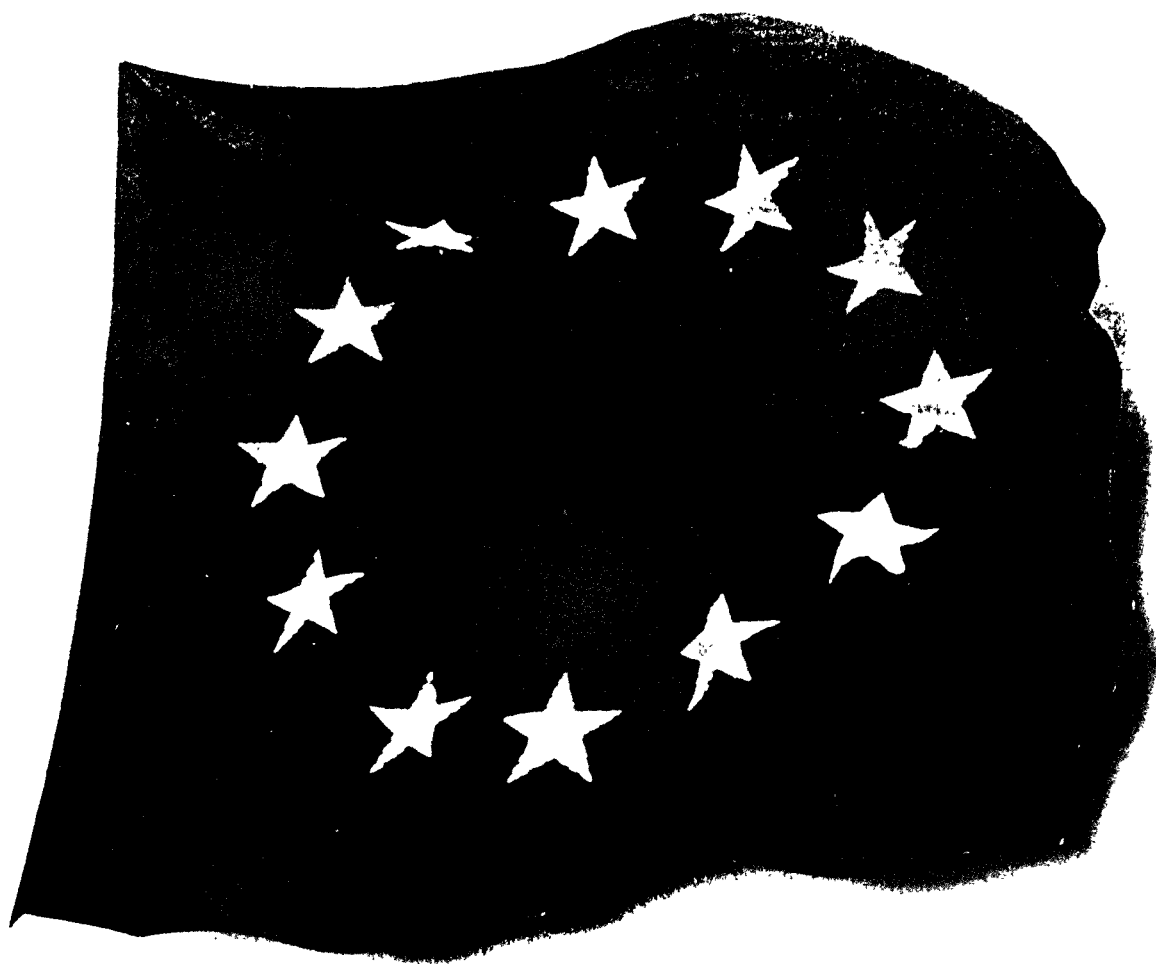


Bulletin of the European Communities

Commission



No 5 1987 Volume 20

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Commission

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References in text and footnotes

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

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

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

ECU	=	European currency unit
BFR	=	Belgische frank / Franc belge
DKR	=	Dansk krone
DM	=	Deutsche Mark
DR	=	Greek drachma
ESC	=	Escudo
FF	=	Franc français
HFL	=	Nederlandse gulden (Hollandse florijn)
IRL	=	Irish pound / punt
LFR	=	Franc luxembourgeois
LIT	=	Lira italiana
PTA	=	Peseta
UKL	=	Pound sterling
USD	=	United States dollar

1. Exceptional budget difficulties in 1987 and 1988

1.1.1. Mr Delors made the following statement to Parliament on 13 May in the debate on the Commission's communication 'The Single Act: A new frontier for Europe':¹

'It is not possible, despite the assertions of certain governments and certain Finance Ministers, to find a short-term solution without looking to the medium term. Why not? Because the 1987 budget, as it stands, does not incorporate the objectives of the Single Act. It is simply the consequence of past commitments: enlargement, the integrated Mediterranean programmes. The 1988 budget, as proposed by us, does not incorporate the ambitions of the Single Act. It is simply the consequence of past commitments. And the 1987 budget is short of five — or six — million ECU in resources, while the 1988 budget corresponds to a VAT take of about 1.7%! If we have no medium-term solution, if we do not look to the medium term, we cannot settle the short-term problems. For we have not, I repeat, taken the commitments embodied in the Single Act into account in the 1987 and 1988 budgets. So true is this that we have formally told the governments, in a letter addressed to the Heads of Government and more recently to the Finance Ministers, that if no solution is found at the European Council meeting in June, the Commission will refuse to use any of the expedients of the past, in which event it will be obliged to reduce agricultural payments by 30% and structural Fund expenditure by 50%.

That is what we will do from the start of July in the absence of a decision by the European Council.'

In the letter he sent to the Heads of State or Government of the Member States on 10 April, Mr Delors stressed the gravity of the Community's budgetary situation and rejected the makeshifts resorted to in the past in order to balance the budget. He made it clear that if the proposals contained in preliminary draft supplementary budget No 1/87, which was sent to the budgetary authority on 27 May,² namely the change in the system for financing the EAGGF Guarantee Section and the provision of additional resources by means of an inter-governmental agreement, were not accepted by the beginning of July at the latest, the Commission would be obliged to take the necessary stopgap measures.

Letter from Mr Delors to the Heads of State or Government

'As I made quite clear at the meeting of the European Council in London at the request of the Prime Minister of the United Kingdom, it is no longer possible for the Community to have recourse to makeshifts for balancing its budget.

Solutions such as allowing agricultural stocks to build up or carrying over the deficit from one year to the next have proved to be harmful and are contrary to the spirit of discipline which needs to be displayed in the management of the Community budget as in the management of national budgets.

During the tour of capitals which I undertook at the request of the London European Council, I stated that the 1987 budget showed a large deficit (over 5 000 million ECU). ...As the Commission now refuses any makeshift solutions, it must choose between only two possible ways of balancing the 1987 budget:

(i) It could match total expenditure with revenue by stopping the payment of agricultural expenditure and reducing other expenditure in line with the resources available. The Member States would then have to meet the cost of payments due under the common agricultural policy.

(ii) It could also propose that the Council adopt decisions making the necessary amendments to all the agricultural regulations to keep expenditure within the inadequate appropriations fixed for 1987. Agricultural expenditure would then be cut drastically.

However, in the hope that it will serve a useful purpose, the Commission has felt that it ought to prepare a preliminary draft supplementary and amending budget for 1987 to be financed by inter-governmental advances, as has been done in the past, and to propose a change in the system for financing the common agricultural policy to replace advances by reimbursements to the Member States.

If no decision accepting this course of action is taken by the beginning of July, the Commission will be obliged to adopt one of the two solutions set out above to balance the 1987 budget and keep it within the currently available resources. It is now up to the Member States to assume their

¹ Supplement 1/87 — Bull. EC; Bull. EC 2-1987, point 1.1.1 *et seq.*

² COM(87) 234.

political responsibilities and to take action to deal with this serious state of affairs which will very shortly endanger the normal operation of the Community and its main common policies.

In its recent communication of 15 February 1987 entitled "The Single Act: A new frontier for Europe", the Commission clearly showed that the current financial arrangements have reached their limit, leaving no alternative but to resort to make-shifts. This situation cannot be allowed to continue. The Community must now be given the resources it needs to achieve the objectives it set itself in the Single Act.

The Commission therefore persists in its view that the Brussels European Council scheduled for the end of June must take decisions on the basis of the Commission proposals presenting a medium-term perspective for the Community.

Everything points to the need for the Community to have a system of own resources which is adequate, stable and guaranteed. It must also be given a sufficiently lengthy period of budgetary security, subject to real budgetary discipline and strict management, for which the Commission has also made appropriate proposals. ...'

Preliminary draft supplementary and amending budget No 1/87¹

The problems facing the budget in 1987

1.1.2. The problems facing the budget in 1987 are as follows:

- (i) The 1986 financial year closed with a deficit of around 821 million ECU.
- (ii) The latest estimates of own resources for 1987 from customs duties and agricultural levies put the net shortfall at over 1 300 million ECU. This is mainly due to the sharp decline of the dollar.
- (iii) The 1987 budget earmarked 22 969.8 million ECU for EAGGF guarantee expenditure. However, the latest estimates of expenditure in 1987 suggest that it will be some 3 900 million ECU higher.

The adoption by the Council (which has still to reach its decisions, even though deadlines are well past) of the farm price package proposed by the Commission (including the proposals concerning the tax

on vegetable fats) should produce savings of some 1 100 million ECU in 1987.

The Commission's proposals

1.1.3. The Commission proposes that the overall deficit be covered by two sets of measures:

(i) The EAGGF guarantee deficit will be met by switching from the advances system to a reimbursement system. This will save the Community from having to finance in 1987 expenditure by the Member States after the budget appropriations have all been used up, i.e. roughly the expenditure of the last two months of the year. The main objective of this change is to impose tighter control over agricultural spending. The Commission sent the appropriate proposal to the Council on 6 May (→ point 2.1.177).

(ii) In order to cover the 1986 deficit and the shortfall in resources for 1987 a supplementary and amending budget will have to be adopted by the budgetary authority to call in the resources still available this year under the 1.4% VAT ceiling (627 million ECU) and to provide for the Member States to make available an amount to cover the remainder of the deficit (1 507 million ECU) under an intergovernmental agreement.

Consequences of a failure to reach a decision within the required time limit

1.1.4. The political situation must be clarified before the European Council meeting on 29 and 30 June. If, by the beginning of July, there is no prospect of its budgetary proposals and/or its proposals on the financing of the CAP being adopted, the Commission will be obliged to reassess the situation, present the appropriate proposals to the Council and Parliament, and take the necessary stopgap measures.

¹ COM(87) 234.

The EAGGF guarantee appropriations will be exhausted in October unless a decision is taken on the Commission's proposals. Since it does not want a large deficit to be carried over from 1987 to 1988, the Commission would propose in early July that the Council decide that the Community budget will finance only that part of CAP expenditure for which appropriations are entered in the 1987 budget, i.e. 70% of actual requirements. The Member States would have to cover the other 30% which would not be financed by the Community budget.

The Community would also have to make substantial cuts in non-agricultural expenditure, even in important policy areas such as the structural Funds and research. This would obviously be a very serious and delicate move politically.

Finally, if this state of affairs were to continue, the Community's cash position would be seriously affected.

It is now up to the Council, the Member States and Parliament to assume their political responsibilities and to take action to deal with this serious state of affairs which will very shortly endanger the normal operation of the Community and its main common policies.

Preliminary draft budget for 1988

1.1.5. In the preliminary draft budget which it adopted on 14 May and which it will be sending to the budgetary authority, the Commission outlines the budgetary strategy underlying its proposals for 1988.¹

The Commission's budgetary strategy

1.1.6. The Commission's starting point is that the preliminary draft budget for 1988 must translate into material terms the whole range of the Community's political, economic and social objectives, 1988 will see the first steps in the move towards the Community's new frontier. It will be the first

full year of implementation of the Single European Act and operation of the proposed new own resources system, which is a key element for the successful application of the Single Act. It must therefore also see the continued strengthening of the single market, the continued integration of Spain and Portugal and the reinforcement of the Community's strategy for cohesion.

1.1.7. The 1988 budget must be based on a sound financial situation. The Commission's proposals for 1988 assume therefore that its proposals for a supplementary and amending budget for 1987 will be adopted and that the underprovision for CAP spending in 1987 can be met by changing the financing arrangements from a system of advances to one of reimbursements.

1.1.8. The 1988 budget will be a difficult one. It has been established in such a way as to:

- (i) cover in full the Community's expenditure requirements in 1988, with allowance being made for the expected outturn of the 1987 budget, the realistic possibilities for implementing commitment and payment appropriations during 1988, and the need to avoid carrying over appropriations to 1989;
- (ii) adhere to the profile of expenditure presented for 1988 in the 1988-92 multiannual forecasts;²
- (iii) be based on a realistic estimate of the 1987 budgetary position, both in relation to EAGGF guarantee expenditure and to the underlying revenue position.

1.1.9. The financing of the preliminary draft budget by the new own resources system means that the existing 1.4% VAT ceiling of own resources should not artificially confine the Commission's expenditure forecasts. Indeed, the preliminary draft budget would require a VAT rate of 1.7% if it were to be financed with own resources as they

¹ COM(87) 240.

² Bull. EC 3-1987, point 2.3.1.

stand at present. Maximum progress must be made therefore towards agreement on increased own resources at the June European Council if the preliminary draft is to go through.

1.1.10. The 1988 preliminary draft must cover all the Community's obligations and mark a return to budgetary truth. This is the case not only for the CAP but also for non-compulsory expenditure where the amounts requested reflect the Community's effective scope for spending the appropriations. Payments against past commitments and the depreciation and disposal of surplus agricultural stocks will have a major impact on the budget in 1988.

1.1.11. The preliminary draft has been drawn up in accordance with the proposals

for the financing of the Community during the period 1988-92 as described in the Commission communication 'The Single Act: A new frontier for Europe'¹ and in its report of February last setting out the financial perspective for 1988-92.² The Commission's proposals in those documents concerning new own resources, the reform of the CAP and the structural Funds, budgetary discipline, better budgetary planning and management are all reflected in the 1988 preliminary draft. It is therefore an integral part of the negotiations on the future financing of the Community.

¹ Supplement 1/87 — Bull. EC ; Bull. EC 2-1987, point 1.1.1 *et seq.*

² Bull. EC 3-1987, point 2.3.1.

2. The Val Duchesse social dialogue

1.2.1. On 7 May Mr Delors, the President of the Commission, Mr Marin, the Commission Vice-President responsible for employment and social affairs, and Mr Pfeiffer, the Commission Member responsible for economic affairs, met at the Palais Egmont in Brussels with the partners in the social dialogue (the Union of Industries in the European Community, the European Trade Union Confederation and the European Centre of Public Enterprises) in the presence of the current presidency of the Council represented by Mr Martens, the Belgian Prime Minister, Mr Maystadt, the Minister for Economic Affairs and Mr Hansenne, the Minister for Employment.

This meeting was a first in the still recent history of the social dialogue, which began with the meeting on 31 January 1985 at Val Duchesse,¹ continued on 12 November 1985² and resulted, on 6 November 1986³ and 6 March 1987,⁴ in the adoption of two

joint opinions on support for the strategy for growth and employment proposed by the Commission and the new technologies and their impact on undertakings and workers. The purpose of the meeting was to verify the agreement of the two sides of industry on the two joint opinions and present them to the presidency of the Council, but also to define the main thrust of future work in this field.

The dialogue will thus continue within the two working parties which drew up the abovementioned opinions. The first (macro-economics) will look at topics left pending (reduction of State expenditure, organization and duration of working time, etc.) and the Commission's communication

¹ Bull. EC 1-1985, point 2.4.19.

² Bull. EC 11-1985, point 2.5.15.

³ Bull. EC 11-1986, point 2.1.101.

⁴ Bull. EC 3-1987, point 2.1.93

entitled 'The Single Act: A new frontier for Europe'⁵, while the other (new technologies and social dialogue) will turn its attention to the external and internal adaptability of firms and the organization of the labour market. While the two sides of industry confirmed their support for the implementation of the strategy of cooperation for growth and employment and the completion by 1992 of the internal market taking account of the social aspects, the Commission was pleased with their joint readiness to deepen and consolidate their direct dialogue in the areas for which they are responsible. For its part, the Commission declared itself ready to act in an organizing and promotion capacity while

fully respecting the autonomous will of the parties, though without prejudicing the exercise of the powers conferred upon it by the Treaties and the Single Act.

Mr Martens stressed the importance which the Belgian presidency attached to the social dialogue in making a success of the major industrial, technological and social changes which have to be made if Europe is to achieve its ambitious aims as regards employment and social justice and promised to place before the June European Council meeting the joint opinions drawn up by the two sides of industry.

⁵ Supplement 1/87 — Bull. EC; Bull. EC 2-1987, point 1.1.1 *et seq.*

3. The Council reaches agreement on Erasmus

1.3.1. On 14 May the Council and the Ministers for Education meeting within the Council agreed to the European action scheme for the mobility of university students (Erasmus)¹ in response to the request made by the meeting of the European Council held in London in December 1986.²

In reaching agreement on Erasmus, the Council set a cornerstone in the building of a people's Europe. Erasmus will improve our ability to overcome the traditional barriers which hamper student mobility such as the absence of recognition of periods of study abroad, the limited number of cooperation agreements between universities, the high cost of travel and living abroad, and the inadequate infrastructure for studying the language of the host country.

Erasmus directly concerns some six million university students in the 12 Member States

and will enable some of them to carry out part of their studies at a university in another Member State, thus contributing to a strengthening of European identity.

The action scheme

1.3.2. The scheme agreed to by the Council covers four lines of action:

(i) the establishment and exploitation of a European network for cooperation between universities: the participating universities will conclude agreements on exchanges of students and teachers with the other Member States of the Community and will recognize periods of study abroad;

¹ OJ C 73, 2.4.1986; Bull. EC 1-1986, point 2.1.63; Bull. EC 11-1986, point 2.1.106.

² Bull. EC 12-1986, point 1.1.11.

(ii) direct financial assistance for students who pursue a course of study at a university in another Member State: the average annual grant will be 2 000 ECU and will cover mobility expenses. So that a student may be entitled to the financial aid provided by the Erasmus scheme, the period of study he or she spends in a Member State other than his or her own must be recognized *in toto* by the university where he or she normally studies.

Recipients of Erasmus grants will be entitled to other advantages as well: they will not have to pay registration fees at universities in the host country and the grants they receive in their own country will continue to be paid during the period of study spent at a university in another Member State;

(iii) the measures to improve academic recognition of diplomas and periods of study spent in another Member State thus make up, on an experimental basis, a transferable course credit system;

(iv) supplementary measures such as conferences, intensive courses, assistance for university associations and Erasmus prizes are likewise provided for.

The sum of 85 million ECU has been earmarked for the first three academic years of the scheme (1987/88 to 1989/90). The

breakdown of the commitment appropriations in this total are as follows: 10 million ECU charged to the 1987 budget, 30 million ECU charged to the 1988 budget and 45 million ECU to the 1989 budget. The balance of the appropriations earmarked in 1989 will be used to finance operations in the first half of 1990.

Of the 85 million ECU, 31 million will be allocated to the European network for cooperation between universities, academic recognition of diplomas and periods of study and supplementary measures while 54 million will be devoted to study grants.

At least 25 000 students in the Community will receive Erasmus grants during the first three years of the scheme. Some 3 000 subsidies will be granted to universities to enable them to set up programmes for exchanging students and teachers.

At a press conference following the Council meeting, Mr Marín, the Commission Vice-President responsible for education and training, expressed his gratification over the adoption of the scheme. It is a scheme which concerns the universities and young people, a scheme which—unlike the traditional idea we have of Community action—directly affects the European citizen. It is a programme of hope, which will bear fruit, he said.

ACTIVITIES
IN MAY 1987

1. Building the Community

Economic and monetary policy

Council

2.1.1. At its economic and financial affairs meeting on 11 May, the Council worked out an approach to the reference framework for the 1988 budget (→ point 2.3.3) and, as part of a discussion on the Commission communication 'The Single Act: A new frontier for Europe',¹ it examined the 1987 budget situation (→ point 2.4.5). It also held an initial exchange of views on the proposed Decision on the financing of major Community infrastructure projects (→ point 2.1.5).

Economic situation

Economic forecasts for 1987 and 1988

2.1.2. On 21 May the Commission published the results of the new round of economic forecasts including, on the basis of the most recent data available, a revision of the forecasts for 1987 and initial figures for 1988 on a 'no policy change' assumption. The fears which the Commission outlined in its March communication to the Council² have now, unfortunately, been confirmed. Whereas in the autumn the Community economy was expected to grow by 2.8% in 1987,³ a figure of just over 2% is anticipated for 1987 and for 1988.

The downward revision was prompted mainly by developments on the international scene, particularly the larger-than-expected fall in the dollar against the ECU. The prospects for exports and hence for business investment have deteriorated sharply. The expected slowdown in growth is also reflected in the prospects for employment, with a rise of around 0.5% being forecast for 1987 and for 1988, and this will probably allow only a stabilization of unemployment at an already unacceptable level (around 12%). On the other hand, the previous forecast of low consumer price

inflation in 1987 is confirmed (3.2%), with much the same rate being predicted for next year. Finally, the Community's current-account surplus, which is expected to be down from 1.1% of GDP in 1986 to 0.7% in 1987, is likely to decline further in 1988 (0.4% of GDP).

European Monetary System

Operation of the EMS

2.1.3. On 12 May the Bank of Spain signed an instrument of accession to the Agreement of 13 March 1979 between the Central Banks of the Member States of the EEC laying down the operating procedures for the European Monetary System.⁴ In this connection, it also stated its intention of participating in the arrangements for creating ECUs by contributing 20% of its gold holdings and dollar reserves to the European Monetary Cooperation Fund on the occasion of the forthcoming three-month swap in July; in return, it will be credited with a corresponding amount of ECUs. These moves do not imply participation by the Bank of Spain in the EMS exchange-rate mechanism. Once these transactions have been completed, the position of Spain with respect to the EMS will be similar to that of the United Kingdom and Greece, the only difference being that the peseta is not yet in the ECU basket.

Free movement of capital

2.1.4. The Commission published two statements welcoming the measures liberalizing exchange controls and capital movements that had been notified to it by France and Italy. It views them as an encouragement to press ahead with the programme

¹ Supplement 1/87 — Bull. EC; Bull. EC 2-1987, point 1.1.1 *et seq.*

² Bull. EC 2-1987, point 2.1.2.

³ OJ L 385, 31.12.1986; Bull. EC 10-1986, point 1.1.1 *et seq.*

⁴ OJ L 379, 30.12.1979; Bull. EC 3-1979, point 2.1.1.

for complete liberalization of capital movements in the Community by 1992, which it launched in May 1986¹ and which began to take shape when a first directive was adopted in December 1986.²

The French authorities introduced measures to relax exchange controls in the business sector. Companies will in future be free to cover their exchange risks and to open foreign-currency accounts in France or abroad in which they may hold balances equivalent to up to three months of their foreign turnover. The conditions for settlements abroad have also been simplified and companies will be able to borrow freely in foreign currency. For their part, the Italian authorities have scrapped the requirement whereby Italian residents had to lodge a non-interest-bearing deposit when purchasing foreign securities or real estate abroad. This decision, which follows on from earlier liberalization moves,³ renders virtually superfluous the derogation from Community rules governing capital movements that was granted by the Commission to the Italian authorities under Article 108(3)⁴ and that expires on 19 December 1987.

Development of new financial instruments — Financial engineering

Financing of major Community infrastructure projects

2.1.5. In the light of the ideas set out in a more general communication on financial engineering,⁵ the Council held an initial exchange of views on the Commission's proposals for the financing of major Community infrastructure projects.⁶ It noted that the emergence and implementation of such projects faced a wide range of obstacles that had been identified by the Commission. Accordingly, it called on the Economic Policy Committee to produce a report pinpointing all the economic aspects of the problem and instructed the Working Party on Financial Questions to examine the strictly financial aspects.

Monetary Committee

2.1.6. At its 333rd meeting, held in Brussels on 5 May with Mr Tietmeyer in the chair, the Monetary Committee discussed possible ways of strengthening the EMS. It also examined the economic and financial situation in Ireland.

Internal market and industrial affairs

Completing the internal market

Implementation of the White Paper

2.1.7. On 11 May the Commission sent the Council its second report⁷ on the implementation of the White Paper on completing the internal market.⁸ Generally it finds the results disappointing but not discouraging.

By that date the Commission had sent the Council 175 of the 300 proposals set out in the White Paper timetable. Nearly half of the backlog relates to the agricultural sector. However, the Commission intends to submit before the end of the year all the proposals required in areas of strategic importance: opening up the public procurement market, harmonizing industrial standards, liberalizing capital movements and devising a common structure of indirect taxation.

The Council's performance gives much more cause for concern since 112 proposals are still waiting for a decision in spite of its

¹ Bull. EC 5-1986, point 1.2.1 *et seq.*

² OJ L 332, 26.11.1986; Bull. EC 11-1986, point 1.1.1.

³ Bull. EC 6-1986, point 1.3.4.

⁴ OJ L 171, 28.6.1986; Bull. EC 6-1986, point 1.3.4; OJ L 63, 6.3.1987; Bull. EC 2-1987, point 2.1.3.

⁵ Bull. EC 12-1986, points 1.3.2 to 1.3.7.

⁶ OJ C 80, 27.3.1987; Bull. EC 12-1986, points 1.3.8 to 1.3.13.

⁷ COM(87) 203 final; Bull. EC 5-1986, point 2.1.9 (first report).

⁸ Bull. EC 6-1985, points 1.3.1 to 1.3.9.

efforts to improve the organization of its work. It is chiefly the Council meetings on agriculture and economic/financial affairs which are responsible for the delays.

It is also up to Parliament to ensure that its opinions are given in good time so as not to hold up Council decisions.

The report goes on to mention that the Council has not shown sufficient recognition of the need for a major change in its working methods to speed up decisions and act on the political commitment to meet the 1992 objective. Finally, the report stresses the adverse effect of the delay in entry into force of the Single European Act as regards implementation of the White Paper. The Commission is hoping that the considerable increase (two thirds of the 300 proposals) in the number of cases where the Council votes by qualified majority, as provided for by the Single Act, will give new impetus to its work and enable it to eliminate the present backlogs.

A people's Europe

Civil protection

2.1.8. On 25 May the Council and the Representatives of the Governments of the Member States meeting within the Council approved a resolution incorporating most of the proposals transmitted by the Commission in April concerning civil protection.¹ This resolution is the first major step towards concerted action for civil protection in areas that directly and materially concern the people.

The text of the resolution is as follows:

'The Council and the Representatives of the Governments of the Member States meeting within the Council:

1. Hereby decide to introduce a guide to civil protection at Community level. The Commission:

(i) is requested to finalize this guide within six months with the help of a Committee of Experts from the Member States;

(ii) will regularly update the guide.

2. Hereby decide that the abovementioned guide will include a list of liaison officers from the Member States and the Commission in the civil protection field so that the information collected will help to produce a clearer picture of the assistance available in each Member State in the event of a disaster, enabling such assistance to be better and more swiftly used.

3. Hereby agree that regular meetings of Ministers and senior civil servants responsible for civil protection in the Member States may be held to ensure that the Member States are implementing the various initiatives which they will be responsible for deciding.

4. Hereby decide to encourage, in cooperation with the Commission, exchanges of persons responsible for civil protection as part of training programmes undertaken by the Member States, in particular in the course of regular simulation exercises which might receive Community support in a form or forms to be determined and be coordinated at Community level. The lessons learned from such exercises will be made available to the Member States.

5. Hereby agree to work towards better use of the data banks which exist in the civil protection field in order to promote detailed exchanges of information by all the Member States on the structures and resources available to deal with disasters; they therefore undertake to prepare together with the Commission, an inventory of the existing data banks with a view to improving their effectiveness.'

The only proposal not adopted was the one for the introduction of a single call number for use throughout the Community in an emergency. The Council will return to the matter at its next meeting.

Speaking at a press conference after the meeting Mr Carlo Ripa di Meana, the Member of the Commission with special responsibility for a people's Europe, expressed his satisfaction with this first meeting of ministers concerned with civil protection and with the decisions taken to show the man in the street that the Community is present and alive to the problems of our everyday existence.

He stressed that many other matters could be dealt with at the meetings the Council will now be holding regularly on this subject. For himself, he felt that the proposal

¹ Bull. EC 4-1987, point 2.1.5.

for a single call number should be taken up again as quickly as possible, since it will be a tangible symbol of Community solidarity and presence.

Another item to which he was very much attached was the involvement of young people. He thought that they would be ready and willing to take part in actions of solidarity; he referred to the enthusiasm and generosity of those who had helped salvage the cultural treasures of Florence from the Arno floods.

Mr Ripa di Meana was convinced that a civil aid service in the agencies called in to deal with disasters would be well received by the public and would help promote the feeling of belonging to the Community.

Free movement of persons and freedom to provide services

Mutual recognition of diplomas and access to occupations

Architects

2.1.9. The Advisory Committee on Education and Training in the field of Architecture held its inaugural meeting on 7 and 8 May. After electing its Chairman and two Vice-Chairmen, the Committee adopted its internal rules of procedure. It then set up a Working Party which will be responsible for drawing up the draft opinions to be issued by the Committee on diplomas notified by Member States with a view to their publication, so that they may be recognized by the other Member States.

Pharmacists

2.1.10. At its meeting on 13 May, the Pharmaceutical Committee held a preliminary exchange of information on the progress achieved in incorporating the two 'pharmacists' Directives of 16 September 1985¹ into the national law of Member States, a process which must be completed by 1 October of this year.

Midwives

2.1.11. At its meeting on 19 and 20 May, the Advisory Committee on the Training of Midwives adopted a second report and recommendations concerning the Annex to the Directive on the coordination of training for midwives of 21 January 1980,² which lays down a minimum training programme. The Committee then heard several statements on the situation in respect of continuing training in various Member States.

Free movement of goods

Removal of technical and administrative barriers to trade

Industrial products

2.1.12. On 15 May the European Parliament approved³ the Commission proposals amending the Council Directive⁴ of 19 December 1974 relating to the making-up by volume of certain prepackaged liquids and that⁵ of 15 January 1980 relating to the ranges of nominal quantities and nominal capacities permitted for certain prepackaged products.⁶

2.1.13. In May the European Parliament³ and the Economic and Social Committee (→ point 2.4.26) approved the proposal to amend the Council Directive⁷ of 4 March 1974 relating to the EEC type-approval of wheeled agricultural or forestry tractors.⁸

Foodstuffs

2.1.14. On 26 May and 1 June, acting on the opinion delivered by Parliament on 10

¹ OJ L 253, 24.9.1985.

² OJ L 33, 11.2.1980.

³ OJ C 156, 15.6.1987.

⁴ OJ L 42, 15.2.1975.

⁵ OJ L 51, 25.2.1980.

⁶ OJ C 317, 10.12.1986; Bull. EC 12-1986, point 2.1.21.

⁷ OJ L 84, 28.3.1974.

⁸ OJ C 88, 3.4.1987; Bull. EC 1-1987, point 2.1.9.

March,¹ the Commission amended the four proposals for Directives² which it had sent to the Council on 17 April 1986 relating to materials and articles intended to come into contact with foodstuffs;³ foodstuffs intended for particular nutritional uses;⁴ the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer;⁵ and additives authorized for use in foodstuffs intended for human consumption.⁶

2.1.15. In compliance with the Council Directive of 15 July on the exploitation and marketing of natural mineral waters,⁷ which entered into force on 17 July 1984, the Netherlands communicated a new list of recognized mineral waters to the Commission.⁸

2.1.16. On 13 May the Economic and Social Committee issued an opinion on the proposal to amend the Council Directive⁹ of 24 July 1979 on the approximation of the laws of the Member States relating to fruit jams, jellies and marmelades and chestnut purée (→ point 2.4.27)¹⁰

Pharmaceutical products

2.1.17. On 15 May the Council and the Ministers for Health meeting within the Council requested the Commission and the Member States to study ways of making the use of the leaflets accompanying proprietary medicinal products more systematic and making them easier to read and understand and to enter into consultations with all the interested parties so as to enable the Commission to draw up the proposals envisaged in this area for 1990 as set out in the White Paper on completing the internal market.¹¹

2.1.18. On 26 May the Council (Social Affairs) authorized the Commission to conduct negotiations to enable the Community to accede to the Convention on the Elaboration of a European Pharmacopoeia.¹² Eighteen European countries have already signed this Council of Europe Convention.

Distributive trades

2.1.19. The opinion given on 31 March by the Committee on Commerce and Distri-

bution (CCD) on the draft Commission recommendation on a European code of good conduct relating to electronic payment systems is now available.¹³

2.1.20. The Committee also set up two *ad hoc* working parties, one on consultation of the industry on the draft Directive on package holidays and the other to discuss problems connected with itinerant traders.

Businesses

First report on the implementation of the action programme for SMEs

2.1.21. On 20 May the Commission adopted its first periodic report on the implementation of the Community action programme for small and medium-sized enterprises (SMEs) for transmission to the Council, Parliament and the Economic and Social Committee. This report was written in response to the Council resolution on the action programme and to the Council statement on reducing the administrative burden on business, both of which were adopted on 20 October 1986.¹⁴ The Commission concluded that, on the whole, substantial progress was being made on the programme, and in particular on:

¹ OJ C 99, 13.4.1987; Bull. EC 3-1987, points 2.1.12 to 2.1.14.

² OJ C 124, 23.5.1986; Bull. EC 4-1986, point 2.1.10; OJ C 116, 16.5.1986; Bull. EC 4-1986, point 2.1.10.

³ OJ C 154, 12.6.1987; COM(87) 239 final.

⁴ OJ C 161, 19.6.1987; COM(87) 241 final.

⁵ OJ C 154, 12.6.1987; COM(87) 242 final.

⁶ OJ C 154, 12.6.1987; COM(87) 243 final.

⁷ OJ L 229, 30.8.1980.

⁸ OJ C 137, 22.5.1987; OJ C 103, 16.4.1987; OJ C 96, 24.4.1986.

⁹ OJ L 205, 13.8.1979.

¹⁰ OJ C 25, 3.2.1987, Bull. EC 11-1986, point 2.1.20.

¹¹ Bull. EC 6-1985, points 1.3.1 to 1.3.5.

¹² Bull. EC 12-1986, point 2.1.32.

¹³ In French and English from the Directorate-General for Internal Market and Industrial Affairs, Distributive Trades Division.

¹⁴ Bull. EC 10-1986, point 1.3.1.

(i) assessment of the impact of Commission proposals on SMEs (impact statements);¹

(ii) establishment of a network of Centres for European Business Information;²

(iii) launching of a campaign to inform small businesses in each region of the Community;

(iv) adoption of the fourth instalment of the New Community Instrument (NCI IV),³ giving priority to innovative investment by SMEs;

(v) stepping-up of the Venture Consort pilot project, whereby the Community and the European Venture Capital Association (EVCA) jointly put up venture capital for fast-growing high-technology SMEs.

Improving the business environment

Economic and commercial law

2.1.22. On 25 May the Council and the Ministers for Justice meeting within the Council (→ point 2.4.3) adopted a resolution expressing the wish that the Brussels Convention of 27 September 1968 on jurisdiction and the enforcement of judgments in civil and commercial matters⁴ be extended rapidly to the whole of the Community. However, they noted that this would necessitate the opening of negotiations with Spain and Portugal at the earliest opportunity.

They also noted with satisfaction the progress achieved in negotiations for the conclusion with the EFTA countries of a parallel Convention alongside the Brussels Convention.

Public procurement

2.1.23. On 26 May the Commission decided to set up an Advisory Committee on the Opening-up of Public Procurement.⁵ This Committee, consisting of not more than 24 members, each appointed for a two-year term, will serve as a channel for techni-

cal, economic and legal information between the Commission and economic circles working on public supply, works and services contracts.

Export credit insurance facility

2.1.24. On 20 May the Commission adopted a proposal for a Council Regulation on the establishment of a European export credit insurance facility to cover export contracts to non-member countries sourced in more than one Member State (→ point 2.2.5).

2.1.25. At its May part-session the European Parliament adopted a resolution on small and medium-sized undertakings and craft industries (→ point 2.4.16).⁶

Steel

The Community steel industry

Market management

Crisis measures

Organization of the market

Restructuring

2.1.26. Following on from the conclusions⁷ adopted by the Council (Industry) on 19 March, the Commission reported on its contacts with Eurofer, the undertakings and the Member States concerned. It noted that the closures currently proposed

¹ Bull. EC 11-1986, point 2.1.22; Bull. EC 4-1987, point 2.1.16.

² Bull. EC 4-1987, point 2.1.18.

³ OJ L 71, 14.3.1987, Bull. EC 3-1987, point 2.1.3.

⁴ OJ L 304, 30.10.1978; Bull. EC 10-1978, point 2.1.21; Bull. EC 10-1982, point 2.1.13.

⁵ OJ L 152, 12.6.1987.

⁶ OJ C 156, 15.6.1987.

⁷ Bull. EC 3-1987, point 2.1.20 *et seq.*

by the undertakings were not likely to solve the problems generated by considerable surplus production capacity. Although it was up to the undertakings to decide on closures the Commission intended to propose Community measures to encourage them to reduce existing surplus capacity.

Moreover, no improvement in the European steel industry can be carried through without accompanying social, vocational retraining and regional measures being taken, which must be in compliance with the provisions laid down regarding aid but present no hindrance to measures designed to help cut down on staff numbers in undertakings closed down for good.

To this end the Commission intends to present the Council with proposals covering all the aspects connected with restructuring in order to help the Community steel industry to become competitive again as soon as possible while keeping to a minimum the regional and social consequences of the inevitable closures. As regards the quota system, the Commission proposes the liberalization of light long products and the development of a system containing restructuring incentives for flat products and heavy sections.

A working party made up of the Commission Members directly concerned by the various problems of the steel industry has been given the task of preparing a general proposal to cover not only the future of the quota system but also the accompanying social, vocational retraining and regional measures. Consequently, the discussions at the Council meeting (Industry) in June should largely be a general policy debate pending this general proposal from the Commission.

2.1.27. In view of the worsening steel crisis in the Community the European Parliament adopted on 14 March a resolution in which it calls on the Council and the Commission to continue and improve the measures they have initiated to remedy the problem (→ point 2.4.16).¹

2.1.28. In May the ECSC Consultative Committee adopted a resolution on the restructuring of the steel industry and the organization of the steel market (→ point 2.4.42).

Production quotas

2.1.29. On 5 May the Commission adopted² the final rates of abatement for the second quarter of 1987, which it had provisionally fixed³ on 23 February, lowering the rates for the production of hot-rolled strip and sheet, cold-rolled sheet and reversing-mill plate. These improvements were made possible by recent contracts obtained by a number of Community steel undertakings.

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

Table 1 — *Final abatement rates for establishing the production quotas for the second quarter of 1987*

<i>(m %)</i>	
Product	Production
Ia Hot-rolled strip and sheet	49
Ib Cold-rolled sheet	44
II Reversing-mill plate	46

The production quotas resulting from these rates show an increase of 294 000 tonnes compared with the initial tonnage of 4 450 000 for category Ia, a further 117 000 tonnes to be added to the 3 272 000 tonnes in category Ib and 22 000 tonnes for heavy plate (II) in addition to the initial tonnage of 1 249 000.

¹ OJ C 156, 15.6.1987.

² OJ L 118, 6.5.1987.

³ OJ L 54, 24.2.1987; Bull. EC 2-1987, point 2.1.15.

2.1.30. On 25 May the Commission adopted provisional abatement rates for the third quarter of 1987.¹ In so doing, it exercised caution and took account in particular of the seasonal effect. None the less, should market developments show that these rates are too limiting the Commission has the possibility of adjusting them up to the end of the first week of August, in line with the Decision of 27 November 1985 on the extension of the system of monitoring and production quotas for certain products.²

These rates, which are set out in Table 2, are for establishing the production quotas for the quarter in question.

Table 2 — *Provisional abatement rates for establishing the production quotas for the third quarter of 1987*

	Production	(in %) Share of quotas that can be delivered in the common market
Ia Hot-rolled strip and sheet	56	61
Ib Cold-rolled sheet	49	52
II Reversing-mill plate	48	62
III Heavy sections	54	60
IV Wire rod	42	40
VI Merchant bars	47	44

2.1.31. On 20 May the Commission decided to allow, under certain conditions, a proportion of the production quotas to be converted into quotas for delivery in the common market in order to take account of developments in exports to non-Community countries, which were particularly marked for some Community steel undertakings.¹

2.1.32. On the same day the Commission also decided to repeal¹ the Decision³ it had taken in November 1986 in an attempt

to avoid the transfer of references for products in category Ic (galvanized sheet), when liberalized, leading to the artificial swelling of the references for products remaining under the quota system. It appears from a verification of the data available that the repercussions of possible reference transfers are not of such a serious nature that they would justify the measure taken.

Market situation

2.1.33. Eurostat rapid reports show production in the Community — Greece excluded — calculated in terms of crude steel equivalent for May 1987 to be just over 11 million tonnes, compared with 10.62 million in April and 10.57 million in May 1986.

2.1.34. The production of crude steel in the Community — excluding Greece and Ireland — amounted to 10.62 million tonnes in April, a drop of 4.4% compared with the same month last year. However, a comparison of the beginning of the two successive years indicates a relative upswing, which would seem to be reflected, generally speaking, by seasonal effects. At world level, the United States recorded an increase of 4.8% in April 1987 compared with April 1986 whereas in Japan production fell over the same period by 2.5%.

2.1.35. The OECD Steel Committee set alarm bells ringing in the light of the development in production capacity. Surplus capacities are not coming down enough and in non-OECD countries capacities will increase still further in the coming years. In 1990 surplus capacity will be about 200 million tonnes a year.

Table 3 shows the change in crude steel production capacity, apparent consumption in 1985 and the prediction for 1990 in OECD and non-OECD countries.

¹ OJ L 136, 26.5.1987.

² OJ L 340, 18.12.1985.

³ OJ L 325, 20.11.1986; Bull. EC 11-1986, point 2.1.25.

Table 3 — *Change in crude steel production capacity, apparent consumption in 1985 and the prediction for 1990 in OECD and non-OECD countries*

	1985		1990		Annual change	
	Capacity	Consumption	Capacity	Consumption	Capacity	Consumption
Non-OECD countries						
Market-economy countries	115	106	142	123	+ 27	+ 17
Planned-economy countries	302	290	315	300	+ 13	+ 10
Total non-OECD countries	417	396	457	423	+ 40	+ 27
OECD countries	518	327	453	307	- 65	- 20
World total	935	723	910	730	- 25	+ 7

million tonnes

Trade with non-member countries

Imports

Autonomous measures

2.1.36. On 26 May the Council adopted a Regulation opening, allocating and providing for administration of a Community tariff quota for certain grades of ferro-phosphorus,¹ in order, following the request made by the Federal Republic of Germany, to extend for the second half of 1987 the duty-free quota for grades of ferro-phosphorus used for the manufacture of refined phosphoric iron or steel.²

2.1.37. The Commission initiated an anti-dumping proceeding concerning imports of iron or steel coils for re-rolling, originating in Algeria, Mexico and Yugoslavia.³ The complaint received by the Commission included proof of dumping practices and of injury to Community producers. For Mexico the export prices to the Community do not even cover production costs. Imports from the three countries increased by 300% from 1983 to 1986, going from 50 000 to 210 000 tonnes. Prices are 12 to 34% lower than Community prices, and thus Community producers are losing market shares. The complaint is accompanied by a demand for retroactive anti-dumping duties since

the importers had to be aware of the existence of dumping practices.

2.1.38. The Commission also gave notice of the expiry on 29 May of anti-dumping measures concerning certain welded steel tubes from Romania.⁴

2.1.39. On 18 May it also decided to impose a provisional anti-dumping duty on imports of ferro-silico-calcium originating in Brazil.⁵ The enquiry, which opened on 30 September 1986 following receipt of a complaint from Community producers, showed the existence of dumping and of injury.⁶ The market share held by the Community has fallen from 100 to 84.9%.

2.1.40. On 23 May the Commission served notice of the date for re-introduction of customs duties — 26 May 1987 — applicable to iron and steel coils for re-rolling originating in Yugoslavia.⁷

¹ OJ L 138, 28.5.1987.

² OJ L 157, 12.6.1986.

³ OJ C 126, 12.5.1987.

⁴ OJ C 128, 14.5.1987.

⁵ OJ L 129, 19.5.1987.

⁶ OJ L 244, 30.9.1986; Bull. EC 9-1986, point 2.1.29.

⁷ OJ C 138, 23.5.1987.

Research and technology

Community R&D policy

Coordination of national policies

2.1.41. At its meeting in Brussels on 14 and 15 May the Scientific and Technical Research Committee (Crest) held a wide-ranging discussion on the latest developments in science and technology policy in Belgium.

It also addressed the question of international scientific and technical cooperation, both within COST and between the States taking part in the Western Economic Summit, in the fields of controlled thermonuclear fusion, biology and biotechnology (Japan's human frontier project)¹ and high-energy physics.

The Committee felt that COST was most productive and that the form and method of its organization allowed a flexible and pragmatic approach to the launching of new initiatives. It therefore recommended that the Commission submit specific proposals relating to the future role of COST as soon as possible.

Plan to stimulate European scientific and technical cooperation and interchange

2.1.42. Codest, the Committee for the European Development of Science and Technology, met in Brussels on 26 May. It recommended the Commission to fund 24 new research projects as part of the plan to stimulate European scientific and technical cooperation and interchange, and emphasized that the uncertainty² surrounding the proposed framework programme³ of activities in the field of research and technological development (1987-91) should be removed as soon as possible.

It also discussed Japan's proposal regarding scientific and technical cooperation with its 'human frontier' biological research pro-

gramme¹ on the basis of preparatory work carried out by six eminent European scientists¹ and the outcome of preliminary discussions between Japan and certain Member States. In April Crest,⁴ the Scientific and Technical Research Committee, carried out a similar examination.

Internal cooperation

COST

2.1.43. On 12 May Austria signed a Memorandum of Understanding in respect of COST Project 88 'Methods for the early detection and identification of plant diseases'.

Sectoral R&D activities

Energy

Non-nuclear energy

2.1.44. From 15 to 22 May, under the research and development programme in the field of non-nuclear energy (1985-88),⁵ the Commission held the fourth European conference on biomass in Orléans in conjunction with various French and international bodies; the theme of the conference was 'Biomass for energy and industry'.

More than 50 papers were presented describing the latest developments, future prospects and outstanding problems with regard to the use of biomass, chiefly of vegetable origin (agricultural crops and waste and forestry products), in industrial or energy applications such as the production of bioethanol and biogas and new

¹ Bull. EC 2-1987, point 2.1.31.

² Bull., EC 10-1986, point 2.1.33, Bull. EC 12-1986, point 2.1.65; Bull. EC 2-1987, point 2.1.30; Bull. EC 3-1987, point 2.1.39.

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

⁴ Bull. EC 4-1987, point 2.1.34.

⁵ OJ L 83, 2.3.1985; Bull. EC 3-1985, point 2.1.41.

uses of starch or cellulose in the chemical industry.

Environment

2.1.45. From 18 to 22 May, under the Community programme of research in the field of the environment (1986-89),¹ the Commission held a symposium in Grenoble, in conjunction with the French Ministry of the Environment, on the effects of air pollution on land and water ecosystems.

This symposium provided an opportunity to take stock of the research into 'pollution climates', the effects of atmospheric pollutants on trees and forest ecosystems and on farms crops. The scientists taking part in this meeting were thus able to review the present state of knowledge on these issues and to identify the main gaps. They attempted, in particular, to determine the levels and concentrations of air pollutants below which undesirable effects were unlikely, in order to provide pointers for the environmental bodies responsible for taking preventive measures.

2.1.46. From 26 to 29 May, likewise under the programme of research in the field of the environment (1986-89),¹ an international conference on structure/activity relationships in the toxicological assessment of chemicals was held by the Commission, in Pisa, in conjunction with various international and Italian bodies and organizations, including the University of Pisa.

Health and safety

2.1.47. From 29 April to 3 May, under the third Community programme in the field of medical and public health research (1982-86),² the first European workshop on the use of lasers in medicine was held at Chania (Crete) under the auspices of the Commission.

The 40 papers presented enabled the many recent developments in the use of lasers for treatment of humans to be reviewed and

their advantages and limitations compared. Lasers are used—most commonly in the context of new surgical and microsurgical techniques—in virtually every major sector of medical treatment, including haematology, dermatology, gastro-enterology, pneumology, gynaecology and neurology.

2.1.48. From 5 to 8 May, under the programme of research in the field of radiation protection (1985-89),³ a workshop took place at Dreieich (Frankfurt/Main) on the effects of low-dose radiation on the immune system; it was held under the joint auspices of the Commission, the Jülich nuclear research centre, the US Department of Energy and the Electrical Power Research Institute (Palo Alto).

Thirty-five scientists from the Community, the United States and Japan, i.e. virtually the entire body of specialists in this particular field, attended the workshop. In the light of present knowledge of the biological and molecular mechanisms of the action of low radiation doses on the immune system, they examined the effects of radiation-induced modifications of the immune system as regards carcinogenesis and ageing. They also noted the availability of fresh data relating to survivors of atomic explosions, although most of these data concerned the effects of high radiation doses.

Agreeing that findings to date suggested that low radiation doses have no detectable adverse effects on the immune system, the participants concluded that future research should make it possible to improve understanding of the processes of restoration of the immune system and recovery after exposure to radiation and of the immunological factors in carcinogenesis and ageing.

¹ OJ L 159, 14.6.1986; Bull. EC 6-1986, point 2.1.67.

² OJ L 248, 24.8.1982; Bull. EC 7/8-1982, point 2.1.86.

³ OJ L 83, 25.3.1985; Bull. EC 5-1985, point 2.1.141.

Telecommunications, information technology and innovation

Dissemination and utilization of research results

2.1.49. Four inventions resulting from the Community R&D programmes were displayed at the International Waste Disposal Fair (IFAT '87) held in Munich from 19 to 23 May.

Innovation

Modernization of traditional industries

2.1.50. As part of the plan for the transnational development of the supporting infrastructure for innovation and technological transfer,¹ two of the three sectoral groups on the modernization of traditional industries² met in May to review progress to date and discuss future measures. The Footwear Industry Group met in Kettering (UK) on 6 May to discuss CAD-CAM (computer-aided design/computer-aided manufacturing) questions. The Ceramic Industry Group met in Bologna on 11 May to discuss pilot projects for the reduction of pollution and energy consumption in the ceramic industry.

Information services

2.1.51. The fourth meeting of the 'legal observatory'³ held in Luxembourg on 14 May, was devoted to data protection. Action by the Community was considered necessary both as regards the general principles of data protection and in the context of the specific sectors in which new information technologies are being used.

2.1.52. The Information Services Users' Group⁴ met in Luxembourg on 19 May. Examining a working document submitted by the Commission, the Group was broadly

in favour of the criteria and key elements of a small number of demonstration projects, which are designed to promote the opening-up of the information services market.

Customs union and indirect taxation

Customs union

Simplification of customs formalities

Single administrative document

2.1.53. On 20 May the Community, represented by Mr Willy De Clercq, Member of the Commission with special responsibility for external relations and trade, met EFTA ministers in Interlaken, Switzerland, for the signing of the Convention on the simplification of formalities in trade in goods (single administrative document)⁵ (→ point 2.2.14). The Council adopted a decision concluding the Convention on 28 April.⁶

Common transit

2.1.54. On 15 May the Council gave its approval for the signing of a Convention between the Community and the EFTA countries on a common transit procedure, initialled at Geneva on 20 March.⁷ The Convention was signed at Interlaken on 20 May by Mr De Clercq on behalf of the Community and by the EFTA ministers (→ point 2.2.14).

¹ OJ L 353, 15.12.1983, Bull. EC 10-1983, point 2.1.32.

² Bull. EC 1-1987, point 2.1.32.

³ Bull. EC 10-1986, point 2.1.54.

⁴ Bull. EC 2-1987, point 2.1.43.

⁵ Bull. EC 3-1987, point 2.1.59.

⁶ Bull. EC 4-1987, point 2.1.47.

⁷ Bull. EC 3-1987, point 2.1.60.

The proposal for a Decision concluding the Convention was transmitted by the Commission to the Council on 5 May.¹

Introduction of common frontier posts

2.1.55. On 11 May Parliament approved² the proposal for a Regulation on the abolition of exit formalities at internal Community frontiers — introduction of common border posts.³ It asked the Commission to report back each year on the implementation of the Regulation and the progress being made towards elimination of all Community frontier posts by 31 December 1992.

Common Customs Tariff

Nomenclature

2.1.56. In May the Commission adopted four regulations designed to ensure uniform application of the CCT nomenclature regarding classification of goods in subheadings 90.28 A II b),⁴ 90.28 A II a),⁵ 11.08 A I and 21.07 G I c).⁶

2.1.57. In order to ensure uniform application of the CCT nomenclature, the Committee on CCT Nomenclature approved agreements on the classification of goods in the following subheadings: 21.07 G, 23.02 A I a) and 38.18.⁷

Tariff and statistical nomenclature

2.1.58. On 25 May the Commission sent the Council a proposal for a Regulation on the tariff and statistical nomenclature and on the Common Customs Tariff.⁸ The proposed Regulation would set up a single new instrument to replace both the present Common Customs Tariff and the Nomenclature of Goods for External Trade Statistics of the Community and Statistics of Trade between Member States, known as Nimexe. The new combined nomenclature is based on the Harmonized Commodity Description and

Coding System adopted by the Council on 7 April,⁹ which is due to come into force on 1 January 1988. The Commission's proposal also provides for the introduction of a Community integrated tariff (Taric), which will bring together in a single instrument and with a common coding system the many tariff and other measures at present scattered among different pieces of Community legislation.

Economic tariff matters

New arrangements for the Canary Islands

2.1.59. Following its decision to sign protocols making economic and technical adjustments to the cooperation agreements with various Mediterranean non-member countries (→ point 2.2.16), the Council acted on 18 May to ensure that Community imports of certain agricultural products from the Canary Islands received comparable treatment by adopting a Regulation¹⁰ based on a Commission proposal¹¹ and approved by Parliament² adapting the arrangements applicable to the Canary Islands on the basis of Protocol No 2 to the Act of Accession of Spain and Portugal.¹²

2.1.60. Pursuant to that Regulation¹⁰ on 26 May the Council adopted regulations opening, allocating and providing for the administration of tariff quotas in respect of the following products originating in the Canary Islands (1987):¹³

(i) tomatoes, cucumbers and aubergines falling within CCT heading ex 07.01;

¹ COM(87) 204 final.

² OJ C 156, 15.6.1987.

³ OJ C 282, 8.11.1986, Bull. EC 10-1986, point 2.1.56.

⁴ OJ L 125, 14.5.1987.

⁵ OJ L 135, 20.5.1987.

⁶ OJ L 138, 28.5.1987.

⁷ OJ C 134, 19.5.1987.

⁸ OJ C 154, 12.6.1987; COM(87) 228 final.

⁹ Bull. EC 4-1987, point 2.1.49.

¹⁰ OJ L 133, 22.5.1987.

¹¹ OJ C 110, 24.4.1987.

¹² OJ L 102, 15.11.1985.

¹³ OJ L 140, 30.5.1987.

(ii) new potatoes falling within subheading 07.01 A II;

(iii) beans (of the species *Phaseolus*), onions and sweet peppers falling within heading ex 07.01;

(iv) fresh flowers falling within subheading 06.03 A;

(v) certain live plants falling within subheadings ex 06.01 A, 06.02 A II and 06.02 D;

(vi) fresh table grapes falling within subheading ex 08.04 A I a) 2.

2.1.61. The Council also adopted on 26 May a Regulation establishing Community surveillance in respect of certain agricultural products originating in the Canary Islands.¹

Suspensions

2.1.62. On 26 May the Council adopted a Regulation temporarily suspending the autonomous CCT duties on a number of agricultural products.²

Tariff quotas

2.1.63. In May the Council adopted a number of regulations opening, allocating and providing for the administration of Community tariff quotas in respect of the following products:³

(i) fresh table grapes falling within CCT subheading ex 08.04 A I, originating in Cyprus (1987);⁴

(ii) herring falling within subheading 03.01 B I a) 2;⁵

(iii) certain polyethylene terephthalate films falling within subheading ex 39.01 C III a) (850-tonne zero-duty quota from 1 July to 31 December 1987).⁵

Generalized tariff preferences

2.1.64. On 26 May the Council adopted a Regulation applying supplementary generalized tariff preferences in respect of certain industrial products originating in devel-

oping countries and sold at the Berlin 'Partners in progress' fair.²

Origin

2.1.65. On 21 May the Council adopted a Regulation⁶ based on a proposal from the Commission⁷ applying Decision No 1/87 of the ACP-EEC Customs Cooperation Committee, which allows a derogation from the definition of the concept of originating products to take account of Fiji's special situation with regard to its production of canned tuna. The derogation covers an annual quantity of 850 tonnes of canned tuna and applies from 1 May 1987 to 30 April 1988; it can be extended by tacit renewal for a further two years. The allows Fiji duty-free access to the Community market under the third Lomé Convention for canned tuna prepared with fish caught by non-ACP boats.

Indirect taxation

turnover taxes

2.1.66. On 13 May the Economic and Social Committee adopted an opinion on a proposal amending for the third time the Directive of 28 March 1983 determining the scope of Article 14(1)(d) of the sixth VAT Directive as regards exemption from value-added tax on the final importation of certain goods (→ point 2.4.28).⁸

Tax exemptions

2.1.67. On 13 May the Economic and Social Committee adopted an opinion on a proposal amending the Directive of 28

¹ OJ L 140, 30.5.1987.

² OJ L 142, 2.6.1987.

³ For steel products and beef, see points 2.1.36 and 2.1.163.

⁴ OJ L 127, 16.5.1987.

⁵ OJ L 138, 28.5.1987.

⁶ OJ L 136, 26.5.1987.

⁷ Bull. EC 2-1987, point 2.1.51.

⁸ OJ C 53, 28.2.1987; Bull. EC 1-1987, point 2.1.40.

March 1983 on tax exemptions within the Community for certain means of transport temporarily imported into one Member State from another (→ point 2.4.29)¹

Competition

General rules applying to businesses

Block exemption Regulation for know-how licensing agreements

2.1.68. On 26 May the Commission authorized the Member with special responsibility for competition policy, Mr Sutherland, to consult national governments on a draft Regulation granting a block exemption from the prohibition of restrictive practices for agreements licensing 'know-how', i.e. non-patented technical information. A block exemption Regulation for patent licensing agreements was issued by the Commission on 23 July 1984.²

One of the purposes of the two block exemptions is to prevent abuse of patent and know-how licensing for anti-competitive ends, such as dividing up markets and other restrictions of competition between the licensor and licensee.

The Commission is, however, also seeking to foster a more dynamic climate for innovation and the dissemination of new technology in European industry. Facilitating technology transfer through a more liberal policy towards cooperation between firms in research and development is an important element in this strategy. The exemptions from the competition rules for patent—and now know-how—licensing should also encourage technology transfer.

2.1.69. The increasing economic importance of know-how and the large number of agreements currently being concluded by industry solely for the exploitation of such information (so-called 'pure' know-how licensing agreements) or for the exploitation

of know-how along with patents or trade marks (mixed know-how agreements) make it necessary to provide greater legal certainty with regard to the status of such agreements under the competition rules. In the draft block exemption Regulation, a know-how licensing agreement is defined as an agreement whereby one firm (the licensor), which holds a body of non-patented technical information (e.g. descriptions of manufacturing processes, recipes, formulae, designs or drawings, and related computer software) that is secret and substantial, confers on another firm (the licensee) the exclusive or non-exclusive right to exploit that information in particular in the production, use or sale of goods or services.

For such agreements to come within the proposed block exemption, the technical information transferred must be secret and substantial. This requirement is necessary to exclude bogus know-how licences that merely serve as a front for restrictive practices and hinder rather than promote economic and technological progress.

The Commission has now broadly agreed on the content of the block exemption. It will exempt clauses prohibiting the licensor and licensee from active or passive selling of the product into each other's territories and allow a more limited degree of territorial protection of licensees *inter se*. Secondly, it will list a number of other clauses commonly found in know-how licences which are exempted should they fall within the competition rules. These include exclusive trade mark licences, minimum quality standards, the grant-back to the licensor of licences for improvements made by the licensee, obligation to pay royalties for a certain period after the know-how has become publicly known, and a prohibition on the licensee's use of the know-how after the expiry of the contract. These clauses are largely the same as those already exempted in patent licences.

¹ OJ C 40, 18.2.1987, Bull. EC 1-1987, point 2.1.41.

² OJ L 219, 19.8.1984, Bull. EC 7/8-1984, point 2.1.50.

A preliminary draft of the Regulation will shortly be discussed with national government representatives in the Advisory Committee on Restrictive Practices and Monopolies. Once these consultations are completed, the Commission should be able to issue the Regulation in 1988.

State aid

General aid schemes

Germany

2.1.70. On 20 May the Commission terminated the Article 93(2) scrutiny procedure initiated in November 1986 against the provisions for assistance of firms in difficulty under the Baden-Württemberg economic development programme.¹

After the opening of proceedings, the Federal Government had agreed to notify in advance all assistance to firms with over 300 employees and to firms in the textile, clothing, and footwear industries with over 50 employees. The special Community rules on aid to the steel, textile and clothing, man-made fibres and shipbuilding industries would apply. Cases where the loan guaranteed does not exceed 0.5 million ECU need not be notified.

France

2.1.71. On 20 May the Commission terminated the Article 93(2) scrutiny procedure it had initiated on 24 November 1982 against the grant of regional employment premiums for preserving jobs.²

The French Government had satisfied the Commission that the assistance would only be granted in connection with investment, so that it could not be used to finance the firm's current operations, and that the special Community rules on aid to particular industries would be observed.

Also, the relatively low limit on the size of the grants meant that they would generally only be of interest to small firms and would

thus be unlikely to affect trading conditions to an extent contrary to the common interest.

Netherlands

2.1.72. On 6 May the Commission decided to authorize under Article 92(3)(c) of the EEC Treaty two aid schemes for research in the Netherlands. The Commission is currently examining a number of aid schemes for research which Member States failed to notify. The two Dutch schemes had not been notified before implementation.

The first, with a budget of HFL 30 million a year, awards aid to universities and research institutes to encourage them to direct their research towards meeting the needs of industry.

The second provides aid for research by small firms and has a budget of HFL 4.4 million. In both cases the results of the sponsored research have to be published.

The Commission was satisfied that the two schemes conformed to its guidelines for R & D aid.

Portugal

2.1.73. On 6 May the Commission decided not to object to a scheme providing incentives for energy conservation and other projects in the energy field, which has a budget of ESC 1 600 million (10 million ECU) for 1987.

Under the scheme, grants of from 15 to 30% of the investment are available for projects in energy conservation, production and diversification of energy sources, development of new forms of energy and the building and testing of prototypes and pilot plants.

2.1.74. The Commission also decided not to object to a programme of selective assist-

¹ Bull. EC 11-1986, point 2.1.81.

² Twelfth Report on Competition Policy, pages 135-6 and 203.

ance for industrial restructuring announced in decree-law No 251/86, provided that the Portuguese Government fulfilled its obligation under Article 93(3) of the Treaty to notify all the schemes it proposed to introduce under the programme for individual industries or sectors of an industry.

The decree-law sets out a broad framework for the programme, without giving details of the budgets for individual schemes or the duration or intensity of the assistance. These will vary and will be decided when the schemes are launched.

Regional aid

Germany

2.1.75. On 26 May the Commission approved additional aid of DM 240 million (115.4 million ECU) for creating alternative jobs in shipbuilding areas over the period 1987-89. The aid is strictly reserved for the shipbuilding areas and may not breach the aid ceilings laid down in the 15th general plan of the joint Federal/state regional aid programme ('Gemeinschaftsaufgabe'), which was partially approved by the Commission on 11 March 1985. Also, no additional resources may be channelled to the areas under new aid provisions or increases in existing provisions under the 16th general plan, until that plan has been approved.

The Commission also authorized an extension of the joint programme's special Bremen scheme until 1989 but asked for all awards for investment of over 6 million ECU to be notified.

Spain

2.1.76. On 6 May the Commission authorized an 18-month extension of the emergency reindustrialization zones (ZUR) scheme and an enlargement of two of the zones, Nervión and Vigo-Ferrol.

The ZUR scheme was introduced before accession. It is aimed at attracting industrial investment to six areas hit by the decline of

traditional industries, by means of investment incentives, the chief one being capital grants of up to 30% gross.

Under the Commission's decision, the Asturias, Bahía de Cádiz and Madrid zones will remain in existence until 17 February 1988, the enlarged Nervión zone until 25 April 1988, the enlarged Vigo-Ferrol zone until 26 May 1988 and the Barcelona zone until 22 June 1988.

2.1.77. On 26 May the Commission decided not to raise any objection to the new national regional aid scheme which the Spanish Government had notified on 30 January.

Under the new scheme, there are four categories of assisted area with aid ceilings of 75%, 45%, 30% and 20% net grant equivalent. The four types of area altogether hold 42%, 5%, 9% and 9% of the Spanish population respectively. The Commission is thus allowing assisted status for areas holding a total of 65% of the population.

The Sierra Norte de Madrid area and the agricultural and mining parts of Asturias, however, have been allowed in the scheme as 45% areas only for three years, after which the aid ceiling in the areas will be reviewed.

The Commission has reserved judgment on the forms of aid to be provided, the types of eligible investment and other rules of the scheme because these have not yet been notified.

Portugal

2.1.78. On 26 May the Commission authorized a package of investment incentives on the island of Madeira provided for under regional decree No 165/86. It will review the decision three years after the first award under the scheme and the Portuguese authorities have been asked to send it an annual report.

The Commission has made it clear that the decision does not signify approval of the

offshore financial centre which the Madeiran authorities are reportedly planning to set up on the island.

Under the investment incentives scheme, tax relief and direct financial assistance are available for manufacturing, commercial and financial firms setting up in the island's free zone.

The financial assistance consists of up to 50% of the cost of staff training and of applying energy-saving manufacturing processes.

Tax relief is available for suppliers of capital, credit and technology to firms setting up in the free zone, and the firms themselves are granted a complete tax holiday until the year 2011, after which they will only be liable to property and corporation taxes.

Industry aid

Transport

2.1.79. The Commission decided that aid to some UK and Italian ports granted largely in connection with redundancies caused by a decline in traffic through the ports and the introduction of new technology was compatible with the common market. The bulk of the aid was for redundancy payments and early retirement.

Automotive components and machine tools

Italy

2.1.80. On 20 May the Commission terminated the Article 93(2) scrutiny procedure initiated on 9 April 1986¹ in respect of a low-interest loan of LIT 2 300 million and interest subsidies on LIT 7 668 million of bank loans extended to the automotive component and machine tool manufacturer Pai-Demm. The aid was deemed to be compatible with the common market under Article 92(3)(c) as the investment programme involved significant restructuring: three uneconomic production lines were being closed and three others being rational-

ized to reduce costs, increase value-added and improve product quality. The adverse effect on trade had also been reduced by changes in the initial plans which had limited the intensity of the aid to 5.7% of the investment cost and by a switch of the company's sales effort to non-member countries, which now accounted for about 70% of its turnover.

Shipbuilding

Germany

2.1.81. On 20 May the Commission decided not to object to a proposal by the German Government to grant development assistance to Indonesia for building a general cargo vessel of 14 200 compensated gross tonnes.

Under Article 4(7) of the sixth Council Directive on aid for shipbuilding,² the Commission is required to verify that tied aid for ship purchases conforms to the OECD Understanding on Export Credits for Ships. The Commission was satisfied that the aid did so in this case.

Transport equipment

France

2.1.82. On 6 May the Commission terminated the Article 93(2) scrutiny procedure initiated on 4 August 1986³ in respect of FF 21 million of capital put up by State-controlled organizations to rescue the bankrupt trailer manufacturer Trailor SA. The Commission had concluded that the capital the public or semi-public bodies had invested in the new Trailor company which had taken over Trailor SA was on terms acceptable to private investors and as such did not fall within Article 92(1), because four private investors held 40% of the shares of the holding company alongside the 60% held by the four public or semi-

¹ Bull. EC 4-1986, point 2.1.56.

² Bull. EC 12-1986, point 2.1.122.

³ Bull. EC 7/8-1986, point 2.1.79.

public investors. Also, the court-approved receiver had closed the company's heavily loss-making container factory and rationalized its production of trailers and semi-trailers and had reached a settlement with creditors to convert short-term borrowing into medium and long-term loans. The French Government had not been involved in the financial arrangements surrounding the takeover, nor had it provided any aid for the related investment.

Textiles

Belgium

2.1.83. On 6 May the Commission initiated the Article 93(2) scrutiny procedure in respect of establishment of a rolling fund to be administered by the Belgian Textile and Clothing Institute from which it is proposed to grant financial assistance of BFR 800 million in 1987, BFR 700 million in 1988 and BFR 570 million in 1989 to textile and clothing firms.

The Commission considered that the Belgian textile and clothing industries were in a healthy enough state to finance their own investment without specific State aid. Aid would artificially lower their costs, weakening the competitive position of other producers in the Community and distorting competition within the meaning of Article 92(1).

Man-made fibres

United Kingdom

2.1.84. On 6 May the Commission terminated the Article 93(2) procedure initiated in October 1986¹ in respect of a British aid proposal for Crimpfil Ltd, a synthetic yarn texturizing firm in Wales. The UK Government had announced that it was withdrawing the proposal.

Commercial vehicles

Spain

2.1.85. On 20 May the Commission decided to initiate the Article 93(2) pro-

cedure in respect of PTA 5 000 million of new capital which the State-holding company INI had reportedly provided to the commercial vehicles company Enasa in 1986. In view of Enasa's serious financial difficulties, the Commission felt that the capital injection could not be equated with the action of a private investor in a market economy and therefore involved aid falling within Article 92(1). Also, without further details of the purposes for which the new capital had been provided and of Enasa's technical and financial restructuring plan, the financing could not be assessed for exemption under Article 92(3). Both the truck and bus industries in the Community were suffering from substantial overcapacity, and the Commission did not know how much more finance would have to be provided to Enasa to support its current restructuring programme.

State commercial monopolies

Greek oil monopoly

2.1.86. The Commission decided to continue with Article 169 (infringement) proceedings against Greece for failure to sufficiently reform its oil monopoly² through the service of a reasoned opinion.

Only 25% of the Greek market had been opened to imports from other Member States under the 1985 reform legislation (Act 1571/85 of 21 October 1985), which was inadequate as the market should have been completely liberalized by the end of 1985 when the transitional period ended. Moreover, the distribution of imported oil products was still subject to discrimination by comparison with Greek-refined products as a result of government price controls, which created uncertainty as to what prices would be in force and how they would be determined. Also, the maximum prices generally did not allow the distributors of imports to

¹ Bull. EC 10-1986, point 2.1.74.

² Bull. EC 11-1985, point 1.3.6; Nineteenth General Report, point 401.

charge for the extra transport and storage costs associated with distribution of imported products.

The government's planning system involving allocation of rigid sales quotas to distributors also prevented distributors from obtaining supplies from refineries in other Member States and special checks were still made on imports and exports, contrary to Community rules on free movement of goods.

The reasoned opinion formally requires the Greek Government to cease the infringements.

Financial institutions and company law

Financial institutions

Banks and other financial institutions

2.1.87. On 27 May, in the light of the opinions delivered by Parliament¹ and by the Economic and Social Committee,² the Commission amended³ its proposal for a Council Directive on freedom of establishment and freedom to provide services in the field of mortgage credit.⁴ Some of the proposed amendments have a substantial impact on the provisions of the proposal, notably the one extending its scope beyond specialized mortgage institutions to cover all credit institutions carrying on business in the field of mortgage credit. Others are intended to clarify some of the wording of the proposal and to clarify and strengthen the cooperation procedures between supervisory authorities.

2.1.88. On 14 May the Economic and Social Committee (→ point 2.4.30) delivered its opinion on the proposal for a Council Directive on the own funds of credit institutions.⁵

Insurance

2.1.89. At its economic and financial affairs meeting on 11 May, the Council held a discussion on the problems still posed by the adoption of a directive designed to supplement the Directive of 24 July 1973⁶ as regards credit insurance and suretyship insurance (insurance other than life assurance).⁷ It instructed the Permanent Representatives Committee to work out an overall compromise solution so that the Directive could be adopted in June.

2.1.90. On 20 May the Commission transmitted a report to the Council on the results of the second phase of negotiations with Switzerland authorized by the Council on 16 June 1986⁸ with a view to concluding an agreement on the taking up and pursuit of the business of direct insurance other than life assurance.⁹

Stock exchanges and other institutions in the securities field

2.1.91. On 22 May, in the light of the opinions of Parliament¹⁰ and of the Economic and Social Committee,¹¹ the Commission amended¹² its proposal amending the Council Directive of 17 March 1980¹³ coordinating the requirements for the drawing up, scrutiny and distribution of the listing particulars to be published for the admission of securities to official stock exchange listing.¹⁴

¹ OJ C 76, 23.3.1987, Bull. EC 2-1987, point 2.1.62.

² OJ C 344, 31.12.1985; Bull. EC 11-1985, point 2.5.25.

³ OJ C 161, 19.6.1987; COM(87) 255 final.

⁴ OJ C 42, 14.2.1984; Bull. EC 12-1984, point 2.1.75.

⁵ OJ C 243, 27.9.1986; Bull. EC 9-1986, point 2.1.56.

⁶ OJ L 228, 16.8.1973.

⁷ OJ C 245, 29.9.1979; Bull. EC 9-1979, point 2.1.32; OJ C 5, 7.1.1983; Bull. EC 5-1982, point 2.1.25.

⁸ Bull. EC 6-1986, point 2.1.99.

⁹ OJ C 154, 13.6.1983; Bull. EC 3-1983, point 2.1.41; Bull. EC 9-1984, point 2.1.37.

¹⁰ OJ C 125, 11.5.1987; Bull. EC 4-1987, point 2.1.68.

¹¹ OJ C 150, 9.6.1987; Bull. EC 4-1987, point 2.4.46.

¹² OJ C 148, 6.6.1987; COM(87) 246 final.

¹³ OJ L 100, 17.4.1980; Bull. EC 12-1979, point 2.1.54.

¹⁴ OJ C 110, 24.4.1987; Bull. EC 3-1987, point 2.1.88.

The purpose of the amendment is to extend from one to three months the period during which the same listing particulars may be used.

Employment, education and social policy ¹

Council (employment and social affairs)

2.1.92. The Council meeting on employment and social affairs on 26 May approved the conclusions regarding the development of continuing in-firm vocational training for adult employees (→ point 2.1.109). Pending the opinion of the European Parliament, the Council discussed the draft Decision on an action programme for the training and preparation of young people for adult and working life.² It also had an in-depth exchange of views on the basis of a communication from the Commission entitled 'Problems of social security—Areas of common interest'³ on the financing of social security, the impact upon it of demographic trends and the situation of persons not covered, or inadequately covered, by social security schemes (the new poverty). The Council achieved a large measure of agreement on questions of the internal adaptation of firms in relation to employment (→ point 2.1.98) and briefly discussed a Commission memorandum on action to combat long-term unemployment (→ point 2.1.94). It also adopted the Directive⁴ on the synchronization of general population censuses in 1991. Finally, it adopted conclusions on vocational training for women (→ point 2.1.112) and protective legislation for women in the Member States (→ point 2.1.113).

Council (education)

2.1.93. On 14 May the Council and the Ministers for Education meeting within the Council agreed to the Decision on the European Action Scheme for the Mobility of University Students (Erasmus) (→ points

1.3.1 and 1.3.2). They also adopted conclusions on the following topics: the fight against illiteracy, confirming their commitment expressed in their conclusions⁵ of 4 June 1984, and agreed to the Commission's two-year work programme (1987-88) within the limits of its financial resources: failure at schools (→ point 2.1.105); the integration of handicapped children in ordinary schools (→ point 2.1.106), and teacher training (→ point 2.1.107).

Employment

Employment and labour market

2.1.94. On 25 May the Commission sent the Council a memorandum⁶ on action to combat long-term unemployment. This document, which is a response to the Council resolution⁷ of 22 December 1986 on an action programme on employment growth, takes stock of the advances made in implementing the 1984 resolution⁸ on long-term unemployment. It sums up the situation as regards unemployment, a problem which has now reached critical proportions, with a total of 16 million unemployed in the Community about half of whom have been out of work for at least a year. The memorandum assesses the effectiveness of government policies and suggests a series of operations both to step up the fight against long-term unemployment and to achieve a consensus on how the question should be dealt with, and recommends a Community target of reducing the proportion of long-term unemployment from its present level of 50% to 30% or less by 1990.

2.1.95. On 8 and 9 May a meeting organized by the Commission was held between

¹ For health and safety in the Euratom field see point 2.1.207 *et seq.*

² OJ C 90, 4.4.1987; Bull. EC 3-1987, point 2.1.96.

³ Bull. EC 7/8-1986, point 2.1.106.

⁴ OJ L 143, 3.6.1987; Bull. EC 1-1987, point 2.1.55.

⁵ Bull. EC 6-1984, point 2.1.40 *et seq.*

⁶ COM(87) 231 final.

⁷ OJ C 340, 31.12.1986; Bull. EC 12-1986, point 2.1.138.

⁸ OJ C 2, 4.1.1985; Bull. EC 12-1984, point 2.1.82.

representatives of the Member States and independent experts within the framework of Misep, the mutual information system on employment policies in Europe. Discussion focused on the measures and policies applied in the Member States to promote small and medium-sized firms, encourage new and more flexible forms of employment and help the long-term unemployed.

2.1.96. A second meeting¹ was held in Antwerp on 14 and 15 May between representatives of the Commission and the United States Industrial Coordination Group (USICG). The Commission outlined its policies and analyses with regard to employment, education, flexibility and the internal market. The discussion showed the need to set up a network for the exchange of information and experience on the most effective management practices employed in large undertakings. The holding of a conference involving the trade unions and representatives of public and private companies of the two parties was proposed.

Local job-creation schemes

2.1.97. On 15 May the European Parliament adopted a resolution² on the communication from the Commission to the Council concerning the follow-up to the Council resolution³ of 7 June 1984 on the contribution of local employment initiatives to combating unemployment.⁴ Noting that there were 16.2 million unemployed in the Community at the end of 1986 and considering that local measures are also needed in the fight against unemployment, Parliament commented on the potential role of local job-creation schemes, and agreed in principle to the Commission's proposals concerning financial support for such schemes. Parliament emphasized that it was important that both sides of industry should be involved in setting up and expanding local job-creation schemes, and stressed the important role of such schemes for women and young people. It also considered that they could make it easier for migrant workers to return to and re-establish themselves in their country or place of origin.

Adaptability of firms

2.1.98. On 13 May the Commission adopted for transmission to the Council a communication⁵ entitled 'Internal and external adaptation of firms in relation to employment'. This communication, which is scheduled to be discussed by the Standing Committee on Employment at its next meeting, fits in with the Council resolution of 22 December 1986 on an action programme on employment growth⁶ and the series of resolutions adopted in November 1986 by the European Parliament on the restructuring of the labour market,⁷ and stresses the fact that at national and Community level there has been an increase in negotiations, and agreements on adaptability and flexibility taking account of the principles set out in the cooperative growth strategy for more employment.⁸ In addition, the conclusions of the communication contain a number of ideas and suggestions concerned mainly with the organization and content of work, the adaptation of working time, the multiplicity of employment contracts, wages adaptation, and redundancy and recruitment measures.

Sectoral aspects of employment policy

2.1.99. The Joint Committee on Social Problems in Sea Fishing met in plenary session on 22 May in Luxembourg.⁹ The Committee reached a considerable number of conclusions, particularly on the amendment of its statutes to take account of the enlargement of the Community. The Committee was pleased with the progress of the vocational training and safety at the workplace programmes which were the subject of a report in *Social Europe* No 1/87.

¹ Bull. EC 5-1986, point 2.1.68.

² OJ C 156, 15.6.1987.

³ OJ C 161, 21.6.1984; Bull. EC 6-1984, point 2.1.45.

⁴ Bull. EC 1-1987, point 2.1.51.

⁵ COM(87) 229 final.

⁶ OJ C 340, 31.12.1986; Bull. EC 12-1986, point 2.1.138.

⁷ OJ C 322, 15.12.1986.

⁸ OJ L 385, 31.12.1986; Bull. EC 12-1986, point 2.1.2.

⁹ Bull. EC 11-1986, point 2.1.115.

Dialogue with the two sides of industry

2.1.100. At the meeting of the Working Party on New Technologies and the Social Dialogue¹ on 21 May the two sides of industry compared their views on the need for and the significance and aims of adaptability of the labour market. They agreed to reject adaptability measures which would be socially retrograde in that they would call social achievements into question and to define and implement adaptability measures through collective bargaining. Finally, on a proposal from the Commission, the two sides agreed to tackle on a priority basis the topics of the organization and content of work and the organization of working time.

2.1.101. On 7 May the partners in the social dialogue (Unice, ETUC and CEEP) met with the Commission and the presidency of the Council (→ point 1.2.1).

Education and vocational training

Cooperation in the field of education

2.1.102. The Commission took part in the 15th Standing Conference of European Ministers for Education held from 5 to 7 May in Helsinki and attended by the Ministers for Education of 24 European countries. A resolution was adopted on the topic of the new challenges to teachers and their training. Resolutions were likewise adopted on European cooperation in the educational field.

2.1.103. On 4 and 5 May in Madrid the Commission held a meeting of the heads of national information offices on questions of academic recognition of diplomas and periods of study in the Community. Discussion at the meeting focused on Spain's higher education system and machinery for academic recognition of Spanish diplomas in the Community.

Higher education

2.1.104. On 14 May the Council and the Ministers for Education meeting within the Council agreed to the European action scheme for the mobility of university students (Erasmus) (→ points 1.3.1 and 1.3.2).

Teaching problems

2.1.105. The Ministers for Education meeting within the Council called on the Commission to submit to them a communication on the situation in the Member States as regards failure at school, covering questions such as the definition of failure, the indicators used to measure it, current research and preventive measures put into effect.

2.1.106. The Ministers approved the four-year programme of European collaboration and exchange in support of national action to integrate handicapped children in ordinary schools and also the renewal, as proposed by the Commission, of the mandate of the Working Party on the integration of handicapped children in ordinary schools. As regards the financing of the programme, for which the Commission earmarked 563 000 ECU for the first year (1988), the Ministers decided that it be carried out by the Commission within the limits of its financial resources. The programme covers the following topics: special systems and integrated situations in ordinary schools; the training of teachers and the cooperation of parents; the development of curricula and teaching methods, and the material and social aspects of a full-time school life for integrated handicapped children.

2.1.107. As regards teacher training, the Ministers adopted conclusions based on a memorandum from the Council presidency. They recommend in-service training for teachers and call on the Commission to prepare meetings between organizers (the first will take place in July in connection with a summer school organized by the

¹ Bull. EC 3-1987, point 2.1.93.

Spanish Ministry of Education in collaboration with the Commission), to coordinate studies, etc. The Commission will report by 31 December 1989 on the activities undertaken.

Transition from school to working life

2.1.108. At its May session, the Economic and Social Committee adopted a favourable opinion on the Commission's proposal concerning an action programme for the training and preparation of young people for adult and working life¹ (→ point 2.4.32).

Vocational training

Continuing training

2.1.109. The Council approved conclusions, on the basis of a communication from the Commission,² on the development of continuing vocational training for employees in undertakings. It pointed out that the completion of the internal market and the achievement of technological progress required a significant effort in the area of training for employers and employees with a view to a more efficient management of human resources, and hoped that continuing vocational training measures would be encouraged by the two sides of industry and the public authorities. It noted that difficulties persisted in implementing such measures and that Community endeavours in this area should continue.

2.1.110. In May the European Parliament issued its opinion on the Commission communication.²

Noting that completion of the internal market must go hand in hand with a Community employment-market policy and that well-trained skilled staff form an essential component of the latter, Parliament welcomed the Commission's support for continuing in-firm training. It expressed its views on the proposed operation, advocated setting up a European data bank to compile an inventory of specific *ad hoc* schemes

in the leading firms, and considered that particular attention should be given to the training of female employees. It recommended that the resources of the Social Fund should be increased to enable it to focus on the less-favoured categories.

2.1.111. The Economic and Social Committee also issued its opinion³ on the Commission communication² in May (→ point 2.4.31).

Living and working conditions - social protection

Equal treatment for men and women

2.1.112. The Council adopted conclusions, on the basis of a communication from the Commission,⁴ on vocational training for women. It drew attention to the specific difficulties encountered by women on the labour market, in particular because of inadequate vocational training, and called for adaptation of continuing training to women's requirements.

It also stressed its interest in a series of specific operations.

2.1.113. The Council also adopted conclusions on legislation in the Member States intended to protect women, basing itself on a communication from the Commission.⁵ It acknowledged that such legislation should be revised when it appeared unfavourable to the promotion of equal opportunities for women or ineffective from the protection point of view. The Council called on the Member States and the two sides of industry to re-examine legislation intended to protect women and on the Commission to update its communication on this subject by adding the schedule for the

¹ OJ C 90, 4.4.1987; Bull. EC 3-1987, point 2.1.96.

² Bull. EC 1-1987, point 2.1.59.

³ OJ C 156, 15.6.1987.

⁴ Bull. EC 3-1987, point 2.1.102.

⁵ Bull. EC 3-1987, point 2.1.101.

medium-term Community programme on equal opportunities for women (1986-90).¹

2.1.114. The Advisory Committee on Equal Opportunities met on 14 and 15 May.² Apart from receiving information about the activities of the Equal Opportunities Bureau, the Committee discussed a draft report on the implementation of a Council recommendation on the promotion of positive action for women³ and of the Directive on application of the principle of equal treatment between men and women engaged in an activity, including agriculture, in a self-employed capacity, and on the protection of self-employed women during pregnancy and motherhood.⁴

2.1.115. The European Network on Women in Local Employment Initiatives met for the second time⁵ on 26 May to finalize its 1987-88 work programme. It was decided to concentrate on two aims, i.e. a description of the development of local initiatives in the individual Member States over the last 10 years and an analysis of the financial or other aid provided by public and private sources to implement these initiatives at national level.

Social integration of disabled persons

2.1.116. In collaboration with the Greek authorities, the Commission organized a European seminar at Leros from 3 to 6 May to assess the progress made with the reform of the psychiatric system in Greece as part of the Community action on behalf of Greece in the social field.⁶

Paul Finet Foundation

2.1.117. At its meeting held on 15 May, the Executive Committee of the Paul Finet Foundation examined 299 cases and awarded 251 study grants.

Health and safety

Public health

Council

2.1.118. The Council and the Ministers for Health meeting within the Council on

15 May, adopted conclusions on the fight against AIDS (→ points 2.1.119 and 2.1.120).

Pending the opinion of Parliament, they confirmed their agreement in principle to the Commission communication on the 'Europe against cancer' programme and the proposal for a plan of action 1987-89 (→ point 2.1.121).

The Ministers also reported on progress as regards the introduction in the Member States of the European emergency health card.⁷

Finally, they noted the Commission communication on measures to combat drug abuse.⁸

AIDS

2.1.119. On the basis of a Commission communication⁹ submitted in February the Council and the Ministers for Health meeting with the Council adopted the following conclusions on action to combat AIDS:

'(.....)

consider that, since AIDS is a public health problem, the fight against this disease must be based on considerations of that ilk and represents a priority "international cause" in the field of public health;

reaffirm, in this context, that the Community has a specific role to play in ongoing cooperation with the Member States and in consultation with the WHO, while avoiding duplication of effort;

confirm their particular commitment to full respect for the principles of freedom of movement of persons and equal treatment as laid down in the Treaties;

consider it necessary, by means of reciprocal information and appropriate coordination, to prevent contradictory national policies from being developed in regard to third-country nationals;

¹ Supplement 3/86 — Bull. EC; OJ C 356, 31.12.1985.

² Bull. EC 12-1986, point 2.1.153.

³ OJ L 331, 19.12.1984.

⁴ OJ L 359, 19.12.1986; Bull. EC 12-1986, point 2.1.152.

⁵ Bull. EC 1-1987, point 2.1.62.

⁶ OJ L 88, 31.3.1984.

⁷ Bull. EC 5-1986, point 2.1.66.

⁸ Bull. EC 11-1986, point 1.2.1 *et seq*

⁹ Bull. EC 2-1987, point 1.4.1 *et seq*.

stress the ineffectiveness, in terms of prevention, of any policy of systematic and compulsory screening, in particular during health checks at frontiers;

consider it necessary to prevent the development of contradictory national policies which might give rise to discrimination;

authorize the convening of an *ad hoc* Working Party of public health officials concerned, within the Member States, with the fight against AIDS, with the participation of the Commission, in order to draw up as soon as possible a common strategy leading to a plan of action to be adopted at Community level by the Member States;

consider it necessary to create within the Community a flexible and lightweight structure providing logistic support for the aforementioned *ad hoc* Working Party and following up the proposals adopted by the Ministers for Health;

stress the need for a permanent link with the research programme;

acknowledge the importance of systematic access to reliable epidemiological data for preparing the political decisions to be taken;

stress the need to draw up common methods of assessment relating to the measures which are taken in the Community on proposals from the *ad hoc* Working Party;

authorize the introduction of arrangements for systematically informing international travellers about AIDS.

On this basis, they instruct the abovementioned *ad hoc* Working Party to focus its initial discussions on the following aspects:

1. proposing a procedure for ensuring at Community level:

- (a) a rapid exchange of epidemiological data;
- (b) mutual information about the scientific initiatives and the technical, administrative and legal measures envisaged or adopted by the Member States;

2. proposing Community measures to combat AIDS;

3. drawing up methods of assessment relating to the measures taken by the Community,

and to report regularly to the Council on these proceedings.¹

2.1.120. Beforehand, Mr Marín, Commission Vice-President with special responsibility for social affairs had explained the four main aspects of action by the

Community to combat AIDS: coordination of research, international cooperation, in particular in the context of the Lomé Convention; pooling of information and experience regarding prevention; safeguarding of the rights of European Community citizens, particularly as regards freedom of movement and freedom of establishment.

Cancer

2.1.121. The Council and the Ministers for Health agreed in principle to the Commission's communication and proposal for a Decision on the 'Europe against cancer' programme and the proposal for a plan of action 1987-89.¹

Examination of the amount considered necessary for implementation of the proposed measures will be pursued by the Council, which also requested the Commission to submit proposals for implementing the other measures outlined in its communication. The Presidency proposed a ban on smoking in public places in the Member States from 1 January 1989 and in Community institution buildings from 1 September 1987.

Drugs

2.1.122. On 18 May the Commission adopted a recommendation for a Council Decision on participation by the Community in the negotiations on the new International Convention on Illicit Trafficking in Narcotic Drugs and Psychotropic Substances.² The Commission bases its proposal for Community participation on the fact that the Community has jurisdiction concerning three aspects of the draft Convention: the agricultural products concerned, since there is a common organization of the market in hemp; the chemicals and pharmaceuticals used in the manufacture of drugs, since these are covered by the

¹ OJ C 50, 26.2.1987, Bull. EC 12-1986, point 1.4.1 *et seq.*

² Bull. EC 7/8-1986, point 2.1.113; Bull. EC 1-1987, point 2.1.65; Bull. EC 2-1987, point 2.1.73.

Common Customs Tariff; the elimination of illegal crops, since this falls within the Community's jurisdiction in the context of North-South cooperation.

This document, which will be discussed by the *ad hoc* Council Working Party on drug abuse, seeks to achieve better balance between these three aspects of the Convention which is scheduled to be adopted by a Conference of Plenipotentiaries in early 1989.

Health and safety at work

2.1.123. On 18 and 19 May a meeting took place of the 'Personal protection' *ad hoc* Working Group of the Advisory Committee on Safety, Hygiene and Health Protection at Work. The Group continued work on preparation of a proposal for a Council Directive on the use of personal protection equipment at the workplace.

2.1.124. On 22 May a meeting of the 'Work policy' *ad hoc* Working Group of the Advisory Committee on Safety, Hygiene and Health Protection at Work was held at which a document on organizational aspects was finalized. This document will be discussed at the Committee's next plenary meeting in July.

2.1.125. On 7 and 8 May the first meeting of national experts was held to examine the proposal for a Council Directive on the protection of workers from the risks related to exposure to carcinogenic agents at work (the sixth of the individual Directives referred to in Article 8 of the Directive¹ of 17 November 1980).

Culture

European City of Culture

2.1.126. Ceremonies took place on 18 May inaugurating Amsterdam's year as the third European City of Culture, following Athens and Florence in 1985 and 1986.

Mr Carlo Ripa di Meana, the Member of the Commission with special responsibility for culture, declared:

'I would like to congratulate the city authorities, personally and on behalf of the Commission, on the splendid programme being organized throughout the year.

It includes one "first": the European Film Festival, an event which will be hosted by other "European capitals of culture" in years to come.'

The decision to select a European City of Culture each year was taken by the Ministers responsible for cultural affairs meeting within the Council on 22 November 1984.² After Amsterdam, it will be the turn of Berlin in 1988, Paris in 1989 and Glasgow in 1990.

Regional policy

Coordination and programmes

Periodic report on the social and economic situation and development of the regions of the Community

2.1.127. As provided for in the Council Regulation of 19 June 1984 on the European Regional Development Fund,³ the Commission, after consulting the Regional Policy Committee,⁴ adopted on 20 May for transmission to the Council, Parliament and the Economic and Social Committee the third periodic report on the social and economic situation and development of the regions of the Community.⁵ The report deals with the situation in the regions during the first half of the 1980s and on developments since the 1960s. It also makes a number of forward-looking analyses of development dynamics and for the first time has the Community of Twelve as its frame of reference.

¹ OJ L 327, 3.12.1980.

² Bull. EC 11-1984, point 2.1.75.

³ OJ L 169, 28.6.1984.

⁴ Bull. EC 4-1987, point 2.1.86.

⁵ COM(87) 230 final.

The Community has become significantly more heterogeneous as it has grown and has been confronted with appreciably more serious regional problems. With the most recent enlargement, its population increased by a fifth, but output by only a ninth, while the number of unemployed rose by a third, with the share of the regions lagging behind doubling. Income per head of the population is only half the Community average in Portugal and three quarters in Spain, where the average unemployment rate is almost twice that in the Community as a whole and every second young person is without a job. In addition, marked regional disparities exist within the two new Member States.

If the regions are ranked according to the seriousness of their problems, the regions on the southern and western edges of the Community are clearly the least well-placed. Some old industrial areas now in decline are also facing acute problems because of structural adjustment difficulties resulting in above-average unemployment.

Unemployment affects on average one in nine of the labour force in the Community. One in 20 of those making up the labour force is without a job in the 25 best-placed regions compared with a figure of one in five in the 25 worst-placed regions. Regional unemployment disparities are even more marked among the young.

Over the coming 25 years, regional patterns of demographic change in the Community, whose population will mark time during the 1990s, will show variations ranging from natural population increases of up to one third to declines of up to one fifth of the present population. Estimates of job requirements in the coming 10 years reveal that the labour force will grow four times as fast in Spain, Greece, Ireland, Portugal and southern Italy as in the other regions.

The high rate growth in the 1960s and the accompanying convergence process have given way to sluggish growth, significant divergencies in nominal variables and major overall disequilibria. At the same time, natural population growth rates have

diverged between regions and regional migration rates have fallen by half. All these factors have interrupted the process of real convergence of incomes between countries and regions. Furthermore, on the unemployment front, regional disparities in absolute terms were two and a half times wider in 1985 than in 1975.

Completion of the single internal market will release new dynamic forces likely to create a climate conducive to growth. However, the single market will also present a challenge, both for the regions lagging behind and for the declining industrial regions, particularly where unit wage costs are above-average, infrastructure endowment is inadequate or demographic factors threaten to exacerbate problems.

In order to diminish the risks for those regions, and since out-migration is often a painful solution, regional policy must aim, by improving employment and productivity, to generate income in those areas possessing the necessary manpower and displaying potential for economic development.

Financial instruments

European Regional Development Fund

Eleventh annual report

2.1.128. On 13 May the Economic and Social Committee delivered its opinion on the Commission's 11th annual report to the Council on the activities of the European Regional Development Fund, covering 1985 (→ point 2.4.36).¹

ERDF grants

Studies

2.1.129. In May the Commission acting under Article 24(1) of the ERDF Regulation,

¹ Bull. EC 10-1986, point 2.1.104.

decided to grant financial assistance to four studies closely connected with the Fund's operations:

- (i) 'Special waste disposal site' — Denmark — 31 000 ECU;
- (ii) 'Falmouth harbour relief road and maritime project' — United Kingdom — 108 000 ECU;
- (iii) 'Capital developments at the Iron-bridge Gorge Museum' — United Kingdom — 40 000 ECU;
- (iv) 'Development strategy for the Royal and Grand Canals' — Ireland — 121 000 ECU.

Fund Committee

2.1.130. The European Regional Development Fund Committee met on 5 and 6 May to give its opinion on the draft grant decisions under the fourth 1987 allocation.

It also gave its opinion on five programmes (two non-quota programmes and three national programmes of Community interest).

2.1.131. On 11 May Parliament adopted a resolution on the regional problems of the French overseas departments (→ point 2.4.16).¹

Environment and consumers

Environment

Council

2.1.132. On 21 and 22 May the Council agreed to the proposal for a Regulation to extend the Regulation of 28 June 1984, which provides for Community financing of certain measures concerning the environment (→ point 2.1.139).

Pending the opinion of Parliament, the Council reached a common position on the amended proposal for a Directive concerning limit values for discharges of aldrin,

dieldrin and endrin into the aquatic environment and quality objectives for the aquatic environment into which these products are discharged.² The Council also confirmed its common position with regard to the proposed Directive which lays down the conditions under which a Member State may prohibit the marketing of leaded regular petrol,³ while reserving its final decision until Parliament delivers its opinion.

The Council resumed its discussions on the proposal for a Directive on the limitation of pollutant emissions into the air from large combustion plants (→ point 2.1.142). It went on to renew discussion on both the proposal for a Directive on particulate emissions from diesel-engined private cars⁴ and on the proposal for a Directive on water quality objectives for chromium discharges.⁵ It also discussed the proposal for a Regulation concerning exports from and imports into the Community of certain dangerous chemicals.⁶

The Council considered the various issues outstanding in connection with the negotiations for a Protocol (to the Vienna Convention for the Protection of the Ozone Layer) concerning chlorofluorocarbons (CFCs) (→ point 2.1.145).

Finally, it adopted conclusions on the report of the World Commission on Environment and Development (→ point 2.1.135).

Fourth Community environment action programme

2.1.133. On 14 May Parliament adopted an opinion¹ on the draft resolution on the fourth Community environment action programme.⁷ It stated that this programme

¹ OJ C 156, 15.6.1987.

² OJ C 146, 12.6.1979; OJ C 341, 31.12.1980; OJ C 309, 3.12.1986, Bull. EC 10-1986, point 2.1.118.

³ OJ C 90, 4.4.1987; Bull. EC 3-1987, point 2.1.132.

⁴ OJ C 174, 12.7.1986; Bull. EC 5-1986, point 2.1.110; Bull. EC 3-1987, point 2.1.133.

⁵ OJ C 351, 31.12.1985; Bull. EC 12-1985, point 2.1.141.

⁶ OJ C 177, 15.7.1986; Bull. EC 7/8-1986, point 2.1.136.

⁷ OJ C 70, 18.3.1987; Bull. EC 9-1986, point 1.1.1 *et seq.*

was particularly important for the Community's environmental policy because it would begin to apply during the European Year of the Environment¹ and would be completed at the same time as the internal market.² It welcomed the focal points of the programme, particularly the integration of environmental policy with other Community policies, the multi-media approaches to pollution and the emphasis on prevention of environmental problems.

However, Parliament deplored the fact that the Commission had not drawn up an assessment of past actions and therefore called on it to make up such an assessment by the end of 1987. It also stated that the programme did not make provision for the ever-growing risks to which technical progress exposes man and the environment. Furthermore, it called on the Commission to amend its proposal so as to highlight the following priorities: a policy of education and information, an overall policy on waste, rules on chemical substances, new approaches to the balance of nature, development of clean technologies, enforcement of Community legislation, a policy of international cooperation and provision of sufficient financial resources to protect the environment and set up a special Environment Fund.

Finally, Parliament called on the Commission to reappraise the 'polluter pays' principle in order to adapt it to new circumstances.

2.1.134. On 13 May the Economic and Social Committee also delivered an opinion (→ point 2.4.34) on the fourth Community environment action programme.³

Report of the World Commission on Environment and Development

2.1.135. The World Commission on Environment and Development was set up by the General Assembly of the United Nations in December 1983. It was called upon:

(i) to propose long-term environmental strategies for achieving sustainable development by the year 2000 and beyond;

(ii) to recommend ways in which concern for the environment may be translated into greater cooperation among developing countries and between countries at different stages of economic and social development and lead to the achievement of common objectives that take account of the inter-relationships between people, resources, environment and development;

(iii) to consider ways and means by which the international community can deal more effectively with environmental concerns.

Mrs Gro Harlem Brundtland, now Prime Minister of Norway, was appointed to chair the Commission.

On 5 May, at the invitation of the Commission, Mrs Brundtland presented the conclusions of her Commission's report to a meeting held in Brussels at which the Community and EFTA Member States were present. She called on institutions and governments to make a firm commitment to sustainable economic development and for them to integrate environmental considerations into every other policy sector. She also stressed the importance of participation by NGOs and local groups in development and of providing better information and raising public awareness.

Mr Clinton Davis, speaking on behalf of the Commission, warmly welcomed the optimistic tone of the report, which he saw as an essential basis for taking stock of the current situation and from which to take decisions on the paths to follow in the future.

The Council, for its part, congratulated the World Commission for its comprehensive and in-depth study of sustainable development, and noted the attention given in it to the mutual interdependence of economic development and environmental protection.

The Council referred to the Single European Act,⁴ which stipulates that action by the

¹ Bull. EC 3-1987, point 1.3.1.

² Bull. EC 6-1985, point 1.3.1 *et seq.*

³ OJ C 70, 18.3.1987; Bull. EC 9-1986, point 1.1.1 *et seq.*

⁴ Supplement 2/86 — Bull. EC.

Community relating to the environment shall be based on the principles that preventive action should be taken, that environmental damage should as a priority be rectified at source, that the polluter should pay, and that environmental protection requirements should be a component of the Community's other policies.

The Council also referred to the commitments entered into in the framework of the Third Lomé Convention¹ to protect the environment and restore natural balances and recalled its resolution of 17 April 1986 on a European plan for the conservation of natural resources—countering desertification in Africa.²

European Year of the Environment

2.1.136. On 13 May a pilot project was launched to create the profession of household and community environmental advisers ('eco-counsellors'). This project, which has received a subsidy of 220 000 ECU from the Commission, will initially be run in 12 European towns in Spain, the United Kingdom, France and the Federal Republic of Germany. It aims to test whether the successful 'eco-counsellors' experiment carried out in Germany since March 1985 can be adapted to other regions of the Community.

The 'eco-counsellors' will work both from advisory centres and by visiting individuals. It will be their job to advise on such subjects as reducing and recycling waste, saving energy and water and reducing the use of chemicals. They will also organize specific campaigns on these issues and negotiate with the relevant authorities to encourage an improvement in services and products.

2.1.137. A series of European 'better environment awards' are to be made to industry during the European Year of the Environment. A new competition, organized by Cembureau (the European Cement Association) was launched at the end of May to reward successful operations for restoring quarries belonging to the cement

and concrete industry. The organizations responsible for the 20 or so operations shortlisted will be invited to produce a film or video which will serve as the basis for a special version to be produced by the winner or winners.

2.1.138. Birdwatch Europe took place from 18 to 24 May, culminating in Birdwatch Europe Day on the 24th. This was the first EYE Community awareness campaign. Bird protection societies from all the Member States came together to organize this campaign, which was coordinated by the Royal Society for the Protection of Birds in the United Kingdom and subsidized by the Community. The project, the aim of which was to raise public awareness of the importance of protecting birds and their habitats and to highlight Community legislation on this topic, was an indisputable success. More than 100 000 people from all the Member States and Switzerland participated in the events held during this week and more than 235 000 people took part in the world's greatest birdwatching event on 24 May.

Action by the Community relating to the environment and other financial contributions

2.1.139. The Council agreed to the proposal for a Regulation,³ the aim of which was to extend the Regulation of 28 June 1984, which provides for Community financing of certain measures concerning the environment.⁴ This Regulation provides for a contribution of 24 million ECU over four years which may be reviewed after one year on a proposal from the Commission and on the basis of a report on the experience gained.

The scope of the Regulation will cover:

¹ Bull. EC 11-1984, point 1.1.1 *et seq.*

² Bull. EC 1-1986, point 1.3.3 *et seq.*; Bull. EC 4-1986, point 2.2.29.

³ OJ C 18, 24.1.1987; Bull. EC 12-1986, point 2.1.181.

⁴ OJ L 176, 3.7.1984; Bull. EC 6-1984, point 2.1.79.

(i) demonstration projects aimed at developing new clean technologies, techniques for recycling and re-using waste, including waste water, techniques for locating and restoring sites contaminated by hazardous wastes or hazardous substances and new techniques and methods for measuring and monitoring the quality of the natural environment; and

(ii) projects providing an incentive and aimed at contributing towards the maintenance or re-establishment of seriously threatened biotopes which are the habitat of endangered species and are of particular importance to the Community, under the Council Directive¹ of 2 April 1979, and towards the protection or re-establishment of land threatened or damaged by fire, erosion and desertification.

2.1.140. On 15 May² Parliament adopted an opinion on the same proposal for a Regulation,³ in which it stated that the Member States of the Community were attaching growing importance to environmental questions because of concern about the deterioration in the quality of life resulting from damage to the environment. It therefore requested that the financial support granted to protect biotopes should not only take account of a particular Member State's needs but should also be allocated on a zonal basis, so as to conserve the species which need to be protected, disregarding frontiers. It also requested that the effectiveness of the work should be verified, so as to obtain guidelines for future requests and ensure better supervision.

2.1.141. On 27 May the Commission decided, on the basis of the Regulation⁴ of 28 June 1984 and pursuant to Article 661 of the 1987 budget (Community operations concerning the environment), to grant financial assistance to seven additional projects providing an incentive which, in implementation of the Council Directive of 2 April 1979 on the conservation of wild birds,¹ will contribute to the maintenance or re-establishment of seriously threatened biotopes which are the habitat of endangered species and are of particular import-

ance to the Community. These projects are in the following Member States: Belgium, Denmark, France, Italy, Luxembourg, the Netherlands and Portugal.

Prevention and reduction of pollution and nuisance

Air pollution

Emissions from large combustion plants

2.1.142. The Council resumed its discussions on the proposal for a Directive on the limitation of pollutant emissions into the air from large combustion plants.⁵ Significant progress has been made in the area of requirements to be imposed on new installations. The Council was unable to reach a consensus on the reduction levels for SO₂ emissions to be achieved for existing installations. Finally, the dates for the various reduction stages had still to be agreed on.

Unleaded petrol and harmful motor vehicle emissions

2.1.143. On 13 May the Economic and Social Committee delivered an opinion (→ point 2.4.35) on the proposal to amend⁶ the Directive of 20 March 1985 on the approximation of the laws of the Member States concerning the lead content of petrol.⁷

Noise

Lawnmowers

2.1.144. On 13 May the Economic and Social Committee delivered an opinion

¹ OJ L 103, 25.4.1979.

² OJ C 156, 15.6.1987.

³ OJ C 18, 24.1.1987; Bull. EC 12-1986, point 2.1.181.

⁴ OJ L 176, 3.7.1984; Bull. EC 6-1984, point 2.1.79.

⁵ OJ C 49, 21.2.1984; Bull. EC 12-1983, point 2.1.118; OJ C 76, 22.3.1985; Bull. EC 2-1985, point 2.1.62; Bull. EC 11-1985, point 2.1.113; Bull. EC 3-1986, point 2.1.107; Bull. EC 6-1986, point 2.1.155; Bull. EC 11-1986, point 2.1.153; Bull. EC 3-1987, point 2.1.131.

⁶ OJ C 90, 4.4.1987; Bull. EC 3-1987, point 2.1.132.

⁷ OJ L 96, 3.4.1985; Bull. EC 3-1985, point 2.1.70.

(→ point 2.4.33) on the proposal to amend¹ the Directive of 17 September 1984 on the approximation of the laws of the Member States relating to the permissible sound power level of lawnmowers.²

Controls on chemical substances, industrial hazards and biotechnology

Chlorofluorocarbons

2.1.145. Under the Vienna Convention for the Protection of the Ozone Layer,³ the Commission took part, on behalf of the Community and in consultation with the Member States, in the third meeting,⁴ held in Geneva, of the Working Party set up by the United Nations Environment Programme to draft a protocol on the control of chlorofluorocarbons (CFCs).

The main features of a prospective agreement were worked out. This agreement would provide for the freezing of CFC production and import levels, followed by a 20% reduction in production. The main points still to be discussed are the list of substances to be covered by the protocol and the date, scale and decision-making process for a possible second reduction in the production and use of CFCs.

2.1.146. The Council considered the various issues outstanding in connection with the negotiations for this protocol to the Vienna Convention.⁵ The Council expressed satisfaction with the negotiations in Geneva and confirmed that the draft texts constituted a sound basis for further discussion.

Dangerous substances

2.1.147. On 15 May Parliament approved⁵ the proposal for a Directive on the inspection and verification of the organizational processes and conditions under which laboratory studies are planned, performed, recorded and reported for the non-clinical testing of chemicals (good laboratory practice).⁶

Waste disposal

Disposal of hazardous goods and waste

2.1.148. On 18 May the Commission adopted a report on the transport of dangerous goods and wastes, with a view to sending it to the Council and Parliament.⁷ This report reviews the various national and international control measures in force concerning the transport of dangerous goods and wastes, including radioactive material, and sets out recommendations on action by the Community to harmonize legislation on this topic.

Protection and use of resources

Flora and fauna

Washington Convention (CITES)

2.1.149. On 21 May the Council,⁸ acting on a proposal from the Commission,⁹ amended the Council Regulation of 3 December 1982 on the implementation in the Community of the Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora.¹⁰ The amendment provides for the transfer of birdwing butterflies (*Ornithoptera*) from Part 1 to Part 2 of Annex C to the 1982 Regulation, thus enabling imports of ranched specimens for commercial purposes to be authorized provided that this would not have a harmful effect on the conservation of the species or on the extent of the territory occupied by the population in question of the species.

¹ OJ C 29, 27.1.1987; Bull. EC 12-1986, point 2.1.194.

² OJ L 300, 19.11.1984; Bull. EC 9-1984, point 2.1.70.

³ Bull. EC 3-1987, point 2.1.73.

⁴ Bull. EC 2-1987, point 2.1.93.

⁵ OJ C 156, 15.6.1987.

⁶ OJ C 13, 17.1.1987; Bull. EC 12-1986, point 2.1.196.

⁷ COM(87) 182 final

⁸ OJ L 136, 26.5.1987.

⁹ OJ C 97, 25.4.1986; Bull. EC 3-1986, point 2.1.111.

¹⁰ OJ L 384, 31.12.1982; Bull. EC 12-1982, point 2.1.105.

2.1.150. On 22 May the Commission amended,¹ the Annexes to the same Council Regulation² of 3 December 1982. These alterations became necessary following amendments made to the Appendices to the Convention by the Contracting Parties, and in particular a new version of Appendix III.

Consumers

Physical protection and product safety

Safety of consumer products

2.1.151. In its communication³ to the Council of 23 July 1985 on a new impetus for consumer protection policy, which the Council approved in its resolution⁴ of 23 June 1986, the Commission said it would be drawing up a report on the general obligation to put safe products on the market. On 11 May, it sent to the Council a communication⁵ on product safety. In this communication the Commission states that it intends to submit a proposal for a general Directive on consumer safety imposing in particular a general obligation on manufacturers, traders and importers to produce and market safe products, an obligation to supply information and to monitor the markets for their consumer products, and an obligation to take action whenever serious and immediate risks arise to users of consumer products.

Such a general Directive is essential in view of the endeavours to complete the internal market by 1992,⁶ when all products should be able to move freely throughout the Community. It is, furthermore, an essential adjunct to the new approach to technical harmonization and standardization⁷ and to the Directive on liability for defective products.⁸ To the compensation-based approach of this Directive, which obliges the manufacturer to pay compensation for damage caused by defective products even when he is not at fault, the proposed new Directive adds a prevention-based approach

to improve the level of safety of consumer products.

Safety of children

2.1.152. In response to the request made by the Council in its resolution⁴ of 23 June 1986 on a new impetus for consumer protection policy, the Commission put before the Council on 11 May a communication⁹ on a Community information and awareness campaign on child safety (1988-90).⁷ The information and awareness activities planned as part of this campaign will concentrate, initially, on the four major types of accident suffered by children: poisoning, burns, falls and drowning. These are accidents in which behaviour plays a particularly important part and on which information and awareness operations could have an immediate effect.

The campaign will concentrate on a number of priority target groups: parents of infant children, adolescents who are put in charge of children, teachers and child minders.

2.1.153. On 15 May the European Parliament issued an opinion¹⁰ on the proposal for a Directive concerning products which, appearing to be other than they are, endanger the health or safety of consumers.¹¹ Consumers have a right to expect goods circulating in the Community to be safe under normal conditions of use and especially when used by children. Parliament therefore calls on the Commission to propose a Directive or Regulation requiring that goods sold or services provided adequately match the description of them

¹ OJ L 147, 6.6.1987.

² OJ L 384, 31.12.1982; Bull. EC 12-1982, point 2.1.105.

³ Supplement 6/86 — Bull. EC; Bull. EC 6-1985, point 2.1.106.

⁴ Supplement 6/86 — Bull. EC; OJ C 167, 5.7.1986; Bull. EC 6-1986, point 2.1.165.

⁵ COM(87) 209 final.

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

⁷ OJ C 136, 4.6.1985; Bull. EC 5-1985, point 1.3.1.

⁸ OJ L 20, 7.8.1985; Bull. EC 7/8-1985, point 1.5.1.

⁹ COM(87) 211 final.

¹⁰ OJ C 156, 15.6.1987.

¹¹ OJ C 272, 28.10.1986; Bull. EC 9-1986, point 2.1.97.

given for the purpose of sale, including sales literature or advertisements, and that false descriptions incur appropriate penalties. It also calls on the Commission to prepare to implement in full, as soon as possible, the Community system for recording accidents in the home, during leisure pursuits and at school, to improve the system for the rapid exchange of information on dangerous products,¹ to take the necessary steps to introduce a scheme for the immediate withdrawal from the Community market of products contravening known safety standards, and to make clear in its mandate to CEN/Cenelec the minimum safety levels acceptable for consumers and to the industry, and to which standards must be drawn up.

Protection of economic and legal interests

Consumer redress

2.1.154. On 11 May the Commission sent to the Council a communication on consumer redress.² This communication is a supplement to the Commission's 1984 memorandum³ on the same subject. Its aim is to provide the Council with a basis for additional discussion taking account of the most recent developments, in particular the resolution⁴ adopted by the European Parliament in March. In that resolution, Parliament called on the Commission to examine the feasibility of setting up a Community agency to facilitate the exchange of information in order to enable individuals and small businesses to initiate small claims in any Member State and to refer such claims to the relevant national court. The Commission will have a study carried out on the feasibility of setting up such an information exchange network. An annex to the communication contains a detailed report on the Commission's activities in this field over the last few years.

Consumer information, education and representation

Consumers' Consultative Committee

2.1.155. The meeting on 11 and 12 May of the Consumers' Consultative Committee

was attended by Mr Varfis, the Member of the Commission with special responsibility for consumer protection, who indicated the main thrust of the Commission's consumer policy in the coming months.

The Committee also adopted opinions on toy safety, package holidays and tours and the Commission's proposals on agricultural prices and related measures for 1987-88.⁵

Agriculture

Council

2.1.156. At its meeting on 18 May the Council resumed discussion⁶ of the Commission proposals on the prices for agricultural products and on related measures for 1987/88.⁵

As arranged, the Presidency distributed a document intended to restart the negotiations. The President, Mr Paul De Keersmaecker, commented briefly on the document, which had been drawn up in full consultation with the Commission.

Because of the problems encountered during the discussion, the Council suspended its proceedings on 20 May and resumed them on 24 May. Although discussions continued for three days, the meeting broke up on 27 May without the Ministers having reached any agreement. The compromise put forward by the Belgian Presidency did not result in the progress which had been hoped for on the two most controversial issues, namely the system for stabilizing the prices of vegetable oils and fats and the production

¹ OJ L 70, 13.3.1984; Bull. EC 3-1984, point 2.2.111; Bull. EC 3-1985, point 2.1.83; Bull. EC 10-1986, point 2.1.127.

² COM(87) 210 final.

³ Supplement 2/85 — Bull. EC; Bull. EC 12-1984, point 2.1.136.

⁴ OJ C 99, 13.4.1987; Bull. EC 3-1987, point 2.1.142.

⁵ OJ C 89, 3.4.1987; Bull. EC 2-1987, points 1.2.1 *et seq.* and 2.1.105.

⁶ Bull. EC 3-1987, point 2.1.143, Bull. EC 4-1987, point 2.1.103.

of oilseeds and the dismantling of the monetary compensatory amounts (MCAs). To see whether there was any possibility of agreement on the latter, the Council discussed what could be done in respect of both positive and negative MCAs.

In the case of the dismantling of positive MCAs, the most controversial item, some signs of agreement were apparent in that there was a general acceptance of the principle that dismantling should, to some extent, take place automatically. There was, however, disagreement as to how far and how fast it should be carried out. Nor did the Council agree unanimously on the way in which the positive MCAs resulting from fresh revaluations would be taken into account (old system known as 'switch-over'),¹ since this issue was linked to the question of the treatment of negative MCAs.

The Council appeared to accept that the remainder which had not been dismantled automatically should be abolished according to objective criteria and that compensation should be granted.

In closing the discussions, the President of the Council drew the following conclusions: because of the differences of opinion on certain matters, and in particular on the proposals relating to oils and fats, the President of the Council and the Commission were keeping the package of proposals closely bound up together. On other matters, however, the President of the Council noted that a modicum of agreement had been reached and expressed the wish that nothing should be done to undermine the results achieved.

Any changes made to the agreement reached would have to take into account budgetary constraints and the MCAs would have to be dismantled in a coherent manner, with due regard to the needs of CAP reform.

The Commission's request for a joint meeting on agricultural, economic and financial affairs was put forward and such a meeting was arranged for 15 June (→ point 2.4.6).

Before breaking up, the Council extended the current marketing year for milk and

milk products until 30 June and for beef/veal until 5 July.²

It was also agreed that the suspension of part of the monetary compensatory amount applicable in France and the United Kingdom for eggs and poultrymeat should be extended for one month, until 30 June.²

Agricultural prices and related measures for 1987/88

2.1.157. On 14 May Parliament adopted³ by a large majority its opinion on the proposals on agricultural prices and certain related measures for 1987/88.⁴ Parliament approves the Commission's general approach and the main thrust of its proposals. It also supports the proposals for reducing price levels, except in the case of durum wheat, sugar, fruit and vegetables for which it advocates a price freeze. Parliament agrees with the Commission that intervention should be restored to its original role as a safety net, but it wants a more precise definition of the other measures which would be used to safeguard farm incomes and it asks, in particular, that direct income aid for small farmers should be made available immediately.

Parliament also supports the Commission proposal to cut back production of oil and protein crops and of oils and fats. It takes the view that a system should be set up to stabilize the prices of oils and fats. It should be noted, however, that oils and fats of marine origin have been deleted from the proposal.

Parliament also considers that this system should conform to the rules of GATT and should make allowance for the impact on developing countries which produce oils

¹ Switch-over consists in not creating negative monetary compensatory amounts (MCAs) in the event of currency realignments. The positive monetary gaps resulting from the realignment are converted into negative MCAs.

² OJ L 141, 30.5.1987.

³ OJ C 156, 15.6.1987.

⁴ OJ C 89, 3.4.1987; Bull. EC 2-1987, points 1.2.1 *et seq.* and 2.1.105.

and fats. It also requests that the Community provide for aid for conversion.

Finally, Parliament stresses that the common agricultural policy still suffers from the lack of a single common currency and asks the Commission to make greater efforts to completely dismantle the MCAs and to find a fair means of helping producers in the Member States concerned to adapt to the new situation once the last positive MCAs have been abolished.

Market organizations

Cereals

2.1.158. On 25 May the Commission sent to the Council a proposal for a Regulation on special arrangements for imports of maize and sorghum into Spain for 1987 to 1990.¹ This proposal follows up the agreement concluded with the United States last January, under Article XXIV(6) of GATT, whereby maize and sorghum are imported at a reduced levy² and it provides, in particular, for a reduction of the levy applicable to imports of maize and sorghum and/or direct purchase of those cereals on the world market.

Sugar

2.1.159. On 6 May³ the Commission adopted a Regulation derogating from its Regulation of 24 July 1978 laying down detailed rules of application in respect of the production refund for sugar used in the chemical industry.⁴ The purpose of this Regulation is to establish a derogation from some of the detailed rules of application laid down in the 1978 Regulation so that, under certain conditions, production refund certificates may be issued in respect of basic products (sugar, sucrose syrups and isoglucose) which were processed into chemical products between 1 July and 31 December 1986.

This was necessary because it has not always been possible to complete in good time the procedures whereby the Member States are required to implement the new arrangements in connection with the refunds which were introduced, with effect from 1 July 1986, by the Council Regulation of 25 March 1986.⁵ The competent authorities in certain Member States have, for this reason, sometimes been unable to issue the refund certificate without some delay. Processors could not, therefore, be held responsible for non-compliance with some of the rules.

Oil and fibre plants

2.1.160. On 6 May the Commission fixed the average world market price and the indicative yield, applicable both to fibre flax and to seed flax, for linseed harvested in 1986.³

Oils and fats

2.1.161. On 14 May Parliament adopted two resolutions, on a reform of the overall policy on oils and fats and on olive oil respectively (→ point 2.4.16).⁶

Milk and milk products

2.1.162. The Commission drew up the detailed rules for applying the Council Regulation of 16 March 1987 which modified the intervention arrangements for butter and skimmed-milk powder.⁷ The Commission may decide to suspend the buying-in of skimmed-milk powder by intervention agencies as soon as the quantities offered for intervention between 1 March and 31

¹ OJ L 160, 18.6.1987; COM(87) 244 final.

² OJ L 98, 10.4.1987; Bull. EC 1-1987, points 1.2.1 and 1.2.2.

³ OJ L 119, 7.5.1987.

⁴ OJ L 201, 25.7.1978.

⁵ OJ L 94, 9.4.1986; Bull. EC 3-1986, point 2.1.122.

⁶ OJ C 156, 15.6.1987.

⁷ OJ L 78, 20.3.1987; Bull. EC 3-1987, point 2.1.150.

August 1987 exceed 100 000 tonnes. During the period when buying-in is suspended, private storage aid may be granted for skimmed-milk powder. The amount of the aid and the maximum period of storage under contract are to be fixed at the same time that it is decided to suspend buying-in.¹

On 29 May 12 074 tonnes of skimmed-milk powder and 142 520 tonnes of butter had been offered for intervention since 1 March 1987.

Beef/Veal

2.1.163. On 18 May,² having received the opinion of Parliament,³ the Council adopted a Regulation opening for 1987, as an autonomous measure, a special import tariff quota for high quality, fresh, chilled or frozen beef falling within subheadings 02.01 A II a) and 02.01 A II b) of the Common Customs Tariff. The Regulation opens a special tariff quota for 8 000 tonnes of Hilton beef by way of compensation for the estimated supply balance having been fixed at 15 000 tonnes.

The Council had delivered a favourable opinion in January on the opening of this quota.⁴

2.1.164. On 21 May² the Commission amended its Regulation of 23 March specifying beef/veal products which are eligible for buying-in.⁵ From 25 May, hindquarters are replaced by forequarters in the list of eligible products which appears in the Annex to the Regulation of 23 March.

Sheepmeat

2.1.165. On 7 May the Commission decided, in view of the difficult situation on the market in Spain and Portugal, to grant private storage aid for lambs in those countries. Contracts may be concluded until 29 May 1987 for up to a total of 1 000 tonnes. The amount of aid, fixed at a flat rate in advance, depends on the period of

storage, which may be from two to four months.

Wine

2.1.166. On 18 May the Council amended,² on a proposal from the Commission,⁶ the basic Regulation on wine which it adopted on 16 March.⁷ The purpose of the amendment was the demarcation of the wine-growing zones in Spain. These provisions maintain, until the end of the 1989/90 wine year, the Spanish legislation which was in force prior to accession and which provided, for the major part of Spain's wine-growing area, for a minimum natural alcoholic strength by volume of 9% vol., corresponding to that of wine-growing zone C III.

Accordingly, the Council included the major part of Spain's wine-growing area within wine-growing zone C III b), the other parts being classified in wine-growing zones C I a) and C II because of their climatic conditions.

On the basis of a report from the Commission, the Council will also decide on a new demarcation of wine-growing zones for the Community as a whole, taking particular account of climatic conditions. These new provisions should apply from the 1990/91 wine year.

2.1.167. On 14 May⁸ in the light of experience, the Commission made a number of changes in the rules on the organization of campaigns to promote the consumption of grape juice,⁹ altering certain dates and time limits, providing for consultation with professional organizations, making it possible for preliminary surveys to be carried

¹ OJ L 129, 19.5.1987.

² OJ L 133, 22.5.1987.

³ OJ C 156, 15.6.1987.

⁴ Bull. EC 1-1987, point 2.1.93.

⁵ OJ L 80, 24.3.1987.

⁶ OJ C 326, 19.12.1986; Bull. EC 12-1986, point 2.1.239.

⁷ OJ L 84, 27.3.1987; Bull. EC 3-1987, point 2.1.167.

⁸ OJ L 126, 15.5.1987.

⁹ OJ L 332, 10.12.1985; Bull. EC 12-1985, point 2.1.169.

out when campaigns are first implemented and making it compulsory to carry out surveys verifying the effectiveness of such campaigns and to forward the results to the Commission.

On 15 May it determined the promotional campaigns to be carried out during the 1986/87 wine year using part of the aid provided for the use of grape must in the manufacture of grape juice.¹ These campaigns will be carried out in France, Germany, Italy and Spain. The total amount of financing in those Member States is 3 590 000 ECU.

2.1.168. On 20 May² the Commission reduced by 22% the quantities of table wine which may be delivered for the support distillation opened on 27 February 1987³ and which are eligible for such distillation. The purpose of this reduction is to enable compliance with the total volume provided for, which is limited to four million hectolitres.

2.1.169. On 22 May⁴ the Commission adopted, for the 1986/87 wine year and for technical production reasons, provisions whereby quantities of grape must intended for the preparation of concentrated must or rectified concentrated must and not yet processed for that purpose by 15 March may be deducted from the quantity to be delivered for compulsory distillation, provided that the producer undertakes to process them by 31 August. If this undertaking is not complied with, the quantities to be delivered for compulsory distillation are increased by way of penalty.

2.1.170. On 27 May⁵ the Commission updated the list of vine varieties approved for cultivation in the Community by Germany.⁶

Seeds

2.1.171. On 4 May⁷ the Commission amended for the fourth time⁸ its Regu-

lation of 30 June 1986 fixing countervailing charges on seeds.⁹

Legislation

Veterinary and animal husbandry legislation

2.1.172. On 25 May the Commission sent to the Council a proposal for a Decision on a system for health control of imports from non-member countries at frontier inspection posts ('Shift'project).¹⁰ The purpose of this proposal is to provide for computerization of frontier posts where livestock and livestock products are imported from non-member countries, in order to facilitate checks and reduce delays while maintaining suitable health protection.

2.1.173. In May¹¹ Parliament approved proposals¹² amending both the Directive of 26 June 1964 on animal health problems affecting intra-Community trade in bovine animals and swine¹³ and the Directive of 12 December 1972 on health and veterinary inspection problems upon importation of bovine animals and swine and fresh meat from third countries.¹⁴

2.1.174. In May¹¹ Parliament also approved a proposal¹⁵ amending the Directive of 22 January 1980 on animal health

¹ OJ L 127, 16.5.1987.

² OJ L 132, 21.5.1987.

³ OJ L 58, 28.2.1987; Bull. EC 2-1987, point 2.1.128; OJ L 104, 16.4.1987; Bull. EC 4-1987, point 2.1.114.

⁴ OJ L 135, 23.5.1987.

⁵ OJ L 138, 28.5.1987.

⁶ OJ L 381, 31.12.1981.

⁷ OJ L 117, 5.4.1987.

⁸ OJ L 92, 4.4.1987.

⁹ OJ L 173, 1.7.1986; Bull. EC 6-1986, point 2.1.197.

¹⁰ OJ C 153, 11.6.1987; COM(87) 207 final.

¹¹ OJ C 156, 15.6.1987.

¹² OJ C 276, 1.11.1986; Bull. EC 11-1986, point 2.1.199.

¹³ OJ 121, 29.7.1964.

¹⁴ OJ L 302, 31.12.1972.

¹⁵ OJ C 55, 3.3.1987; Bull. EC 2-1987, point 2.1.137.

problems affecting intra-Community trade in meat products.¹

Competition

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

Germany

Improvement of agricultural structures and protection of coasts, 1987-90. This programme is notified annually: the changes made in 1987 relate to investment aid for agricultural holdings, aid for forestry and aid for the processing and marketing of flax.

Schleswig-Holstein

Aid schemes in connection with the 'Hallig-program': aid for agricultural holdings in connection with environmental protection schemes.

Rhineland-Palatinate

Measures to encourage investment in land improvement (vineyards situated on sloping land).

Baden-Württemberg

Premiums to assist the rearing of cattle of the 'Vorderwälder' breed. Changes to an existing aid scheme as regards the origin of breeding males.

Lower Saxony

Measures to assist young farmers. These consist in replacing existing loans by long-term loans.

Schleswig-Holstein

State aid for agriculture. Campaign against varroasis.

France

Aid for pineapples: this is aid for advertising and for the restructuring of holdings.

2.1.176. The Commission decided to give a final negative decision to the Italian Government under the procedure provided for in Article 93(2) of the EEC Treaty in respect of an Italian aid scheme for sugar merchants and it instructed the Italian Government to implement its conditional decision with regard to aid for sugar producers.²

European Agricultural Guidance and Guarantee Fund

Guarantee Section

2.1.177. On 6 May³ the Commission sent to the Council a proposal for an amendment to the Regulation of 21 April 1970 on the financing of the common agricultural policy as regards the system of advance payments in the Guarantee Section of the EAGGF.⁴ This proposal had been announced in the Commission document 'Making a success of the Single Act: A new frontier for Europe'.⁵ Its purpose is to replace the present system of advances by a system of reimbursement of the agricultural expenditure incurred by the Member States.

Fisheries

Council

2.1.178. On 5 May the Council approved, by a qualified majority, the allocation of

¹ OJ L 47, 21.2.1980.

² OJ L 291, 15.10.1986; Bull. EC 5-1986, point 2.1.141.

³ OJ C 137, 22.5.1987; COM(87) 212 final.

⁴ OJ L 94, 28.4.1970.

⁵ Supplement 1/87 — Bull. EC; Bull. EC 2-1987, point 1.1.1 et seq.

catch possibilities in the Spitzbergen region and in the NAFO Regulatory Area (→ point 2.1.179). It also approved two proposals for Regulations on a financial contribution towards surveillance and control operations (→ points 2.1.180 and 2.1.181). In addition, the Council took note of a verbal report from the Commission on fishery relations with certain international organizations and certain non-member countries.

Resources

Internal aspects

Community measures

TACs and quotas

2.1.179. On 18 May the Council, acting on proposals from the Commission,¹ adopted:

(i) a Regulation² amending that of 22 December 1986 fixing, for certain fish stocks and groups of fish stocks, the total allowable catches for 1987 and certain conditions under which they may be fished;³

(ii) a Regulation⁴ amending that⁵ of 16 February 1987 fixing catch possibilities for 1987 for certain fish stocks and groups of fish stocks in the Regulatory Area as defined in the NAFO Convention;

(iii) a Decision on the allocation of catch possibilities for cod in the Spitzbergen and Bear Island region and in division 3M as defined by the NAFO Convention.⁶

The abovementioned Regulations and the Decision allocate among the Member States the 1987 catch possibilities for cod in the Spitzbergen and Bear Island region and in NAFO divisions 2J + 3KL, 3NO and 3M.

Control measures

2.1.180. On 18 May the Council adopted a Decision on a Community financial contribution towards the monitoring and

supervision of fishing activities in waters falling under the sovereignty or within the jurisdiction of Portugal.⁷ The purpose of this Decision, in line with the Declaration annexed to the Act of Accession,⁸ is to supplement, modernize and improve Portuguese facilities for monitoring and supervising fishing activities. The Community's financial contribution will cover 50% of the expenditure incurred by Portugal between 1 January and 31 December 1989, subject to a maximum of 12 million ECU.

2.1.181. On 18 May the Council also adopted a Decision on a Community financial contribution towards the development of monitoring and supervision facilities.⁹ This Decision is addressed to all Member States applying the Community arrangements for the conservation of resources. In this case, too, the contribution will cover 50% of the eligible expenditure incurred by Member States on the implementation of projects relating, in particular, to the recording of catch data and the transmission of such data to the Commission. The financial aid from the Community will not exceed 10 million ECU.

2.1.182. On 20 May the Commission adopted a Regulation establishing detailed rules concerning the marking and documentation of fishing vessels.¹⁰ The purpose of this Regulation is to improve controls at sea by laying down rules to facilitate the identification of vessels and the assessment of the quantities fished.

2.1.183. On 20 May the Commission also adopted a Regulation establishing detailed rules concerning the inspection of fishing

¹ Bull. EC 4-1987, point 2.1.127.

² OJ L 129, 19.5.1987.

³ OJ L 376, 31.12.1986; Bull. EC 12-1986, point 2.1.252.

⁴ OJ L 133, 22.5.1987.

⁵ OJ L 51, 20.2.1987; Bull. EC 2-1987, point 2.1.152.

⁶ OJ L 135, 23.5.1987.

⁷ OJ L 323, 16.12.1986; Bull. EC 12-1986, point 2.1.256.

⁸ OJ L 302, 15.11.1985.

⁹ OJ L 135, 23.5.1987; OJ C 336, 31.12.1986; Bull. EC 12-1986, point 2.1.128.

¹⁰ OJ L 132, 21.5.1987.

vessels,¹ with a view to greater harmonization and coordination of the inspections carried out by Member States.

2.1.184. On 27 May the Commission adopted, for transmission to the Council, a proposal² for the consolidation of the Council Regulation of 29 June 1982 establishing certain control measures for fishing activities.³ Difficulties could arise in the implementation of the said Regulation as a result of successive amendments.⁴ The consolidated version brings all the current provisions together in a single text, only such changes in style or content being made as are strictly for the sake of clarity.

Prohibition measures

2.1.185. On the basis of information received from the national authorities concerning the exhaustion of certain quotas, the Commission prohibited Dutch vessels from fishing for cod in the Norwegian Sea and the North Sea (ICES division IIa (EC zone) and subarea IV) with effect from 19 May.⁵

National measures

Protection of local stocks

2.1.186. On 8 May the Commission, acting under Article 14 of Council Regulation (EEC) No 3094/86 of 7 October 1986,⁶ took note of seven draft United Kingdom Orders, the provisions of which apply to fishing grounds lying off the coast of north-west England and falling within the jurisdiction of the Yorkshire Water Authority and the Northumbrian Water Authority.

Implementation of Community rules

2.1.187. The Commission took note of the following national measures:

(i) on 4 May, two Belgian Royal Decrees, one on the management of plaice and sole stocks and the other on the management of

cod stocks in 1987. The Commission found that the measures provided for in these Royal Decrees were in accordance with Article 5(2) of Council Regulation (EEC) No 170/83 of 25 January 1983;⁷

(ii) on 11 May, the following three Irish measures:

(a) an Order replacing legislation the validity of which had expired and maintaining in force, as from 18 July 1986, the licence system already applicable to factory ships operating in Irish waters. The Commission found that this Order was in accordance with Article 14(1) of Council Regulation (EEC) No 2057/82 of 29 June 1982;³

(b) an Order introducing, with effect from 4 August 1986, a compulsory system of licences for Irish vessels fishing for herring in that part of the Irish Sea lying between the latitudes 55°N and 52°30'N. The Commission found that this Order was in accordance with Article 5(2) of Council Regulation (EEC) No 170/83 of 25 January 1983;⁷

(c) a Regulation replacing legislation the validity of which had expired and maintaining in force, as from 13 August 1986, the obligation on United Kingdom vessels fishing in Irish waters to have a crew at least 75% of whom are Irish fishermen or fishermen who are nationals of another Member State of the Community with their habitual residence in the United Kingdom, with the exception of Greeks until 1 January 1988 and Spaniards and Portuguese until 1 January 1993. The Commission expressed a reservation on whether the clause concerning residence in the United Kingdom and temporarily excluding Greek, Portuguese and Spanish fishermen was compatible with the provisions of the EEC Treaty on the free movement of persons within the Community;

¹ OJ L 132, 21.5.1987.

² COM(87) 232.

³ OJ L 220, 29.7.1982, Bull. EC 6-1982, point 2.1.128.

⁴ OJ L 169, 28.6.1983; OJ L 361, 31.12.1985; OJ L 376, 31.12.1986.

⁵ OJ L 136, 26.5.1987.

⁶ OJ L 288, 11.10.1986; Bull. EC 10-1986, point 2.1.174.

⁷ OJ L 24, 27.1.1983.

(iii) on 11 May, a United Kingdom Order implementing, from 18 February to 15 April 1987, the temporary limits imposed by Commission Regulation (EEC) No 384/87 of 6 February 1987¹ on landings of sole from the North Sea. The Order applied to United Kingdom vessels operating in all parts of the North Sea and to the vessels of other Member States operating in United Kingdom waters.

External aspects

Bilateral relations

Seychelles

2.1.188. The Council, acting on a proposal from the Commission,² adopted a Decision concerning the conclusion of an Agreement in the form of an exchange of letters on the provisional application, as from 18 January 1987, of the Agreement between the Community and the Republic of Seychelles on fishing off the coast of the latter.³

2.1.189. In May Parliament approved⁴ the proposal for a Regulation on the conclusion of this Agreement.⁵

Gambia

2.1.190. On 25 May a Fisheries Agreement between the Community and Gambia⁶ was signed in Brussels for an initial period of three years, with provision for renewal for additional periods of two years at a time. The implementing Protocol annexed to the Agreement provides for fishing authorizations for tuna boats, longliners and trawlers. In return Gambia will receive financial compensation from the Community, the funding of a Gambian scientific programme, study and training grants and fees payable by shipowners.

2.1.191. In May the European Parliament⁴ approved the proposal for a Regu-

lation on the conclusion of their Agreement.⁷

Mauritania

2.1.192. On 14 May a Fisheries Agreement between the Community and Mauritania⁸ was initialled in Brussels. The Agreement is to run for an initial period for three years and will be renewable for additional periods of two years at a time. The Protocol to the Agreement provides for fishing authorizations for lobster boats, shrimp boats, vessels trawling for black hake, pelagic seiners, surface longliners and pole-and-line tuna boats.

The Agreement is scheduled for provisional implementation as from 1 January 1987.

Dominica

2.1.193. On 14 May a Fisheries Agreement between the Community and Dominica⁹ was initialled in Brussels. It will run for an initial period of three years and be renewable for additional periods of three years at a time. The Protocol to the Agreement lays down the conditions governing the access of vessels registered in Martinique and Guadeloupe to Dominican waters and the access of Dominican vessels to Community waters in the region. Since the balance of fishing possibilities is in the Community's favour, the latter is to grant the Dominican Government financial compensation amounting to 350 000 ECU a year, together with grants and a contribution of 290 000 ECU towards the scientific programme over the three-year period.

¹ OJ L 36, 7.2.1987, Bull. EC 2-1987, point 2.1.152.

² Bull. EC 3-1987, point 2.1.188.

³ OJ L 119, 7.5.1987.

⁴ OJ C 156, 15.6.1987.

⁵ OJ C 81, 28.3.1987; Bull. EC 3-1987, point 2.1.188.

⁶ Bull. EC 11-1986, point 1.2.213; Bull. EC 2-1987, point 2.1.157.

⁷ OJ C 42, 20.2.1987, Bull. EC 2-1987, point 2.1.157.

⁸ Bull. EC 2-1987, point 2.1.158.

⁹ Bull. EC 3-1986, point 2.1.146.

Sao Tome and Principe

2.1.194. Following a break in the fishing activities of Community vessels in Sao Tome and Principe waters since 4 November 1986,¹ the two parties met in Sao Tome on 27 May to initial, for a period of three years, a new Protocol to the Fisheries Agreement signed in 1984.² The protocol provides for fishing authorizations for 52 tuna seiners and 20 pole-and-line tuna boats. In return the Community is to pay 475 000 ECU a year in financial compensation and 450 000 ECU towards the scientific programme throughout the Protocol's period of validity.

Madagascar

2.1.195. In May Parliament³ approved the proposal for a Regulation⁴ on the conclusion of the Agreement between the Community and Madagascar on fishing off the coast of Madagascar signed in Antananarivo on 28 January 1986.⁵

Multilateral relation*FAO*

2.1.196. The Community was present as an observer at the 17th session⁶ of the FAO Committee on Fisheries held in Rome from 18 to 22 May. The meeting included a review of the world fisheries situation, a stocktaking of cooperation programmes with developing countries and the examination of certain more specific problems such as the markings on fishing vessels.

Markets and structures*Structures***State aid**

2.1.197. The Commission raised no objection to the following State aid:

(i) a draft Spanish Royal Decree implementing Council Regulation (EEC) No 4028/86 of 18 December 1986 on Community measures to improve and adapt structures in the fisheries and aquaculture sector.⁷ In each case the rate of aid is within the limits set by this Regulation;

(ii) the extension of the validity and the amendment of German aid for the temporary laying-up of fishing vessels. The aid in question is extended at national level to cover vessels measuring between 6 and 18 metres in length and not eligible under the Community scheme introduced by Council Regulation (EEC) No 4028/86 of 18 December 1986.⁷ The terms on which the aid is granted are comparable to those laid down for the Community scheme. The budget allocation for 1987 is DM 6.5 million;

(iii) the United Kingdom's draft seafish industry development programme, the purpose of which is to improve the marketing of fish by means of promotional campaigns, the provision of guidance and research. The programme, which has already been approved by the Commission for a three-year period,⁸ is to be implemented for a fourth year. The budget allocation for 1987-88 is approximately UKL 5.2 million. Of this sum, UKL 2.5 million takes the form of a government subsidy and the remainder comes from the normal budget of the SFIA (Seafish Industry Authority), the body administering the programme in question.

2.1.198. On the other hand the Commission decided to initiate the Article 93(2) procedure in respect of a draft Italian Law adjusting the production capacities of the Italian fishing fleet to catch possibilities by

¹ Bull. EC 11-1986, point 2.1.214.

² OJ L 54, 25.2.1984; Bull. EC 7/8-1983, point 2.1.162; OJ L 114, 27.4.1985; Bull. EC 4-1985, point 2.1.92.

³ OJ C 156, 15.6.1987.

⁴ OJ C 81, 28.3.1987.

⁵ Bull. EC 1-1986, point 2.1.122; OJ L 73, 18.3.1986; Bull. EC 2-1986, point 2.1.139.

⁶ Bull. EC 4-1985, point 2.1.92.

⁷ OJ L 376, 31.12.1986, Bull. EC 12-1986, point 2.1.285.

⁸ Bull. EC 7/8, point 2.1.189.

the temporary or permanent withdrawal of seafishing vessels.

The Commission found that the aids concerned, which are granted outside the framework laid down by Council Regulation (EEC) No 4028/86 of 18 December 1986¹ and which pursue the same objectives but are granted on different terms, do not comply with the guidelines for the examination of national aids in the fisheries sector. The 1987 budget for these aids is LIT 45 000 million, of which LIT 20 000 million has been allocated to permanent withdrawals and LIT 25 000 million to temporary withdrawals.

Transport

Inland transport

Road transport

Technical aspects

2.1.199. On 21 May the Commission sent the Council a proposal² to amend the Directive of 19 December 1984 on the weights, dimensions and certain other technical characteristics of certain road vehicles.³

This proposal seeks to overcome certain technical problems concerning goods vehicles by authorizing, as an exception, a maximum width of 2 600 mm for temperature-controlled vehicles.

Social conditions

2.1.200. The United Kingdom Government consulted the Commission on four draft statutory instruments implementing the Council Regulation of 20 December 1985 on the harmonization of certain social legislation relating to road transport and on

recording equipment in road transport (tachograph).⁴

Since the proposed measures comply with the Community Regulations, the Commission delivered a favourable opinion. However, it drew the UK Government's attention to the question of the correct interpretation of the exemptions for 'postal articles'. All the Member States are being consulted on the interpretation of these exemptions so that a common position can be adopted. The Commission therefore reserved the right to deliver a further opinion on this point.

Access to the market

2.1.201. At its May session the Economic and Social Committee issued an opinion on the proposal for a Council Regulation laying down the conditions under which non-resident carriers may operate national road haulage services within a Member State (→ point 2.4.37).⁵

International cooperation

Occasional passenger services (ASOR)

2.1.202. On 26 May the Council decided,⁶ after the European Parliament⁷ and the Economic and Social Committee (→ point 2.4.38) had endorsed the Commission's proposal,⁸ to bring forward to 1 June the application of the provisions laid down in Sections II and III of the Agreement on the international carriage of passengers by road by means of occasional coach and bus services (ASOR).⁹

¹ OJ L 376, 31.12.1986, Bull. EC 12-1986, point 2.1.285.

² OJ C 148, 6.6.1987; COM(87) 220 final.

³ OJ L 2, 3.1.1985; Bull. EC 12-1984, point 2.1.200.

⁴ OJ L 370, 31.12.1985, Bull. EC 12-1985, point 2.1.214.

⁵ OJ C 349, 31.12.1985; Bull. EC 11-1985, point 2.1.166.

⁶ OJ L 143, 3.6.1987.

⁷ OJ C 156, 15.6.1987.

⁸ OJ C 113, 28.4.1987; Bull. EC 4-1987, point 2.1.143.

⁹ OJ L 230, 5.8.1982; Bull. EC 7/8-1982, point 2.1.165

2.1.203. At its May part-session the European Parliament adopted a resolution on the hijacking and destruction of lorries (→ point 2.4.16).¹

Energy

Formulating and implementing a Community energy policy

2.1.204. On 18 May the Commission sent the Council a communication entitled 'Towards a continuing policy for energy efficiency in the European Community'.² This paper for the Council meeting on energy in June analyses the energy situation in the Community today and the arguments for continuing the energy efficiency programmes.

Specific problems

Natural gas

2.1.205. On 18 and 19 May the Commission held a seminar on natural gas at which Mr Nicolas Mosar, the Member of the Commission with special responsibility for energy policy, was present, as were 50 or so representatives of the gas industry in the Member States, plus two experts from the Peruvian energy authorities and Petro Peru who were invited as part of the growing cooperation between the Community and Peru on energy matters. The chief objective of the seminar was to inform the countries interested in setting-up or developing a nationwide gas network — Greece, Ireland, Portugal and Spain — of experience in countries where natural gas accounts for a large proportion of primary energy supplies.

Organization of the gas industry, development of the market, gas purchases and infrastructure planning were amongst the topics discussed. Finally, Distrigaz laid on a tour

of its new liquefied natural gas reception facilities in Zeebrugge.

Relations with energy-producing and energy-importing non-member countries

IEA ministerial-level meeting

2.1.206. A ministerial-level meeting of the International Energy Agency was held on 11 May with the Canadian Energy, Mines and Resources Minister in the Chair.

The Commission was represented by Mr Mosar. As this was the first Ministerial-level meeting since the fall in oil prices and the accident at the Chernobyl nuclear power station, the consequences of these two events for energy policy dominated the Ministers' discussions. While recognizing that the macro-economic benefits of lower oil prices should be exploited to the full, the participants voiced concern at the potential implications of lower energy prices for security of supply. The general political message to emerge from the meeting was that security of supply remains a concern for the IEA countries and that, wherever necessary, they will strengthen their policies to ensure that the long-term goals are achieved. The chief points made in the communiqué issued included recognition of nuclear energy's key contribution to security of supply and of the need for further work to avoid any erosion of its role in the aftermath of the Chernobyl accident; promotion of forceful strategies to bring about further improvements in energy efficiency; further work to improve emergency response preparedness, including urging certain countries to increase their strategic oil stocks, tightening up demand restraint and other such measures.

¹ OJ C 156, 15.6.1987

² COM(87) 223 final.

Nuclear safety

Radiation protection

2.1.207. On 13 May,¹ the Commission sent to the Council a report on the setting-up of a system of mutual medical assistance between Member States in the event of a nuclear accident. Such assistance would amount essentially to making available the specialist human and technical resources of one Member State to another Member State in which they were lacking.

Basic standards

2.1.208. As a supplement to its draft proposal for a Regulation² sent to the Council in January on which the Economic and Social Committee gave its opinion at its May session (→ point 2.4.39), the Commission adopted on 20 May a proposal for a Regulation laying down permitted radioactivity levels for foodstuffs, feedingstuffs and drinking water in the case of abnormal levels of radioactivity or of a nuclear accident.³

In determining these levels, the Commission took account both of the results of the scientific seminar⁴ held in Luxembourg in

April and of the opinion of the Scientific and Technical Committee referred to in Article 134 of the Euratom Treaty. That Committee had adopted the recommendations of the Group of Experts referred to in Article 31 of the Euratom Treaty, which met on 5 May and, in particular, put forward certain recommendations concerning the derived reference levels for the major food items. As provided for in the Euratom Treaty, the Commission's proposal was sent to the Economic and Social Committee for its opinion. The ESC was unable to give its opinion within the time limit of 10 days laid down in Article 170 of the Euratom Treaty. The Commission therefore sent its proposal to the Council in June.

2.1.209. The Commission approached the Member States concerned in order to ensure that they were fully implementing the Council Directive of 15 July 1980 as amended by that⁶ of 3 September 1984 laying down the basic safety standards for the health protection of the general public and workers against the dangers of ionizing radiation.

¹ COM(87) 206 final.

² Bull. EC 1-1987, point 2.1.127.

³ COM(87) 281 final.

⁴ Bull. EC 4-1987, point 2.1.149.

⁵ OJ L 246, 17.9.1980.

⁶ OJ L 265, 5.10.1984.

2. External relations

New round of multilateral trade negotiations

2.2.1. The following negotiating groups met for the second time this month: agriculture from 4 to 6 May, tropical products on 11 May, GATT articles on 18 May, MTN agreements and arrangements on 21 May and safeguards on 25 and 27 May.

The Community has argued that the various sets of negotiations should be conducted in parallel, except, in the case of tropical products, which, it was agreed in Punta del Este, should receive special attention. In all the groups, the Commission has concentrated on identifying in detail the issues which should be covered and providing information essential for the conduct of the negotiations. The Community has submitted its initial ideas, both orally and in writing, on the procedural aspects and the content of the negotiations for each of the topics. Generally speaking, the Community does not expect to make formal negotiating proposals during the initial stage, except on tropical products.

In the negotiating group on tropical products, the Community expressed the hope that other contracting parties would make a genuine multilateral effort to match the offer currently under discussion within the Community institutions. The Community explained to the GATT articles group why it believes that Article XXV, especially the question of GATT waivers, should be reviewed. On safeguards, the Community suggested that the initial focus should be on the temporary and degressive nature of safeguard measures.

Commercial policy

Implementing the common commercial policy

Commercial policy instruments

Easing of restrictive measures

2.2.2. Under the Council Regulation of 14 November 1983 on import arrangements for

products originating in State-trading countries, not liberalized at Community level,¹ the Commission adopted the following measures:

Opening of quotas

Italy — Hungary/Czechoslovakia/German Democratic Republic: unwrought aluminium, alloyed, waste recast into ingots (CCT 76.01 ex A);²

Italy — Czechoslovakia: ball, roller or needle roller bearings (CCT 84.62);²

Italy — Soviet Union: pyrolysis gasoline (CCT 27.07 B ex II, Nimexe code 27.07.39);²

Italy — Bulgaria: polypropylene 'attatico' (CCT 39.02 C ex IV, Nimexe code 39.02.22);²

Spain — Bulgaria: tylosin hydrogen tartrate (CCT 29.44 ex C);³

Spain — Czechoslovakia: 4,4'-dinitrostilbene - 2,2'-disulphuric acid (CCT 29.03 C ex II); formic acid (CCT 29.14 A ex I);³

Spain — German Democratic Republic: griseofulvin (CCT 29.44 ex C); carbamazepine (CCT 29.44 ex C);³

Spain — Soviet Union: synthetic organic dyestuffs (CCT 32.05 A);³

Spain — People's Republic of China: kanamycin, griseofulvin, gentamicin (CCT 29.44 ex C).³

Modification of quotas

United Kingdom — German Democratic Republic: textile products (categories 37 and 50).⁴

¹ OJ L 346, 8.12.1983.

² OJ C 123, 9.5.1987.

³ OJ C 127, 13.5.1987.

⁴ OJ C 119, 5.5.1987.

Safeguard measures

2.2.3. *Ireland — Various State-trading countries:* Quantitative restrictions have been imposed until 31 December 1987 on the release for free circulation in Ireland of urea (Nimexe codes 31.02.15 and 80) and mixtures of ammonium nitrate and calcium carbonate (Nimexe code 31.02.30) originating in Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Romania, the Soviet Union and the German Democratic Republic.

For the period 6 May to 31 December, Ireland opened the import quotas shown in the following table:¹

Table 4 — *Import quotas opened by Ireland for the period 6 May to 31 December 1987*

	<i>tonnes</i>	
	Urea (Nimexe codes 31 02.15 and 80)	Mixtures (Nimexe code 31 02.30)
Albania	50	—
Bulgaria	100	—
Czechoslovakia	500	—
German Democratic Republic	2 000	3 000
Hungary	2 000	—
Poland	100	—
Romania	600	6 000
Soviet Union	2 000	—

Quantities imported from those countries from 11 March to 6 May 1987 under import licences granted during that period will be deducted from the quotas.

Trade protection measures

2.2.4. The other trade protection measures taken in May are shown in Table 5.

Export credits

2.2.5. On 26 May the Commission² adopted a proposal to be transmitted to the Council for a Regulation setting up a European export credit insurance facility (EECIF) to provide cover for goods or service export contracts performed jointly by firms from more than one Member State.

The EECIF will function as a pool of national export credit insurance agencies, with each insuring its national share of the contract. It will arrange for the Member States to issue a single insurance policy with the same terms for export transactions undertaken on a joint basis.

Individual sectors*Textiles***Agreements and arrangements with non-member countries***MFA countries*

2.2.6. On 11 May the Council adopted a Commission proposal³ for concluding the additional protocol to the Agreement between the Community and the People's Republic of China on trade in textile products, to take account of the accession of Spain and Portugal.

¹ OJ C 123, 9.5.1987.

² COM(87) 251.

³ Bull. EC 3-1987, point 2.2.5.

Table 5 — Trade protection measures

Council	Commission ¹
<p>Anti-dumping proceedings</p> <p><i>Definitive anti-dumping duty on imports of:</i></p> <p>Outboard motors originating in Japan OJ L 124, 13.5.1987</p>	<p>Anti-dumping proceedings</p> <p><i>Provisional anti-dumping duty on imports of:</i></p> <p>Urea originating in Czechoslovakia, German Democratic Republic, Kuwait, Libya, Saudi Arabia, Soviet Union, Trinidad and Tobago or Yugoslavia OJ L 121, 9.5.1987 (initiation of proceeding: OJ C 254, 11.10.1986)</p> <p><i>Initiation of anti-dumping proceeding concerning imports of:</i></p> <p>Daisy wheel printers originating in Japan OJ C 121, 7.5.1987</p> <p>Oxalic acid originating in China or Czechoslovakia OJ C 137, 22.5.1987</p> <p>Oxalic acid originating in South Korea or Taiwan OJ C 137, 22.5.1987</p> <p>Herbicide originating in Romania OJ C 142, 29.5.1987</p> <p><i>Initiation of an 'illicit commercial practice' procedure</i></p> <p>Unauthorized reproduction of sound recordings in Indonesia OJ C 136, 21.5.1987</p> <p><i>Temporary Community prior surveillance measures</i></p> <p>Imports of certain products originating in Japan OJ L 117, 5.5.1987</p> <p><i>Expiry of anti-dumping measures</i></p> <p>Mechanical alarm clocks (other than travel alarms) originating in Czechoslovakia OJ C 121, 7.5.1987 (Acceptance of undertakings: OJ L 158, 25.6.1980)</p> <p>Mechanical alarm clocks (other than travel alarms) originating in the German Democratic Republic OJ C 121, 7.5.1987 (Acceptance of undertakings: OJ L 54, 25.2.1982)</p> <p>Roller chains for cycles and motorcycles originating in Taiwan OJ C 121, 7.5.1987 (Anti-dumping duty: OJ L 45, 17.2.1977; OJ L 208, 28.7.1981)</p> <p>Phenol originating in the United States OJ C 121, 7.5.1987 (Anti-dumping duty: OJ L 12, 19.1.1982; OJ L 89, 3.4.1982)</p>

¹ For steel products, see points 2.1.37 to 2.1.39

2.2.7. Two rounds of consultations with Pakistan were held¹ — in Islamabad on 6 and 7 May and in Brussels on 18 and 19 May with a view to the introduction of a limit on Pakistani exports of bedlinen (Cat. 20) to the Community. The consultations resulted in agreement on limits for the period 1987-91, and the Commission adopted the necessary Regulation on 4 June.²

2.2.8. Consultations were also held with Thailand in Bangkok on 28 and 29 May regarding the possibility of reviewing the 1987 quantitative limit for pullovers (Cat. 5), in accordance with the provisions of the Agreement between the Community and Thailand on trade in textiles. A seminar on certain aspects of the textile trade arrangements, notably product classification, was also held on 30 May.

Mediterranean preferential countries

2.2.9. Consultations took place with the Turkish Association of Exporters of Textile Products on 5 and 6 May, and with the Association of Exporters of Clothing on 11 and 13 May.³ A number of management questions were examined in the course of the talks.

Relations with industrialized countries

Canada

2.2.10. Ms Patricia Carney, Canada's Trade Minister, paid her first visit to the Commission on 11 May and had a meeting with Mr Willy De Clercq, Member of the Commission with special responsibility for external relations and trade policy. Reviewing the whole area of EEC-Canada relations, they both emphasized the relative insignificance of bilateral trade problems when seen in the context of two-way trade worth CAD 20 000 million that has been expanding, especially since enlargement.

Unresolved problems raised by the Community included cheese and the provincial liquor boards, while the Canadians raised

the matters of seed potatoes, Canadian label whisky and the Commission's proposal to introduce a stabilization mechanism for oils and fats.⁴

Mr De Clercq and Ms Carney also took stock of the progress made in the negotiations under GATT Article XXIV.6 on the effects of the Community's enlargement.

Japan

2.2.11. The Commission decided on 4 May to introduce prior surveillance of imports of personal computers and certain kinds of hand tools and colour television receivers originating in Japan.⁵ The decision was taken because of fears that Japanese exports would be deflected to the Community as a result of the United States' imposition of 100% duties on these Japanese products.⁶

2.2.12. In view of these American measures and the possibility of trade deflections that could seriously harm Community producers, the Council decided on 26 May to ask the Commission to present as soon as possible a proposal for a Regulation to impose 100% duties on imports found to be deflected. The Council undertook to take action on such a proposal within two weeks of its being presented.

2.2.13. On 26 May the Council also gave the Commission directives, based on the Commission's proposal, for negotiations under GATT Article XXIV.6 to ensure that tariff changes resulting from the Community's enlargement do not accentuate the real imbalance between mutual advantages that exists at present. This aim will also dictate the volume of trade for which the Commission will propose a binding of CCT duties.

¹ Bull. EC 4-1987, point 2.2.9.

² OJ L 145, 5.6.1987.

³ Bull. EC 4-1987, point 2.2.11.

⁴ Bull. EC 2-1987, point 1.2.14.

⁵ OJ L 117, 5.5.1987.

⁶ Bull. EC 4-1987, point 2.2.15.

European Free Trade Association

2.2.14. The annual meeting between EFTA ministers and the Commission, represented by Mr Willy De Clercq, took place at Interlaken on 20 May.¹ Stock was taken of the state of relations between the Community and the EFTA countries and of the implementation of the Luxembourg Joint Declaration of 9 April 1984.² Guidelines were also established for future work. Two conventions, the first ever concluded with EFTA as a group, were signed. Their entry into force on 1 January 1988 will greatly simplify the transfrontier movement of goods (→ points 2.1.53 and 2.1.54). One convention introduces a single administrative document and the other a common procedure for goods in transit, applicable throughout the free trade area. The two sides also noted that satisfactory progress had been made in many areas such as standards, combined rail/road transport,³ rules of origin, the participation of firms from EFTA countries in Community research programmes, and transfrontier trade in goods between the Community, Switzerland and Austria.

Work on public procurement, the removal of quantitative restrictions on exports and improvements in the trade arrangements for processed agricultural products also received a new impetus. What was even more important, because it adds a new dimension to future cooperation, was the start made on work relating to the internal market on the basis of clearly defined objectives. These are: greater transparency concerning State aids; the harmonization of exemptions from indirect taxation and duty-free arrangements; the participation of the EFTA countries in the Community's Comett programme of training in new technologies; and better protection of semiconductor topography and against trade in counterfeits.

At the same time Mr De Clercq set out the three principles governing the Commission's approach to closer cooperation between the Community and EFTA: priority for internal integration, preservation of the Community's autonomous powers of

decision and the need to achieve balanced results (a fair balance between benefits and obligations).

Norway

2.2.15. The Prime Minister of Norway, Mrs Gro Brundtland, made an official visit to the Commission on 5 May, returning the visit to Oslo by the President of the Commission, Mr Delors, in October last year.⁴

The main purpose of the visit was to discuss the new integration policies being implemented by the Community and the scope for Norway's cooperation in those areas. Mrs Brundtland explained that attitudes in Norway on the need for closer relations with the Community had changed.

The internal debate on Norway's relations with the Community had gained new momentum. However, the debate was not so much about membership itself but rather about ways of taking advantage of the new dynamism that would be engendered by the Community's structural reforms. Accession was not expected to be a major issue in the 1989 electoral campaign but it could become one at a later date.

Meanwhile, Norway would continue monitoring developments in the Community as closely as possible, notably in areas such as the internal market, research and development programmes and political cooperation — whether in a bilateral context or in the framework of EFTA.

Mrs Brundtland also presented the main conclusions of the inquiry carried out by the UN World Commission on Environment and Development which she chaired (→ point 2.1.135). Lastly, the growing desire of both parties for the development of bilateral relations would be symbolized by the opening of the proposed Commission delegation in Oslo.

¹ Bull. EC 6-1986, point 2.2.17.

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

³ Bull. EC 2-1987, point 2.1.173.

⁴ Bull. EC 10-1986, point 2.2.17.

Relations with other countries and regions

Mediterranean countries

Mediterranean policy of the enlarged Community

Trade

2.2.16. Acting on proposals from the Commission,¹ the Council decided on 26 May to sign the Protocols providing for economic and technical adaptation of the Cooperation Agreements — and the ECSC Agreements — between the Community and Algeria, Egypt, Jordan, Lebanon and Tunisia consequent upon the enlargement of the Community. The Protocols enable Spain and Portugal to participate fully in these Agreements and make certain economic adjustments to them in the context of the overall Mediterranean policy of the enlarged Community.²

2.2.17. The Protocol of adaptation to the Cooperation Agreement with Tunisia was signed at the third meeting of the EEC-Tunisia Cooperation Council, which took place on 26 May (→ point 2.2.21).

2.2.18. With regard to the Protocol of adaptation to the Association Agreement with Turkey, the Council will continue its discussions at a forthcoming meeting.

Cyprus

2.2.19. On the conclusion of the negotiations begun in December 1985,³ the Commission and a Cypriot delegation initialled on 22 May a Protocol providing for the establishment — in two stages lasting a total of 15 years — of a customs union between the Community and Cyprus. This Protocol marks the transition to the second phase of the 1973 Association Agreement,⁴ of which it forms an integral part and applies to the whole population of the island.

During the first phase, lasting 10 years, Cyprus will progressively dismantle cus-

toms duties and quantitative restrictions on all industrial products — a step already taken by the Community — and adopt the Common Customs Tariff. The Community will gradually remove its customs duties on the main agricultural exports (fruit, new potatoes, other vegetables and wine) from Cyprus, which in turn will grant tariff concessions on a certain number of agricultural products of major interest to the Community (cereals, beef and vegetable oils). During this first phase, the Protocol also provides for a number of protective mechanisms (safeguard clause, quotas and slower rate of tariff dismantling) for a number of sensitive industries in Cyprus.

The transition to the second phase requires a decision of the Association Council. A number of issues still outstanding — notably rules of origin (maintained during the first phase), free movement of agricultural products, quotas and tariffs still in force on both sides, and accompanying measures and policies — will be settled within the framework of that decision.

Yugoslavia

2.2.20. On 26 May the Council adopted additional negotiating directives for the second Protocol on financial cooperation between the Community and Yugoslavia.⁵ The second Protocol, lasting six years (1 July 1985 to 31 July 1991) would involve non-subsidized EIB loans, from the Bank's own resources, totalling 550 million ECU.

Tunisia

2.2.21. The third meeting of the EEC-Tunisia Cooperation Council took place in Brussels on 26 May.⁶ Mr Leo Tindemans, President of the Council, led the Community delegation. Mr Claude Cheysson,

¹ OJ C 104, 21.4.1987; Bull. EC 1-1987, point 2.2.11; Bull. EC 3-1987, points 2.2.15 and 2.2.16; Bull. EC 4-1987, point 2.2.19.

² Bull. EC 3-1985, point 2.2.19.

³ Bull. EC 12-1985, point 2.3.24.

⁴ OJ L 133, 21.5.1973; OJ L 174, 30.6.1981.

⁵ Bull. EC 4-1987, point 2.2.22.

⁶ Bull. EC 12-1980, point 2.2.47.

Member of the Commission with special responsibility for Mediterranean policy, represented the Commission; the European Investment Bank was represented by Alain Prate, Vice-President. The Tunisian delegation was led by Mr Hedi Mabrouk, Minister of Foreign Affairs.

This ministerial meeting enabled both sides to sign the Protocols of adaptation to the EEC-Tunisia Cooperation Agreement¹ (→ point 2.2.17). These Protocols confirm that Tunisian industrial products will continue to have free access to the Community and provide also for these arrangements to be applied progressively in respect of Spain and Portugal; in the case of Tunisian exports of agricultural products, they lay down a set of measures aimed at ensuring the maintenance of traditional trade flows in the new situation resulting from the enlargement of the Community.

The Cooperation Council proceeded to review trade between the two sides, noting that the Community is Tunisia's foremost trading partner. The Council examined the pattern of trade between the Community and Tunisia and was informed of the latter's concern over its trade deficit with the Community. Tunisia voiced particular concern with regard to its olive oil exports.

On the question of financial and technical cooperation, the Cooperation Council reviewed the implementation of the first and second financial Protocols and expressed satisfaction at the results obtained. Looking ahead, the objective of improved food self-sufficiency, confirmed in the recently published VIIth plan (1987-91) as a future priority of the Tunisian Government, is also one of the priorities set by the Community in the third financial Protocol,² under which Tunisia, in the period up to 31 October 1991, will receive a total of 224 million ECU (93 million ECU from budget resources and 131 million ECU in the form of EIB loans).

In the same context, the Cooperation Council also noted the interest on the part of the Tunisian authorities in a combined integrated approach incorporating the

financial instruments of cooperation and food aid.

It observed, moreover, that the other priorities proposed by the Community for the third Protocol largely coincide with those adopted by Tunisia. They involve assistance for industrial, scientific, technological and trade cooperation measures and the development of regional and multilateral cooperation.

Asia

Association of South-East Asian Nations

2.2.22. The seventh EEC-Asean Joint Cooperation Committee meeting was held in Jakarta from 30 April to 2 May.³ It was agreed that a number of bilateral trade issues would be the subject of further consultations in the framework of a joint working party. Both sides agreed on the need to examine together ways in which Asean countries could carry out measures which would bring about growth, diversification and expansion of international trade in commodities and proposed close collaboration at the forthcoming Unctad VII Conference.

The Joint Committee agreed on the need for new and concerted efforts to promote industrial cooperation, by means of a programme for preparations leading to proposals for discussion at the next EEC-Asean Foreign Ministers meeting in the first half of 1988. Lastly, both sides agreed on a number of new initiatives, including joint research programmes in the field of biotechnology, the establishment of a joint Management Centre in Brunei Darussalam and projects relating to cooperation in the field of drugs.

¹ Tenth General report, points 509 and 510.

² Bull. EC 3-1987, point 2.2.14.

³ Bull. EC 3-1986, point 2.2.22.

Latin America

Costa Rica

2.2.23. The President of Costa Rica, Mr Oscar Arias Sánchez, paid an official visit to the Commission on 21 May. He had talks with Mr Delors on the general situation in Central America and on the prospects for cooperation between the Community and the Central American countries. In discussions between Mr Madrigal Nieto, the Costa Rican Foreign Minister, and Mr Claude Cheysson, Member of the Commission with special responsibility for North-South relations, the latter reiterated the Commission's interest in financing regional projects with the aim of reactivating and consolidating the regional integration process in Central America. On 22 May a working meeting took place with Mr Otton Solís Fallas, Costa Rican Minister for Planning and Economic Policy, in which the technical aspects of cooperation between the Community and Costa Rica were discussed.

President Arias also visited six European capitals in order to explain to the Member States his peace plan for Central America.

State-trading countries

China

2.2.24. On 11 May Mr Willy De Clercq, Member of the Commission with special responsibility for external relations and trade policy, discussed with Mrs Zhu Youlan, China's Deputy Minister for Economic Relations and Foreign Trade, the recent high-level consultations in China¹ and major bilateral issues, notably preparations for the Community-China investment symposium scheduled for the end of the year and the prospective opening of a Commission Delegation in Peking.¹

2.2.25. Mr Willy De Clercq also took part on 14 May in a colloquium, organized in the context of the Ghent 'Flanders technology'

trade fair, on technology transfers between the Community and China. He stressed that an increasing European presence in China required both a greater commitment on the part of Community business and industry and also a greater readiness on China's part to do business.

Development

Council

2.2.26. On 21 May the Council meeting on development concentrated mainly on efforts to combat AIDS in the developing countries and on the need to make public opinion in the Community more aware of development issues. On the basis of a Commission working paper it also identified the areas of industry, agriculture and services in which the private sector could play an important role in the development process; in its conclusions it asked the Commission to examine the matter in greater detail and present specific proposals. Lastly, it discussed extensively the preparations for Unctad VII,² and at the close of the discussions the President stressed the need to devote particular attention to the poorest countries, whose development prospects are severely affected by debt-servicing problems and excessive dependence on exports of raw materials. Referring to the conclusions drawn by the Council in November 1984³ on the environmental dimension of the Community's development policy and in April 1986⁴ on a European plan for the conservation of natural resources and measures to counter desertification in Africa,⁵ he asked the Commission to compile a progress report on the incorporation of environmental issues into the Community's development policy.

¹ Bull. EC 3-1987, point 2.2.24.

² Bull. EC 1-1987, point 2.2.25; Bull. EC 2-1987, point 2.2.23.

³ Bull. EC 11-1984, point 2.2.34.

⁴ Bull. EC 4-1986, point 2.2.29.

⁵ Bull. EC 1-1986, point 1.3.1 *et seq.*

The following positions and conclusions were adopted concerning the two main topics of discussion:

*Combating AIDS
in the developing countries*

After hearing an introductory statement in which Mr Lorenzo Natali, Vice-President of the Commission with special responsibility for development cooperation, presented a Commission proposal for the implementation of a Community programme to combat AIDS in the developing countries, the Council held a wide-ranging discussion on the subject and adopted conclusions expressing its political agreement on the proposal. It also voiced its concern regarding the spread of the disease worldwide and noted the intention of the Commission—which was asked to bring forward proposals rapidly—to make appropriate financial provision from funds at the Community's disposal and to dovetail its action with the WHO special programme on AIDS.

In his statement, Mr Natali set out the broad lines of the Commission's programme, which will focus on the following measures: action to reduce transmission through blood transfusions (establishment and monitoring of blood banks, launching of screening programmes); information and education campaigns to reduce transmissions through sexual contact; action to reduce transmission through injections, notably by training health staff and providing medical equipment; the setting-up of a system to monitor the impact of the programme and study the evolution of the disease; and operational research. The Commission considers that these measures will call for the mobilization of additional financial resources in order to avoid jeopardizing the other development objectives: for the ACP countries it proposes a three-year programme with a budget of 35 million ECU taken from resources not allocated under Lomé II; for the other developing countries the Commission has funds for emergency aid and intends to make budget

proposals for 1988. Lastly, some of the funds for the next R&D programme in the field of science and technology for development (1987-90) may be used for research on AIDS, for the benefit of all the developing countries.¹

*Increasing public awareness
in the Community*

On the basis of a Commission working paper, the Council adopted conclusions in which it stressed in particular the importance of proper understanding of development issues by the public, picked out the topics and objectives on which the information and education campaign should be concentrated, and highlighted the advisability of greater collaboration at European level in this sphere, notably through exchanges of experience and information between the various parties concerned in the Member States and at Community level.

ACP-EEC Convention

Application by Haiti

2.2.27. At the beginning of May the Government of Haiti, in a letter to the President of the Commission, expressed its wish to accede to the next Lomé Convention (Lomé IV). This application was duly transmitted to the Council, the Commission and the ACP-EEC Council of Ministers.

2.2.28. On 13 May the Commission proposed to the Council that negotiations should be started with Haiti and the Dominican Republic with a view to a regional cooperation agreement between these two countries and the Community, as a means of ensuring the coordination and continuity of existing economic cooperation and providing it with a contractual framework.

Accession protocols

2.2.29. At the 12th session of the ACP-EEC Council of Ministers, agreement was

¹ OJ C 24, 31.1.1987; Bull. EC 10-1986, point 2.1.50.

reached on the accession of Spain and Portugal to Lomé III (→ point 2.2.38).

Commodities and world agreements

Coffee

2.2.30. On 18 May the Commission sent to the Council a recommendation for a Decision concerning the conclusion by the Community of the International Coffee Agreement,¹ which was signed on 29 June 1983² and entered into force provisionally on 1 October 1983.³

All the Community Member States have now completed the requisite constitutional procedures.

Campaign against hunger in the world

Food aid

Reform of food aid policy and food aid management

2.2.31. On 21 May the Council adopted a Regulation,⁴ on a proposal from the Commission,⁵ laying down implementing rules for the Regulation of 22 December 1986 on food aid policy and food aid management.⁶

UNRWA Convention

2.2.32. The Council also adopted on 21 May, on a proposal from the Commission⁷ endorsed by Parliament,⁸ a Decision on the conclusion of the 1987-89 Convention between the Community and the United Nations Relief and Works Agency for Palestine Refugees.⁴

Emergency aid

People's Republic of China

2.2.33. Following an appeal from the Chinese Government, the Commission

decided at the end of May to grant emergency aid totalling 500 000 ECU for assistance in the form of essential goods (local purchase of tents, blankets, food and medicines) to the People's Republic of China. This will be used to meet the urgent needs of the victims of the huge fire which broke out on 6 May and devastated the north-east of the country, leaving 200 dead, 221 injured, 60 000 homeless and 600 000 hectares destroyed.

Boat people

2.2.34. In view of the continuing emigration of Vietnamese boat people and following the appeal by 'Médecins du Monde', which is carrying out a new rescue operation, the Commission decided on 12 May to grant this NGO emergency aid totalling 230 000 ECU. This is to cover the operating cost of a ship and the needs of refugees picked up in the China Sea.

Industrial cooperation

ACP States

2.2.35. On 22 May a group of experts met in Brussels to examine the problems raised by exports of reusable industrial equipment and the opportunities for industrial cooperation in this field between the Community and the ACP States.

Financial and technical cooperation

ACP States

2.2.36. In May the Commission decided to allocate fourth, fifth and sixth EDF

¹ COM(87) 217 final.

² Bull. EC 6-1983, point 2.2.58.

³ OJ L 308, 9.11.1983, Bull. EC 9-1983, point 2.2.33; Bull. EC 10-1983, point 2.2.46.

⁴ OJ L 136, 26.5.1987.

⁵ OJ C 55, 3.3.1987, Bull. EC 2-1987, point 2.2.27.

⁶ OJ L 370, 30.12.1986, Bull. EC 12-1986, point 2.2.31.

⁷ OJ C 35, 13.2.1987; Bull. EC 1-1987, point 2.2.31.

⁸ OJ C 156, 15.6.1987.

resources totalling 45 055 000 ECU to finance projects, programmes and emer-

gency aid operations which it administers in the following sectors:

Table 6 — *Financing of fourth, fifth and sixth EDF operations*

<i>million ECU</i>			
	Project	Grants	Loans
<i>Economic infrastructure</i>			
Gambia	Maintenance of road network	1.200	
Sierra Leone	Telecommunications	3.100	10.900
<i>Rural production</i>			
Zaire	Afforestation	10.000	
<i>Industrialization</i>			
Ghana	Aid for Ghanaian department of appropriate technology	1.200	
<i>Social development</i>			
Somalia	Rehabilitation of Mogadishu hospital	3.600	
Uganda	Programme for returnees in Western Nile province	3.860	
Zambia	Vocational training	4.000	
Swaziland	Training	2.300	
Madagascar	Resettlement aid	0.500	
St Vincent and Grenadines	Hospital extension	1.800	
<i>Emergency aid</i>			
Côte d'Ivoire	Victims of bush fires	0.210	
Cameroon	Anti-locust campaign	0.065	
Mozambique	Victims of internal disturbances and drought	0.650	
Uganda	Campaign against AIDS	0.350	
Angola	Supply of seeds via Red Cross	0.650	
Senegal	Anti-locust campaign	0.230	
Gambia	Anti-locust campaign	0.100	
Nigeria	Campaign against yellow fever epidemic	0.300	
	Total	34.155	10.900

Cooperation via non-governmental organizations

2.2.37. During the period 1 January to 31 May the Commission committed 30 million

ECU for the cofinancing of 212 projects in developing countries put forward by 98 NGOs.

The Commission contributed a further 2 085 709 ECU to 31 operations to make

European public opinion more aware of development issues.

Institutions

ACP-EEC

2.2.38. The 12th session of the ACP-EEC Council of Ministers, held in Brussels on 14 and 15 May, was chaired by Mrs Eugenia Charles, Prime Minister of Dominica and President of the Council of ACP Ministers.¹ The Community delegation was led by Mr Leo Tindemans, Belgian Foreign Minister and President of the Council of the European Communities, and Mr Paul de Keersmaecker, Belgian State Secretary for European Affairs and Agriculture; the Commission was represented by Mr Natali.

The most important item on the agenda concerned the negotiation of the Protocol of Accession of Spain and Portugal to Lomé III. Ministers concluded nearly 18 months of negotiations by reaching agreement on the conditions of accession.

During a seven-year transitional period Spain and Portugal will apply to imports of industrial products from the ACP States virtually the same transitional measures as they apply to imports from the Ten. The transitional measures applied to imports of agricultural products from the ACP States, particularly in the case of imports into Spain, will also be largely identical to those applied to imports from the Ten.

During the negotiations the Community made a number of significant improvements in the trade arrangements for imports from the ACP States during the transitional period, particularly in terms of improved access for ACP industrial and agricultural (especially tropical) products to the Spanish and Portuguese markets and to the wider Community market. It was agreed that the Protocol of Accession would be applied provisionally as soon as the existing transitional arrangements expire, i.e. from 1 July.² There are to be further talks on rice

and sugar in connection with the enlargement of the Community.

As regards southern Africa, the ACP States pressed the Community to isolate South Africa completely, notably by means of tougher sanctions, and called for a ministerial meeting to be held in November. The President of the Council and the Commission reiterated the position of the Twelve and referred to the measures taken against South Africa to help the SADCC countries and victims of apartheid in South Africa and Namibia.

The session also provided an opportunity for the Community and the ACP States to hold consultations on the Uruguay Round negotiations,³ and to have an informal exchange of views on Unctad VII⁴ and the follow-up to the United Nations special session on Africa held last year.⁵ The Council of Ministers also examined the scope for stabilizing the terms for importing Community cereals into the ACP States and called for a decision to be taken soon. The Community was ready to act on this question.

The ACP States expressed their concern about the Commission proposal for taxing oils and fats,⁶ the state of the coffee market and proposals concerning the sugar price, and were given detailed explanations concerning these items. The ACP States vigorously defended their interests in relation to the fixing of new coffee quotas: they received an assurance that their interests would be given serious consideration and that the quotas would be fixed on the basis of objective criteria.

Talks were also held on a number of topics bearing on trade cooperation, the Stabex system, investment, ACP indebtedness and

¹ Bull. EC 4-1986, point 2.2.57.

² OJ L 380, 31.12.1986; Bull. EC 12-1986, point 2.2.28; Bull. EC 4-1986, point 2.2.57; OJ L 63, 5.3.1986; Bull. EC 2-1986, point 2.2.26.

³ Bull. EC 9-1986, point 1.4.1 *et seq.*

⁴ Bull. EC 1-1987, point 2.2.25; Bull. EC 2-1987, point 2.2.23.

⁵ Bull. EC 5-1986, point 2.2.40.

⁶ Bull. EC 2-1987, point 1.2.14.

the treatment of ACP national in Member States. The ACP-EEC Council of Ministers also agreed to consult ACP-EEC business and workers' representatives.¹ It adopted the report of the 'Lomé III Article 193 Committee' on financial cooperation, approved the conclusions of evaluation exercises carried out on EDF-financed projects and made progress on the examination of general conditions for EDF contracts.

*

Visits

2.2.39. Mr Natali, Vice-President of the Commission, paid an official visit to Madagascar from 1 to 10 May at the invitation of the President, Mr Didier Ratsiraka. He had talks with the Malagasy authorities on the guidelines for Community aid to Madagascar, the emphasis being placed on programmes aimed at food self-sufficiency, which receive 78% of funds allocated under the Lomé III indicative programme signed in Antananarivo in November 1985, which provides a total of 110 million ECU, including 20 million ECU in the form of special loans, for the period 1986-90.² The Malagasy authorities again assured Mr Natali that Madagascar regarded the Community as a special partner in its struggle with its present serious economic difficulties, which include a very heavy external debt.

2.2.40. The President of the International Committee of the Red Cross (ICRC), Mr Cornelio Sommagura, visited the Commission on 18 May. He took the opportunity to express the ICRC's recognition of the decisive support given by the Community and its Member States to humanitarian operations in the field. In the last few years European solidarity had found expression in considerable financial and food aid: in 1986 the Community and its Member States headed the list of contributors to the ICRC budget with 55 million ECU.

International organizations and conferences

United Nations

Economic and Social Council

2.2.41. The Economic and Social Council held its first regular session of 1987 in New York from 4 to 29 May.³ Its agenda, usually covering social, cultural and humanitarian issues, also included economic matters and an initial review of progress made on the in-depth study of the structure and functions of the United Nations, following resolutions adopted at the 41st session of the General Assembly.⁴

In the social and humanitarian spheres, the principal subjects of interest to the Community were racism, drugs, the advancement of women and human rights. On the first three subjects, resolutions were adopted without a vote.

In the economic sphere, the Economic and Social Council adopted the reports of its Statistical Commission, Committee on Natural Resources and Commission on Transnational Corporations. Community statements were delivered by the Presidency on the two latter subjects. The President of the Special Commission,⁵ which was set up by the Council early this year to make an in-depth study of the structure and functioning of the United Nations in the Council's area of competence, also reported on the progress achieved and on its future work programme. The study should be ready for submission to the Economic and Social Council in about a year.

¹ Bull. EC 12-1986, point 2.2.43.

² Bull. EC 11-1985, point 2.3.34.

³ Bull. EC 7/8-1986, point 2.2.54.

⁴ Bull. EC 9-1986, point 2.2.44; Bull. EC 11-1986, point 2.2.51; Bull. EC 12-1986, point 2.2.46.

⁵ Bull. EC 4-1987, point 2.2.44.

Organization for Economic Cooperation and Development

Council

2.2.42. The annual ministerial meeting of the OECD Council was held in Paris on 12 and 13 May under the chairmanship of Dr Martin Bangemann, the German Minister for Economic Affairs.¹ Mr Frans Andriessen, Vice-President of the Commission with special responsibility for agriculture and forestry, and Mr Willy De Clercq, Member of the Commission with special responsibility for external relations and trade policy, represented the Community. The two main topics for discussion, in addition to the customary trade issues, were the economic and social situation in the Member States and agriculture. Discussing the prospects for improved growth, Ministers agreed to make full use of the scope for international cooperation on macroeconomic and structural adjustment policies. On macroeconomic issues they agreed, in view of the outlook for low inflation in many countries, that a further lowering of interest rates in those countries would be helpful, though accompanied by stronger fiscal action to reduce deficits or expand demand, according to the country concerned. On structural adjustment, they stressed the need for concerted action to reduce the distortions and rigidities hampering the progress of the western economies.

On trade, Ministers reaffirmed their determination to resist protectionist trends and work towards rapid and sustained progress in the GATT multilateral negotiations launched at Punta del Este,² emphasizing that both the conduct and the outcome of the negotiations must be treated as unified undertakings.

As regards agriculture, Ministers agreed on the responsibility of all countries, given the present serious imbalance on most of the agricultural markets, and were also in accord on the necessary principles underlying a reform of agricultural policies, namely a progressive return to market-oriented

agriculture and an awareness of social concerns. They considered that the GATT negotiations would furnish a framework for most of the measures required in order to give effect to these principles, including a progressive reduction of assistance to and protection of agriculture on a multi-country and multi-commodity basis.

At the same time, they undertook to refrain from actions which would worsen the present situation, in particular by avoiding measures that would tend to stimulate production in surplus agricultural commodities and by acting responsibly in disposing of the stocks built up. Ministers also discussed relations with the developing countries. Noting the interdependence of the economies of the developed and developing countries, and the diversity of economic problems and performance in the developing countries, they stressed the need for the latter to follow soundly based economic policies. They also recommended further cooperation in handling the debt issue and the continuation of efforts to find an innovative financing approach to the problems faced by the poorest countries.

The meeting was judged by Mr De Clercq to have been positive and doubly satisfactory from the Community's standpoint, in view of the conclusions adopted in the final communiqué in respect of both trade and agriculture. On the question of agriculture, Mr Andriessen drew three conclusions: first, he considered that agreement on the principles adopted would have been inconceivable only a few years ago; second, the document was exactly in line with the policy on which the Community had embarked, i.e. a gradual return to responsiveness to 'market signals'; third, the fact that the communiqué called for concerted action by the OECD member countries was important for the Community, he believed, because the latter could not keep up its own efforts unless others did likewise.

2.2.43. On 26 May the Commission sent to the Council a communication on the

¹ Bull. EC 4-1986, point 2.2.60.

² Bull. EC 9-1986, point 1.4.1 *et seq.*

procedure to be followed by the Community and its Member States in adopting acts of the OECD.¹ This communication seeks to establish procedures that will enable the Commission and the Member States to present their positions in respect of acts adopted on matters that come within the Community's powers.

Council of Europe

2.2.44. The Council of Europe's Parliamentary Assembly, meeting in Strasbourg from 4 to 8 May,² examined in the presence of ministers — in accordance with the recommendations of the Colombo Commission — a report on social cohesion and identified priority measures for safeguarding it, particularly in the family, education and youth training spheres.

2.2.45. At a parallel meeting, the Committee of Ministers of the Council of Europe heard a statement by Mr Leo Tindemans, President of the Council of the Communities, on his mission to a number of Middle East countries in an effort to convene an international peace conference; they also held further discussions on ways of strengthening cooperation between the Council of Europe and the European Community. In this connection, they reaffirmed their support for the European campaign on North-South interdependence and solidarity scheduled for April-May 1988.

Conference on Security and Cooperation in Europe

2.2.46. The third phase³ of the CSCE follow-up meeting opened in Vienna on 9 May. This phase concerns the negotiation of new proposals to be included in the concluding document, with the neutral and non-aligned participating countries assuming the role of coordinators. Mr Tindemans, who deliv-

ered an address in his capacity as President of the Council, spoke in favour of the possibility of examining individual complaints on human rights violations and advocated — also within the CSCE framework — the convening of a conference on economic cooperation and the organization of a forum on the dissemination of information.

Diplomatic relations

2.2.47. The following ambassadors presented their letters of credence to the President of the Council and the President of the Commission. Their appointments took effect on the dates shown.

8 May

HE Mr Geraldo Egidio da Costa Holanda Cavalcanti, Head of Mission of the Federative Republic of Brazil to the European Communities; HE Mr Leslie Armon Wilson, Head of Mission of Jamaica to the EEC; HE Mr James Henry E. Matheson, Head of Mission of the Cooperative Republic of Guyana to the European Communities; HE Mr Lawrence P. Anthony, Head of Mission of the Republic of Malawi to the European Communities; HE Mr Bénédicte de Tschärner, Head of Mission of the Swiss Confederation to the European Communities; HE Mr Ernest Siphon Mphofu, Head of Mission of the Republic of Botswana to the European Communities; HE Mr Chong Ha Yoo, Head of Mission of the Republic of Korea to the European Communities.

19 May

HE Mr Muneoki Date, Head of Mission of Japan to the European Communities.

¹ COM(87) 226 final.

² Bull. EC 2-1987, point 2.2.43.

³ Bull. EC 4-1987, point 2.2.46.

3. Financing Community activities¹

Budgets

Preliminary draft budget for 1988⁴

General budget

2.3.2. On 14 May the Commission adopted the 1988 preliminary draft budget to be sent to the budgetary authority.⁵

Preliminary draft supplementary and amending budget No 1/87²

Tables 8 and 9 show the main components of the 1988 preliminary draft.

2.3.1. On 27 May the Commission sent preliminary draft supplementary and amending budget No 1/87 to the Council.³ The changes to the 1987 budget which the Commission is proposing to the budgetary authority are summarized in Table 7.

¹ For the future financing of the Community, see points 2.4.5 and 2.4.6.

² For the political background to this budget, see points 1.1.2 to 1.1.4.

³ COM(87) 234.

⁴ For the political background to this budget, see points 1.1.5 to 1.1.11.

⁵ COM(87) 240.

Table 7 — Summary of changes proposed to the 1987 budget

<i>Million ECU</i>			
	1987 budget	Change	Preliminary draft supplementary and amending budget
<i>1. Statement of revenue</i>			
Agricultural levies	2 078.4	− 314.5	1 763.9
Sugar levies	1 218.7	+ 219.9	1 438.6
Customs duties	9 761.5	− 1 364.8	8 396.7
VAT and financial contributions	22 981.2	+ 663.3	23 644.5
Miscellaneous revenue	273.6	—	273.6
Total	36 313.4	− 796.1	35 517.3
<i>2. Statement of expenditure</i>			
Balance from 1986	token entry	+ 819.9	819.9
Cost of collecting own resources	1 305.9	− 146.0	1 159.9
Refund to Spain and Portugal of a proportion of VAT and financial contribution	1 253.0	+ 36.2	1 289.2
Total	2 558.9	+ 710.1	3 269.0
Deficit to be financed by advances from the Member States	—	—	—
Total (1 + 2)	796.1 + 710.1 = 1 506.2		

Table 8 — 1988 Preliminary draft budget breakdown between compulsory and non-compulsory expenditure

		1987 budget ¹ (million ECU)	1988 preliminary draft (million ECU)	% change
Grand total				
	commitments	39 787.1	40 933.4	+ 2.9
	payments	38 685.6	39 707.9	+ 2.6
Compulsory expenditure				
	commitments	29 449.8	29 835.5	+ 1.31
	payments	29 441.1	29 783.6	+ 1.16
Non-compulsory expenditure ²				
	commitments	10 337.3	11 097.8	+ 7.36
	payments	9 244.5	9 924.3	+ 7.35

¹ Including 2 822 million ECU in additional requirements for EAGGF guarantee including supplementary and amending budget No 1/87.

Not including the 10% refund to Member States for the cost of collecting own resources.

² According to the Commission's classification.

Table 9 — 1988 preliminary draft budget by sector

Sector	1987 budget (million ECU)		1988 preliminary draft (million ECU)		% change	
	commitments	payments	commitments	payments	commitments	payments
	1	2	3	4	5 = 3-1	6 = 4-2
EAGGF guarantee	22 961	22 961				
Additional requirements	2 822	2 822				
	25 783	25 783	27 045	27 045	+ 4.9	+ 4.9
Fisheries	258	217	305	248	+ 18.2	+ 14.0
Structural Funds	6 961	5 979	7 380	6 582	+ 6.0	+ 10.1
EAGGF guidance	(1 017)	(940)	(1 085)	(1 107)	(+ 6.7)	(+ 17.7)
Regional Fund	(3 342)	(2 497)	(3 540)	(2 932)	(+ 5.9)	(+ 17.4)
Social Fund	(2 602)	(2 542)	(2 755)	(2 543)	(+ 5.8)	(0)
Research	1 040	774	1 050	920	0.9	+ 18.9
Development cooperation	1 053	1 189	1 034	861	- 1.8	- 27.6
Other policies	717	769	762	696	+ 6.3	- 9.5
Refunds to Member States	2 190	2 190	1 397	1 397	- 36.2	- 36.2
Staff and administration	1 785	1 785	1 959	1 959	+ 9.7	+ 9.7
Total	39 787	38 686	40 933	39 708	+ 2.9	+ 2.6

The following features may be noted:

(i) In aggregate the 1988 preliminary draft is only slightly bigger than the 1987 budget – 5% in terms of commitments and 2.6% in terms of payments. The Commission has complied with the new rules on budgetary discipline for agriculture and non-compulsory expenditure. However, the Community will need a substantial increase in own resources to meet its obligations in 1988; under the present arrangements some 1.7% of harmonized VAT would be required.

(ii) EAGGF guarantee expenditure is 4.9% higher than actual requirements in 1987. The 1988 figure conforms to the new rules of budgetary discipline and does not exceed the total for 1988 shown in the financial perspective 1988-92.¹

(iii) The increase in the commitment appropriations proposed for the structural Funds is 6%, while payment appropriations overall are 10.1% up. These rates are consistent with the financial perspective 1988-92 and represent the first step towards the doubling of commitments from these Funds in real terms between 1988 and 1992. The Commission will shortly be presenting a proposal for a framework regulation governing the structural Funds and a number of amendments to specific regulations in order to achieve the objectives of the Single European Act;² 1988 is therefore a year of transition for these Funds.

(iv) With an increase of 0.9%, the commitment appropriations proposed for research remain stable. A large volume of appropriations not used in 1987 will be carried over to 1988 as a result of the Council's delay in adopting the framework programme. There is a large 18.9% increase in payment appropriations to cover the cost of existing programmes and specific programmes to be adopted as part of the new framework programme.

(v) The main reason for the reduction in expenditure on development cooperation is that the appropriations needed to maintain the same volume of food aid will be far lower than in 1987 because of the level of the dollar against the ECU.

Budgetary discipline

2.3.3. At its meeting on 11 May the Council agreed, by a qualified majority, on an approach to the reference framework for the 1988 budget. This framework sets a maximum figure for EAGGF guarantee expenditure of 22 757 million ECU. This figure is obtained by applying the rate of increase for net resources within the 1.4% VAT limit to average expenditure in 1984 and 1985. A Council statement adds that in exceptional circumstances it could be necessary to exceed this figure.

Other compulsory expenditure is fixed at 4 030 million ECU in commitments and 3 973 million ECU in payments. The increase in non-compulsory expenditure corresponds to the maximum rate of 7.4% applied to the 1987 base as defined by the Council. Total expenditure under the 1988 reference base amounts to 37 822 million ECU in commitments and 36 640 million ECU in payments.

A delegation from Parliament will be invited to the next Council meeting in June to discuss these guidelines in accordance with the procedure provided for in the Council's conclusions on budgetary discipline adopted on 4 December 1984.³

Financial operations

ECSC

Loans paid out

2.3.4. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission made the following loans in May, totalling 5.06 million ECU.

¹ Bull. EC 3-1987, point 2.3.1.

² Supplement 2/86 — Bull. EC.

³ Bull. EC 12-1984, point 1.3.1.

Conversion loans

2.3.5. Conversion loans (Article 56) of 4.67 million ECU were granted to France, Germany, Luxembourg and the Netherlands.

Workers' housing

2.3.6. Housing loans amounted to 390 000

ECU for steelworkers and mineworkers in the United Kingdom and Italy.

EEC-NCI

2.3.7. In May the Commission made a private placing in marks for the equivalent of 36.12 million ECU.

4. Political and institutional matters

Political cooperation

2.4.1. On 25 May the Foreign Ministers held a regular political cooperation meeting in Brussels at which they discussed the situation in Central America in the light of the tour of Europe made by Mr Arias Sánchez, President of Costa Rica, and ahead of the Esquipulas Summit. They also discussed the situation in the Middle East and East-West relations, but nothing new emerged regarding these two points.

In addition to this, they issued statements on South Africa and the use of chemical weapons in the Iran-Iraq conflict.

Declaration on South Africa

'1. In the light of the elections in the white community held on 6 May and of President Botha's address at the opening of Parliament on 19 May, Foreign Ministers of the Twelve discussed recent developments in South Africa, and reviewed their policy towards the region. They expressed their deep concern over the serious risk of a further polarization of attitudes. They noted that this development would discourage those white and black South Africans who are genuinely working towards peaceful change.

2. Against this background, Ministers reaffirmed that the objective of the Twelve's policy towards South Africa remains the total dismantlement of

apartheid and its replacement by a genuinely democratic, non-racial system of government. They once again called for a process of fundamental but peaceful change and urged President Botha to take the steps necessary to allow a national dialogue to begin. These steps must include the lifting of the state of emergency, the unconditional release of all political prisoners and the unbanning of the African National Congress, the Pan-Africanist Congress of Azania and other political parties. Ministers reaffirmed that, in the absence of significant progress in the abolition of apartheid, the attitude of the Twelve to South Africa remains under constant review, taking into account their fundamental principles for the development of South Africa.

3. Ministers underlined the fact that the Twelve remain committed to work actively for the initiation of a process of peaceful change. They are continuing to support those within South Africa who are in favour of the peaceful dismantlement of apartheid and, in the region as a whole, the Twelve are devoting significant resources to assisting the neighbouring countries which have suffered so much as a result of the South African Government's policies.'

Common statement on the use of chemical weapons

'Foreign Ministers of the Twelve have again been informed that chemical weapons have been used in the conflict between Iraq and Iran. The Twelve are deeply concerned by the unanimous conclusions reached by the experts sent to the region

by the Secretary-General of the United Nations which were contained in the President of the Security Council's declaration of 14 May 1987. It emerges from their report to the Secretary-General of 8 May 1987 that Iraqi forces have once again used chemical weapons against Iranian troops. Furthermore, the experts have also established both that Iraqi troops have suffered losses caused by this type of weapon, and that the civilian population in Iran has been subjected to attacks with chemical weapons.

This makes clear that the dispositions of the 1925 Geneva Protocol have been repeatedly violated, despite pressing appeals from the Secretary-General of the United Nations and the Security Council. The Twelve strongly condemn these flagrant breaches, and reiterate that they will continue to develop their internal arrangements in order to ensure that the Geneva Protocol is respected.

It is the responsibility of the world community as a whole to ensure that the Protocol is respected. The Twelve urgently appeal for an immediate end to the use of chemical weapons in the conflict involving these two countries.

In addition, the Twelve express their profound concern about recent developments in the Gulf. They appeal to all parties concerned to exercise maximum restraint and, recalling their declaration of 8 April 1986,¹ call on the belligerents to use all peaceful means in order to end the Gulf conflict without delay, on the basis of Security Council Resolution 582.²

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2.4.2. At its May part-session Parliament passed a number of resolutions on political cooperation and the defence of human rights (→ point 2.4.17).²

Other intergovernmental cooperation

2.4.3. The Ministers for Justice of the Twelve met in Conference and within the Council on 25 May.

During the Conference three international instruments were opened for signature (→ points 3.4.1 to 3.4.3):

(i) the Agreement on application between the Member States of the European Com-

munities of the Council of Europe Convention on the Transfer of Sentenced Persons;

(ii) the Convention between the Member States of the European Communities on Double Jeopardy;

(iii) the Convention abolishing the Legalization of Documents in the Member States of the European Communities.

All three instruments were signed by Belgium, Denmark, Italy, the Netherlands, Luxembourg, Portugal and the United Kingdom. The first was also signed by Spain, France and Ireland, and the third by Germany.

Ministers also discussed the ratification and extension to the new Member States of the 1979 Dublin Agreement concerning implementation of the European Convention on the Suppression of Terrorism. They asked the experts to carry on with their work on simplifying and modernizing procedures for forwarding requests for extradition and on the problems raised by the custody of children. They also asked the working party on mutual assistance in criminal matters set up within the framework of political cooperation to work on the harmonization of national anti-drug legislation.³

During the Council meeting the Council and the Ministers meeting within the Council passed a resolution on the Brussels Convention of 29 September 1968 on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters (→ point 2.1.22).

European policy and relations between the institutions

European policy

Ratification of the Single European Act

2.4.4. After hearing the positive result of the Irish referendum held on 26 May,⁴ Mr Delors made the following statement:

¹ Bull. EC 4-1986, point 2.4.5.

² OJ C 156, 15.6.1987.

³ Bull. EC 12-1986, point 1.1.18

⁴ Bull. EC 4-1987, point 2.4.8.

'The Commission is extremely pleased that the results of yesterday's referendum in Ireland have now cleared the way for the entry into force of the Single European Act.

The referendum has given the people of Ireland a chance to reaffirm their commitment to the development of Europe.

Now the time for discussion is over and we must move to implement what the Single Act is about — the relaunch of the European economy through the completion of the internal market by 1992 so that the citizens of Europe can look with optimism to the future in a Community which transcends national frontiers and offers economic growth and genuine solidarity between the weaker and the better-off regions.'

It will now be possible for the Irish Constitution to be amended to enable Ireland to ratify the Single European Act and deposit the instruments of ratification. The Single Act could then come into force on 1 July.

Implementing the Single Act

2.4.5. Following the debate at the Council's general affairs meeting on 26 April,¹ Ministers for Economic and Financial Affairs discussed the Commission's proposals for the future financing of the Community as set out in its paper 'The Single Act: A new frontier for Europe'.²

Ministers also examined the 1987 budgetary situation, in the light of the information supplied by the Commission and included in its preliminary draft supplementary and amending budget No 1/87 (→ points 1.1.2 to 1.1.4 and 2.3.1).

The Presidency will inform Council meetings on general affairs and on agriculture of proceedings at meetings on economic and financial affairs so as to ensure coordination between the several Ministers.

2.4.6. The Commission's paper was then discussed at the Council's general affairs meeting on 25 and 26 May. The discussions were dominated by the Community's current budget difficulties and the problems for 1988. Mr Delors, Mr Andriessen and

Mr Christophersen decided to lay the agricultural issue before the Foreign Ministers. In an introductory statement Mr Delors stressed the gravity of the Community's budgetary situation if the proposals concerning agricultural prices, monetary compensatory amounts and the tax on oils and fats were not adopted. He went on to highlight the inconsistencies between the deliberations of Ministers for Economic and Financial Affairs, setting a strict reference framework for agricultural spending in the 1988 budget, and those of the Agriculture Ministers, where the Presidency's new draft compromise involved appreciable additional expenditure for both 1987 and 1988. At the last Council meeting on agriculture on 24 May, Mr Andriessen had said that there was hope of reaching valid decisions only if all of them were fully endorsed by all the Member States; there must be an end to the budgetary schizophrenia that lay at the roots of the present financial crisis. A joint Council meeting of Finance Ministers and Agriculture Ministers is scheduled for 15 June.

At the end of the debate the Council instructed the Permanent Representatives Committee to expedite proceedings in order to submit a comprehensive report for the Council's meeting on 22 and 23 June, highlighting all the issues to be settled and the options open. At the same meeting the Council will be informed of the outcome of the Council meetings on agriculture and budgetary issues with regard to 1987.

On the basis of all these factors the Council will, at its next meeting and at the conclave scheduled for 27 and 28 June, prepare for the European Council's discussions on the subject.

2.4.7. On 13 May Parliament, after a highly constructive debate, adopted the report by Mr Barón Crespo (S/E) and Mr von Wogau (PPE/D)³ by 255 votes to 38

¹ Bull. EC 4-1987, point 2.4.9.

² Supplement 1/87 — Bull. EC; Bull. EC 2-1987, point 1.1.12 *et seq.*

³ Bull. EC 4-1987, point 2.4.10.

with 63 abstentions (→ points 2.4.10 to 2.4.14).¹

2.4.8. The Economic and Social Committee gave its opinion on the Commission's report during its May session (→ point 2.4.25).

Institutions and organs of the Communities

Parliament²

Strasbourg: 11 to 15 May

2.4.9. Parliament's May part-session was dominated by three issues, closely inter-related, which will affect the Community's near or immediate future in its entirety: the agricultural prices for 1987/88; the presentation of the preliminary draft budget for 1988 and especially the Single European Act (→ points 2.4.10 to 2.4.14).

In a wide-ranging discussion of three own-initiative reports Parliament also expressed the opinion that European Year of the Environment (1987) must give an altogether new direction to the Community's environment policy.

The Single Act: a resolution and a political appeal to the European Council

2.4.10. After three months' consideration by the Temporary Committee on the success of the Single Act, chaired by Lord Plumb,³ Parliament adopted the report by Mr Enrique Barón Crespo (*S/E*) and Mr Karl von Wogau (*PPE/D*), endorsing by a very large majority the main lines of the Commission's paper entitled 'The Single Act: A new frontier for Europe'.⁴ The House passed a resolution on the report itself, together with a declaration annexed to it, to be presented to the European Council at the end of June.

The declaration and the resolution complement one another: the declaration confronts the European Council with its political responsibilities; the resolution spells out the conditions that Parliament considers essential to the success of the Single European Act.

2.4.11. The resolution was passed by a large majority (255 to 38, with 63 abstentions). The Greek Communists and the Rainbow Group voted against; the French members of the ERDA Group, the Italian Communists, the European Right and the British Conservatives abstained.⁵

In regard to European Union and the success of the Single Act, Parliament reaffirmed its position on the limitations of the Act but also on the need to take advantage of the opportunities it offered as a stage on the road to European Union. The House hoped for a renewal of growth and indicated the essential constituents for creating a common economic area. It also set certain priorities for completing the internal market (opening up of public contracts, liberalization of capital movements, standards etc.) and underlined the importance of the social dimension. The reform of the CAP must seek to reduce and eliminate the production of surpluses, safeguard the position of family farms and adapt the policy to the real needs of the European and world markets. On financial capacity and budgetary autonomy the House considered that the 1.4% of GNP budget ceiling was a necessary first step and that the system must take account of the relative prosperity of Members States. On the other hand it rejected the principle of 'fair returns' and

¹ OJ C 156, 15.6.1987.

² The complete texts of the resolutions adopted by Parliament are reproduced in OJ C 156, 15.6.1987, and the report of the proceedings is contained in OJ Annex 2-352. The political groups and nationalities of members speaking in the debates are shown in brackets after their names; the key to the abbreviations can be found in Bull. EC 2-1987, point 2.4.7 (footnote).

³ OJ C 99, 13.4.1987; Bull. EC 3-1987, point 2.4.6.

⁴ Supplement 1/87 — Bull. EC, Bull. EC 2-1987, point 1.1.1 *et seq.*

⁵ For the explanations of vote, see point 2.4.14.

reiterated its belief that mechanisms to regulate 'unacceptable situations' could be allowed only temporarily and if they helped to put an end to such situations. Finally, Parliament emphasized that progress towards European Union must go hand in hand with progress towards a common external policy, including the economic and political aspects of security.

2.4.12. The declaration annexed to the resolution is reproduced *in extenso* below. The paragraph concerning the CAP was adopted by 307 votes to 21 with 6 abstentions; the others by 269 to 25 with 46 abstentions.

'The European Parliament:

Considers it essential, while reaffirming its position on the limitations of the Single Act with regard to the strengthening of European integration and the establishment of European Union, that rapid decisions should be taken on its implementation, so that the Community's most serious problems can be dealt with;

Supports in its entirety the Commission's comprehensive strategy for the implementation of the Single Act, aimed at encouraging economic growth;

Considers, however, that:

1. The completion of the large internal market must be coupled with the creation of a European social, monetary and technological area;
2. Economic cohesion should not be limited only to the doubling of structural Funds, but also involves the implementation of Community policies to this end;
3. The common agricultural policy must be adapted to the present economic situation by the gradual limitation of intervention policy in favour of active support for the incomes of family farms, in order to avoid the creation of useless stocks;
4. The system of financing must offer adequate guarantees for the achievement of the Single Act's objectives by ensuring and strengthening the Community's financial autonomy;

Calls on the Council to consider these four policies as a whole, which should not be separated and which must be achieved concurrently in order not to jeopardize the success of the Single Act;

Calls on the European Council, meeting on 30 June 1987, to give the political impulse necessary to achieve this end;

Instructs its President to present, in person, the European Parliament's opinion and the declaration to the European Council.'

The report

2.4.13. The debate opened with the statements by the two co-rapporteurs of the Temporary Committee that was set up to report on the Commission's paper.¹ Mr Enrique Barón Crespo (S/E) concentrated mainly on economic and social cohesion, observing that the Community was facing a dual challenge on its financing: mobilizing the necessary resources for implementing the Single Act and revitalizing a Community that was running down. Mr Karl von Wogau (PPE/D) dwelt on the cost of having no truly common internal market: an annual 12 000 million ECU spent on frontier checks; potential savings of 40 000 million ECU lost for want of common standards, and so on. He also pointed out that industrial concentration would be an early consequence of opening up frontiers and this should be accompanied by an expanded regional policy (especially IMPs) so as to avoid any worse imbalances.

Taking the floor immediately after the rapporteurs, Mr Leo Tindemans, President of the Council, told the House what he had learned from the discussion going on within the Council on all the Commission's proposals for making the Single Act work. The Community's internal development was impeded by inadequate resources, but this was a problem that could not be considered solely from the financial angle: there was also the general economic context. The Council, like the Commission, intended to keep the debate on the macroeconomic plane. He appealed to the Community institutions to cooperate closely to make the Single Act work and expressed the hope that the general elections that would meanwhile take place in three Member States would not prevent the taking of decisions vital to the attainment of this objective.

¹ Supplement 1/87 — Bull. EC, Bull. EC 2-1987, point 1.1.1 *et seq*

The debate

2.4.14. The main points made by speakers in the debate were: the cost of non-Europe, the need to put more emphasis on the social dimension, the importance of economic cohesion and of completing the internal market with no detriment to the less-prosperous regions (many members indeed maintaining that doubling the allocations for the structural Funds was a bare minimum), the obligation to reform the CAP but with special care for the small family farms, the need to maintain budgetary discipline, the Community's international responsibilities. It was reform of the CAP that aroused the most heated arguments, pitting, as usual, those who wanted at any cost to cut the proportion of agricultural spending in the Community budget against those who wanted to maintain farmers' incomes and uphold the principles of the CAP. The chief bone of contention between Parliament and the Commission was the section on budgetary procedure in the Commission's paper,¹ which some members saw as an antidemocratic bid to diminish Parliament's powers. Mr Jean-Pierre Cot (S/F) declared that the budgetary aspect was both ambitious (1.4% of Community GNP) and yet minimal if the Single Act was to be taken at its word in its insistence on cohesion.

Replying to the debate, Mr Delors recognized the imperfections of the Single Act, which to his mind represented a 'Europe of the possible' rather than a 'Europe of the desirable'. If the Commission had not laid more emphasis, in its paper, on the social dimension and the EMS, that reflected its deliberate intention to stick solely to the Single Act so as to give Member States no excuse for not applying 'the Single Act, the whole Single Act and nothing but the Single Act'. Mr Delors then highlighted five points:

(i) First, he wanted to scotch any notion that the structural policies would aggravate any North-South divide within the Community. Among their stated objectives, only one concentrated on the 'southern countries and Ireland': the other four related to the

entire Community (the fight against long-term unemployment, finding jobs for young people, development of rural society, assistance for declining industrial areas).

(ii) Second, we must not set too many preconditions for achieving the large unified market: otherwise, it would not come about, nor would we have economic and social cohesion. However, the Commission would present its final proposals for liberalizing capital movements only in conjunction with a strengthening of the EMS.

(iii) As for the social dimension, the Commission was working on three things: strengthening the social dialogue between employers and trade unions (new technologies, labour market adjustments, working hours); implementing the new Article 118A of the Treaty (health and safety of workers); making it easier for young people to enter the labour market.

(iv) On the reform of the CAP, Mr Delors urged Parliament not to distort the Commission's proposals — which had already produced savings of 5 000 million ECU independently of fluctuations in the value of the dollar — and invited those who wanted to 'kill off the CAP' not to 'overdo things'.

(v) Lastly, budgetary discipline. Here he suggested that the Council and Parliament should come to an agreement on the allocations for the main policy areas in the budget, within which Parliament would still keep its margin of manoeuvre on non-compulsory expenditure.

In conclusion, Mr Delors declared that Europe ought to generate its own growth and not wait for the United States and Japan to do it for us.

At the end of the debate Parliament adopted, with slight amendments, the Barón Crespo/von Wogau report by a large majority (→ point 2.4.11). Of the 21 successful amendments, the most important were a political declaration to be presented

¹ Supplement 1/87 — Bull. EC ; Bull. EC 2-1987, point 1.1.1 *et seq*

to the European Council on 30 June (→ point 2.4.12) and a series of changes to the section covering the CAP, which attempted to reconcile the need to stop producing surpluses with upholding the basic principles of the CAP and called for special protection for the small farmer. Broad consensus emerged during the ballot, with no group voting solidly against the report. Basically, the noes were cast by opponents of the Community of all colours (a few British Socialists, some Communists, a few Danish members, members of the Rainbow Group) and a handful of German EPP members dissatisfied with the CAP proposals. The abstentions followed a similar pattern, with the Italian Communists (disappointed over the missing social dimension), a majority — but not all — of the British European Democrats (who wanted tighter control of CAP expenditure), the ERDA Group and the European Right (who found the principles of the CAP to be inadequately defended).

Earlier, during the explanations of vote, Mr Bouke Beumer (*PPE/NL*) had announced that his group would vote for the resolution despite their reservations as regards passages concerning the CAP. For diametrically opposed reasons but also in connection with agriculture, Mr Peter Price (*ED/UK*) said the British European Democrats would abstain, though their Danish and Spanish colleagues would be able to vote in favour. Also referring to the CAP, Mr Jean-Claude Pasty (*RDE/F*) said he would vote against the report because although he favoured a reform of CAP processes and procedures he had no wish to destroy the policy; for identical reasons Mr Olivier d'Ormesson (*DR/F*) announced that his group would abstain. Mrs Raymonde Dury (*S/B*), though regretting that the text had not been stiffened by a number of amendments clearly warning against the danger of a 'dual' Europe, said she would still vote for it; but it was this ambiguity concerning the social aspect that prompted Mr Giovanni Cervetti (*COM/I*) to reject the report. Mr William Newton Dunn (*ED/UK*) tried to persuade all the British members, despite the imminent general election, to vote for the report:

they must not be afraid, he said, of talking Europe to their own.

2.4.15. Parliament gave opinions on the following Commission proposals:

- (i) an amendment to the Directive of 4 March 1974 relating to the type-approval of wheeled agricultural or forestry tractors;¹
- (ii) an amendment to the Directive of 19 December 1974 on the approximation of the laws of the Member States relating to the making-up by volume of certain pre-packaged liquids and to the Directive of 15 January 1980 on the approximation of the laws of the Member States relating to the ranges of nominal quantities and nominal capacities permitted for certain prepackaged products (→ point 2.1.12);
- (iii) a Regulation on the abolition of exit formalities at internal Community frontiers — introduction of common border posts (→ point 2.1.55);
- (iv) a communication concerning the follow-up to the Council resolution of 7 June 1984 on the contribution of local employment initiatives to combating unemployment (→ point 2.1.97);
- (v) a communication on adult training in firms (→ point 2.1.110);
- (vi) a draft resolution on continuing and implementing a Community policy and action programme on the environment (1987-92) (→ point 2.1.133);
- (vii) a Regulation on action by the Community relating to the environment (→ point 2.1.140);
- (viii) a Directive on the approximation of the laws of the Member States concerning products which, appearing to be other than they are, endanger the health or safety of consumers (→ point 2.1.153);
- (ix) a Directive on the inspection and verification of the organizational processes and conditions under which laboratory studies are planned, performed, recorded and reported for the non-clinical testing of

¹ OJ C 88, 2.4.1987; Bull. EC 1-1987, point 2.1.9.

chemicals (good laboratory practice) (→ point 2.1.147);

(x) the fixing of prices of agricultural products and certain related measures (1987/88) (→ point 2.1.157);

(xi) two Directives relating respectively to health problems affecting intra-Community trade in fresh meat and to health and veterinary inspection problems upon importation of bovine animals and swine and fresh meat from non-member countries;¹

(xii) a Directive on animal health problems affecting intra-Community trade in meat products;²

(xiii) a Regulation on the conclusion of the Agreement between the Community and the Republic of Seychelles on fishing off the Seychelles;³

(xiv) a Regulation on the conclusion of the Agreement between the Community and the Democratic Republic of Madagascar on fishing off Madagascar;⁴

(xv) a Regulation concerning the conclusion of the Agreement between the Community and the Republic of the Gambia on fishing off Gambia;⁵

(xvi) a Decision on the provisional application between the Community and Switzerland of Sections II and III of the Agreement on the international carriage of passengers by road by means of occasional coach and bus services (ASOR);⁶

(xvii) a Decision on the conclusion of the Convention between the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) concerning aid to refugees in the countries of the Near East (→ point 2.2.32);

2.4.16. Parliament also passed resolutions on the following subjects.

Small and medium-sized undertakings and craft industries. Stressing the crucial role to be played by small businesses in pursuing economic recovery in the Community, in improving the Community's competitiveness and in combating unemployment and boosting exports, Parliament insisted on a precise definition of what constitutes

a small business. The House hoped that the Member States and the Community would set practical objectives, in order to assure small businesses — with an eye to the completion of the internal market — of the necessary flexibility and a Community-wide industrial environment. The resolution set out a broad inventory of the conditions to be satisfied if small businesses were to play their appropriate part in building the Community.

The situation of the steel industry in the Community. Because of the escalating crisis in the steel industry, the increasing sensitivity of the Community steel market to foreign imports and the problems of selling steel abroad, resulting in an estimated overcapacity of 25 to 30 million tonnes and the threat of severe social conflict in the steel-producing regions, Parliament insisted on the need for a complete restructuring of the steel industry to solve the problem of overcapacity. The Council and the Commission were urged to continue and improve the existing steel crisis arrangements for a further three or four years in order to protect jobs as far as possible. With that in mind the House called for improved quota arrangements, swifter anti-dumping procedures and a revision of the agreements made with 15 countries. Parliament asked the two institutions to allocate the funds needed to finance the extended and supplemented social and regional support programmes.

The recent decisions of the Danish and Irish Governments concerning reductions in personal franchise amounts for their citizens crossing Community borders and other restrictions on their rights. Parliament deeply regretted the objectives and effects of these decisions, which were contrary to Community law, demonstrated total disregard for European citizens' needs and

¹ OJ C 276, 1.11.1986, Bull. EC 11-1986, point 2.1.199.

² OJ C 55, 3.3.1987; Bull. EC 2-1987, point 2.1.138.

³ OJ C 81, 28.3.1987; Bull. EC 3-1987, point 2.1.188.

⁴ OJ C 81, 28.3.1987; Bull. EC 3-1987, point 2.1.186.

⁵ OJ C 42, 20.2.1987; Bull. EC 2-1987, point 2.1.157.

⁶ OJ C 113, 28.4.1987, Bull. EC 4-1987, point 2.1.142.

wishes, and conflicted with the Community's aspirations to build an internal market by 1992. Emphasizing that specific Danish and Irish financial concerns had already been taken generously into account by the other Member States in the form of specific derogations, Parliament invited the Danish and Irish Governments to revoke these decisions immediately, and, if they failed to respond to this appeal, requested the Commission to apply vigorously the procedures laid down in Article 169 of the EEC Treaty.

The regional problems of the French overseas departments. As the French overseas departments were suffering from problems caused by their geographical isolation and remoteness, the fragility of their economies, their economic and financial dependence on metropolitan France and their critical level of unemployment and population growth, Parliament proposed that they should be provided with Community aid for several years to come. The House called for development programmes to be implemented, summarizing the objectives they should attain. The resolution recommended substantial support for specific agricultural products, such as bananas and sugar cane, and arrangements for lower taxes on rum. Special attention should also be paid to fisheries and to the development of industry and tourism.

Reform of the overall oils and fats policy. Since olive cultivation plays a vital role in the Community's southern regions, Parliament expressed its views on Community production of oils and fats. The House stressed the importance of reducing the Community's production shortfall and dependence on imports of seeds, oils and fats and noted the advantage of using vegetable oils for purposes other than food-stuffs if they were in surplus. The objective of the Commission's proposal should be to align the prices of seed oils with those of olive oil and to promote a better balance between the consumption of olive oil and seed oil. Parliament wanted to see negotiations begun in GATT for a new market organization; the Commission's proposals

for stabilizing the oils and fats sector¹ were endorsed.

The olive-oil sector. As the Community was now the world's leading producer of olive oil but production was concentrated in the Mediterranean area, Parliament noted that the stubborn soil on which olive trees were grown precluded the planting of any economically viable alternative crop and that olive cultivation employed large numbers of people who in the present economic climate could not be offered other work. After examining the Community oils and fats market and its dependence on olive oil, Parliament endorsed application of a moderate pricing policy and proposed a series of measures to safeguard the interests of producers. Production aid should be maintained and adjusted in favour of small-scale producers. The House also proposed changes in structures and the methods of supervision.

The hijacking and destruction of lorries. Parliament realized that the hijacking and destruction of lorries were seriously impeding the free movement of persons and the normal development of trade between Member States, and were harming bilateral relations. The House considered that appropriate legislation should be enacted at Community level and condemned the conduct of individuals and groups who were attempting to exert pressure on their national authorities or the governments of other States. The resolution went on to propose a package of legal and technical measures to deter these acts of terrorism, relating to cover of acceptable risk, parties entitled to compensation, indemnification of dead or injured drivers, and of clients or the owners of the lorries or goods. The House deplores the inadequate measures taken to combat these crimes and held that VAT should not be claimed on goods stolen or destroyed.

2.4.17. In the field of political cooperation and human rights Parliament passed resolutions on the following subjects.

¹ OJ C 89, 3.4.1987; Bull. EC 2-1987, point 1.2.14.

Human rights in Morocco. Deeply concerned by the fate of the late General Oufkir's four children, who have just been re-arrested, and by the persecution of children and the fate of 400 missing persons and of hundreds of Sahrawi civilian and military prisoners, Parliament passed two resolutions calling upon the Moroccan Government to release General Oufkir's children immediately and the Member States to offer them asylum; the Foreign Ministers meeting in political cooperation were asked to bring pressure to bear on the Moroccan authorities to obtain the release of the Oufkir family and an end to illegal internments.

The trial of eight Namibians. Parliament's resolution highlighted the appalling tortures inflicted upon Mr Akweenda, Mr Heita, Mr Matthews, Mr Nangombo, Mr Nangolo, Mr Paulus, Mr Shipanga and Mr Tangeni during interrogation by the Police Counter-insurgency Unit. The House urged the Namibian authorities to abandon the trial and called on the Foreign Ministers meeting in political cooperation to give urgent and immediate attention to this trial and demand the immediate release of the eight.

The death sentence passed on Paula Cooper. Parliament appealed to the Governor of Indiana to commute Paula Cooper's death sentence to one of imprisonment. Paula Cooper had been sentenced to death for a crime committed at the age of 15 and was waiting in Indianapolis prison until she

came of age and could be executed. The House also appealed to the states of the Union to suspend all death sentences and to revise their legislation so that death sentences were automatically commuted to life imprisonment.

The situation of 14 prisoners in Chile. Fourteen political prisoners named in the resolution were likely to be condemned to death although there was sufficient evidence to show that their confessions were obtained under torture. No reprieve by General Pinochet was to be expected, but political prisoners can leave Chile if another country has declared its willingness to give them asylum. Parliament therefore called on the Member States and the Commission to do their utmost to prevent the death sentences being carried out and to grant the necessary entry visas. The Commission and the Council were urged to consider what economic or political sanctions might be introduced should their efforts to avert the death sentences prove unsuccessful.

Council

2.4.18. The Council held 12 meetings in May. The following table lists the number, place and date of each meeting, the names of the Council President and Commission representatives and the main items of business. A more detailed account of specific items can be found in the sections of the Bulletin referred to in the footnotes.

Table 10 — *Council meetings in May*

Number, place and date of meeting	Subject	President	Commission	Main items of business
1158th Brussels 5 May	Fisheries	Mr De Keersmaeker	Mr Cardoso e Cunha	Allocation of catch possibilities in Spitzbergen area and NAFO regulatory area ¹ Community financial assistance for development of fisheries control facilities ¹ Community financial participation in monitoring and supervision operations in waters under sovereignty or within jurisdiction of Portugal ¹

Number, place and date of meeting	Subject	President	Commission	Main items of business
1159th Brussels 11 May	Economic and financial affairs	Mr Eyskens	Mr Delors Mr Christophersen Lord Cockfield Mr Matutes	Relations with certain non-member countries and international organizations ‘The Single Act: A new frontier for Europe’; 1987 budget situation ² Budgetary discipline: 1988 reference framework ³ Financial engineering: financing of major infrastructures of European interest ⁴ Credit insurance and suretyship insurance
1160th Brussels 14 May	Education	Mr Duquesne	Mr Marín	Erasmus programme: agreement ⁵ In-service training of teachers: conclusions ⁵ Foreign-language teaching Highlighting European dimension in education Health education Integration of handicapped children into ordinary schools: conclusions ⁵ Fight against illiteracy: conclusions Failure at school in the European Community: conclusions ⁵ French Government’s Blue Book on an educational and cultural Europe
1161st Brussels 14 May	Development cooperation	Mr Knoops	Mr Natali	Preparation for ACP-EEC Council of Ministers meeting (14 and 15 May) ⁶
1162nd Brussels 15 May	Health	Mrs Demeester-De Meyer	Mr Marín	Fight against AIDS: conclusions ⁵ Fight against cancer: agreement in principle on Commission proposal ⁵ European emergency health card Mutual medical assistance in event of nuclear disaster
1163rd Brussels 18, 19, 20, 24, 25 and 26 May	Agriculture	Mr De Keersmaecker	Mr Andriessen	Agricultural prices and related measures for 1987/88: further discussion ⁷
1164th Brussels 21 May	Development cooperation	Mr Knoops	Mr Natali	Increasing public awareness of development issues: conclusions ⁶ Role of private sector in development process: conclusions Combating AIDS in the developing countries: conclusions ⁶

Number, place and date of meeting	Subject	President	Commission	Main items of business
1165th Brussels 21 May	Environment	Mrs Smet	Mr Clinton Davis	<p>Preparations for Unctad VII: broad exchange of views</p> <p>Third EEC-Central America Ministerial Conference Evaluation of aid Environment and development</p> <p>Situation in sub-Saharan Africa</p> <p>Coordination of aid to developing countries</p> <p>Discharges of aldrin, dieldrin and endrin into aquatic environment: common position⁸</p> <p>Water quality objectives for chromium</p> <p>Community action relating to environment: agreement⁸</p> <p>Lead in petrol</p> <p>Large combustion plants: further discussion⁸</p> <p>Particulate emissions from diesel engines in private cars: further discussion</p> <p>Protecting ozone layer from chlorofluorocarbons⁸</p> <p>Community imports and exports of dangerous chemicals</p> <p>Brundtland Commission report: conclusions⁸</p>
1166th Brussels 25 May	Civil protection	Mr Michel	Mr Ripa di Meana	Establishing Community cooperation on civil protection: resolution ⁹
1167th Brussels 25 May	Justice	Mr Gol	Mr Sutherland	Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters: progress in ratification of Conventions of Accession; opening of negotiations for accession of Spain and Portugal ¹⁰
1168th Brussels 25 and 26 May	General matters	Mr Tindemans	Mr Delors Mr Andriessen Mr Christophersen Mr Cheysson Mr De Clercq Mr Clinton Davis	<p>'The Single Act: A new frontier for Europe': exchange of views²</p> <p>Relations with Tunisia¹¹</p> <p>Protocols of adaptation to Mediterranean Agreements¹¹</p> <p>Relations with Japan: negotiations under GATT</p>

Number, place and date of meeting	Subject	President	Commission	Main items of business
1169th Brussels 26 May	Labour and social affairs	Mr Hansenne	Mr Marín	<p>Article XXIV.6; prevention of deflections of trade in semiconductors¹²</p> <p>Relations with United States: trade bills before Congress</p> <p>Preparation for Western Economic Summit</p> <p>Relations with Latin America</p> <p>Industrial cooperation with certain developing countries in Latin America, Asia, the Gulf and the Mediterranean</p> <p>Relations with Yugoslavia¹¹</p> <p>Limits for radioactive contamination of drinking water and agricultural products</p> <p>Vocational training of young people and preparation for adult and working life: exchange of views⁵</p> <p>Continuing vocational training for adult employees in firms: conclusions⁵</p> <p>Social security: exchange of views</p> <p>Adaptability</p> <p>Commission report on implementation of Council resolution on action plan on employment growth</p> <p>Long-term unemployment⁵</p>

¹ Fisheries

² European policy

³ Financing Community activities

⁴ Economic and monetary policy.

⁵ Employment, education and social policy.

⁶ Development

⁷ Agriculture

⁸ Environment and consumers.

⁹ Internal market and industrial affairs

¹⁰ Businesses

¹¹ Relations with other countries and regions.

¹² Relations with industrialized countries.

Commission

Activities

2.4.19. The Commission stated that it was extremely pleased that the results of the referendum in Ireland had cleared the way for the entry into force of the Single European Act and given the people of Ireland a chance to reaffirm their commitment to the development of Europe.

During the Council's general affairs meeting on 25 May Mr Delors, Mr Andriessen and

Mr Christophersen stressed the gravity of the Community's budgetary situation (→ point 2.4.6).

Decisions, communications and proposals

2.4.20. The Commission laid before the budgetary authority the preliminary draft budget for 1988. At the same time it presented a draft supplementary and amending budget for 1987 to cover the 1986 deficit and the shortfall in resources for 1987. As

part of the same operation it presented a proposal for a Council Regulation to replace the present system of advances to finance EAGGF Guarantee Section expenditure by a system of reimbursements (→ point 1.1.1 *et seq.*).

The Commission adopted its second report on the implementation of its White Paper on completing the internal market (→ point 2.1.7).

It also sent the Council a report on the achievement of the objectives of the action programme for small business adopted in October 1986 (→ point 2.1.21).

The third periodic report on the social and economic situation and development of the regions of the Community, the first to cover the Community of Twelve, was transmitted to Parliament and the Economic and Social Committee for their opinions (→ point 2.1.128).

Following the Council resolution of 22 December 1986 on the action programme for employment growth, the Commission adopted a memorandum on action to combat long-term unemployment (→ point 2.1.94).

In the field of consumer protection the Commission approved three communi-

cations: one on consumer safety in relation to consumer products; the second on the organization of an information and awareness campaign on child safety (1987-90); and the third on protecting the economic interests of consumers by enhancing and extending their right of redress (→ points 2.1.151, 2.1.152 and 2.1.154).

In the wake of the international symposium held in Luxembourg in April the Commission, after consulting the group of experts set up under Article 31 of the Euratom Treaty, proposed maximum limits for radioactive contamination of foodstuffs and drinking water for incorporation in a permanent protection system in the event of a nuclear accident inside or outside the Community (→ point 2.1.208).

In an attempt to boost the competitiveness of European companies on outside markets, the Commission proposed to the Council that a European export credit insurance facility be established for export contracts to non-member countries sourced in more than one Member State (→ point 2.2.5).

The Commission approved draft negotiating directives for a regionally based cooperation agreement between the EEC and Haiti and the Dominican Republic (→ point 2.2.27).

Court of Justice¹

2.4.21. New cases

Case	Subject	Basis
ECSC - Steel 137/87 Otto Wolff Flachstahl v Commission ¹	Annulment of the individual Commission Decision of 5 March 1987 in so far as it lays down production and reference quantities, production quotas and parts thereof which may be delivered on the common market in the first quarter of 1987 for products in category Ib	Article 33 ECSC

¹ For more detailed information, see the material published by the Court of Justice in the *Official Journal* and the *European Court Reports*, and the publications of its Information Office (e.g. the weekly *Proceedings of the Court*).

Case	Subject	Basis
139/87 Otto Wolff Flachstahl v Commission ¹	Annulment of the individual Decision addressed by the Commission to Krupp, awarding it additional reference figures for various categories of steel products after Krupp took over the activities of Wuppermann	Article 33 ECSC
Customs union		
147/87 Th. Trydendahl Pedersen v Commission	Annulment of the Commission's Decision of 26 February 1987 holding that the repayment of import duties was not justified in a particular case	Article 173 EEC
Right of establishment		
81/87 R. v HM Treasury, <i>ex parte</i> Daily Mail and General Trust	Interpretation of Articles 52 to 58 of the EEC Treaty and of Council Directive 73/148/EEC as regards the right of a company with its headquarters in one Member State to transfer its headquarters to another Member State without prior consent or approval	Article 177 EEC
136/87 Ubbink Isolatie v Dak- en Wandtechniek ²	Where a company has not been properly constituted under the applicable national law, do the rules laid down in Section III of the first company law Directive (Council Directive 68/151/EEC) mean that in proceedings brought against it the company must be treated as being in existence so long as its nullity has not been declared in separate proceedings for a declaration of nullity and for the winding up of the company?	Article 177 EEC
Taxation		
123/87 Jorion née Jeunehomme v Belgian State	Is Article 2 of Royal Decree No 1, which makes the exercise of the right of deduction subject to the holding of a document which must contain not merely the information normally set out in an invoice, as traditionally defined in commercial law, but also other information unconnected with the nature, essence and purpose of a commercial invoice, contrary to the sixth VAT Directive (Council Directive 77/388/EEC)?	Article 177 EEC
State aid		
142/87 and 142/87R Belgium v Commission ³	(i) Annulment of the Commission Decision of 4 February 1987 on aid granted by the Belgian Government to Tubemeuse, which found the aid incompatible with Article 92 of the EEC Treaty (ii) Application to suspend the operation of the Decision	Article 177 EEC Article 185 EEC and Article 83 of the Rules of Procedure

Case	Subject	Basis
<p>Social security</p> <p>147/87 Zaoui v Caisse Régional d'Assurance Maladie d'Ile-de-France</p>	<p>(i) Does the supplementary Fonds National de Solidarité allowance fall within the scope of Council Regulation No 1408/71?</p> <p>(ii) Can the spouse of a Community national avail himself of the Regulation when his own nationality has not been established?</p>	<p>Article 177 EEC</p>
<p>Agriculture</p> <p>106 to 120/87 Asteris and Others v Greece and EEC</p>	<p>(i) Interpretation of Council Regulations No 729/70 and No 516/77 and of Commission Regulation No 381/86 on production aid for tomato concentrates</p> <p>(ii) Effects of the Court's judgment in Joined Cases 194 to 206/83 <i>Asteris and Others v Commission</i></p>	<p>Article 177 EEC</p>
<p>121/87 Bayernwald Fruchtverwertung v Germany</p>	<p>Is Article 4(2) of Commission Regulation No 1530/78 a rule imposing an additional condition for the grant of production aid which the Commission was empowered to enact without exceeding its legislative powers, or is it merely a rule prescribing that only the stock accounts are admissible in evidence?</p>	<p>Article 177 EEC</p>
<p>132/87 Belgian State v Nationaal Instituut voor Landbouwkrediet⁴</p>	<p>Does the fact that a professional trader finds itself wholly or partly unable to effect exportation in accordance with the certificate obtained from the competent national authority owing to the liquidation of its products to non-Community countries constitute a case of <i>force majeure</i> within the meaning of Commission Regulations No 193/75 and No 3183/80 bearing in mind the very specific structure of the relevant market and the fact that it was absolutely impossible for the professional trader itself to assume the export obligations which its virtually exclusive customer should have fulfilled?</p>	<p>Article 177 EEC</p>
<p>Administrative questions</p> <p>129/87 Decker née Fingruth v Caisse de Pension des Employés Privés</p>	<p>Is the time-limit laid down by Luxembourg law for the lodging of a request for the transfer of pension rights by an official entering the service of the Communities contrary to Article 11(2) of Annex VIII to the Staff Regulations of Officials of the Communities?</p>	<p>Article 177 EEC</p>
<p>130/87 Caisse de Pension des Employés Privés v Retter</p>	<p>Is Article 11(2) of Annex VIII to the Staff Regulations of officials of the Communities to be interpreted as meaning that from its entry into force on 1 January 1962 it conferred on ECSC officials a direct right to have their pension rights transferred from a national pension scheme to the Community pension scheme, subject to the conditions set out in the aforesaid</p>	<p>Article 177 EEC</p>

Case	Subject	Basis
	Article 11(2) and may that Community provision therefore be considered to have been integrated from 1 January 1962 on, as far as the right to call for such a transfer is concerned, into national legislation on pension schemes and in particular into the ancillary legislation on the coordination of different pension schemes?	
External relations		
150/87 Nashua and Others v Council and Commission	Annulment of Council Regulation No 535/87 imposing a definitive anti-dumping duty on imports of plain paper photocopiers originating in Japan, which required the definitive collection of the amounts secured by way of a provisional anti-dumping duty under Commission Regulation No 2640/86, in so far as it concerns the applicants	Article 173 EEC
156/87 Gestetner Holdings v Council and Commission	Annulment (i) of Council Regulation No 535/87 imposing a definitive anti-dumping duty on imports of plain paper photocopiers originating in Japan, and (ii) of the Commission Decision refusing an undertaking offered by the applicant	Article 173 EEC
157/87 Electroimpex and Others v Council ³	Annulment of Council Regulation No 864/87 imposing a definitive anti-dumping duty on imports of standardized multiphase electric motors having an output of more than 0.75 kW but not more than 75 kW, originating in Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland or the Soviet Union, and definitively collecting the amounts secured as provisional duties	Article 173 EEC
Infringements		
138/87 Commission v France ²	Articles 30 to 36 of the EEC Treaty: France reserves the descriptive terms 'rhum' and 'tafia' solely for products distilled in the place in which the sugar cane is produced	Article 169 EEC
141/87 Commission v Italy ¹	Seeking a declaration that two extensions of the Lago di Caldaro production area by Italy are incompatible with Articles 2 and 3 of Council Regulations No 338/79 and No 823/87 on quality wines	Article 169 EEC

Disputes between the Community and its staff

v Commission:

140/87 Bevan

146/87 d'Elcio⁵

(i) Compliance with the judgment of the Court of Justice in Case 293/84 *Sorani and Others v Commission*

(ii) Annulment of the decision taken on 12 February 1987 by the Selection Board for competition COM/B/82, informing the applicant that there were no grounds to change its previous decision not to admit him to the tests in the competition

153/87 Goyens de Heusch⁵

(i) Compliance with the judgment of the Court of Justice in Case 293/84 *Sorani and Others v Commission*

(ii) Annulment of the decision taken on 12 February 1987 by the Selection Board for competition COM/B/82, informing, the applicant that there were no grounds for changing its previous decision not to admit her to the tests in the competition.

v Parliament:

152/87 Montgomery²

v Court of Auditors:

135/87 Vlachou.

¹ OJ C 158, 16.6.1987

² OJ C 148, 6.6.1987

³ OJ C 165, 26.6.1987

⁴ OJ C 152, 10.6.1987

⁵ OJ C 159, 17.6.1987

2.4.22. Judgments

Date and Case	Held
<p>Taxation</p> <p>7.5.1987: 193/85 <i>Cooperativa Co-frutta v Amministrazione delle Finanze dello Stato</i>¹</p>	<p>1. A charge described as a consumer tax which is imposed on both imported and domestic products but in practice applies virtually exclusively to imported products because domestic production is extremely small does not constitute a charge having an effect equivalent to a customs duty within the meaning of Articles 9 and 12 of the EEC Treaty if it is part of a general system of internal dues applied systematically to categories of products in accordance with objective criteria irrespective of the origin of the products. It therefore constitutes internal taxation within the meaning of Article 95</p> <p>2. A consumer tax imposed on certain imported fruit is contrary to the second paragraph of Article 95 of the EEC Treaty if it is of such a nature as to protect domestic fruit production</p> <p>3. Article 95 of the EEC Treaty applies to all products coming from Member States, including products from non-member countries which are in free circulation in the Member States</p>
<p>Competition</p> <p>20.5.1987: 272/85 <i>Antib v Commission</i>²</p>	<p>Application dismissed seeking annulment of Commission Decision 85/383/EEC relating to a</p>

Date and Case	Held
Agriculture	proceeding under Article 2 of Council Regulation No 1017/68 applying rules of competition to transport by rail, road and inland waterway (French inland waterway charter traffic: EATE levy)
21.5.1987: 97/85 Union Deutsche Lebensmittelwerke and Others v Commission ²	Application dismissed as inadmissible (seeking annulment of a Commission Decision concerning measures to promote the sale of butter on the West Berlin market)
21.5.1987: 133 to 136/85 Walter Rau Lebensmittelwerke and Others v Bundesanstalt für landwirtschaftliche Marktordnung ²	<ol style="list-style-type: none"> 1. The possibility of bringing a direct action, under the second paragraph of Article 173 of the EEC Treaty, against a decision of a Community institution does not preclude the possibility of instituting proceedings in a national court against a national measure implementing that decision on the ground that that decision is unlawful 2. A decision such as that of the Commission of 25 February 1985 directing the contested operation to be carried out does not conflict with the principle of freedom to pursue a trade or profession, the principle that citizens are generally free to pursue any lawful activity and the principle of freedom of competition 3. The Decision of 25 February 1985 is covered by the authorization conferred on the Commission by Article 4 of Council Regulation No 1079/77 4. The Decision of 25 February 1985 seeks to attain the objective of stabilizing markets which is set out in Article 39 (1) (c) of the EEC Treaty 5. Article 4 of Council Regulation No 1079/77 satisfies the requirements of the principle of legality 6. Consideration of the Decision of 25 February 1985 has not disclosed any evidence that the principle of proportionality has been contravened
21.5.1987: 249/85 Albako Margarinefabrik Maria von der Linde v Bundesanstalt für landwirtschaftliche Marktordnung ²	The fourth paragraph of Article 189 of the EEC Treaty must be interpreted as meaning that a decision such as the Decision addressed by the Commission on 25 February 1985 to the Federal Republic of Germany concerning the promotion of sales of butter in West Berlin precludes a court of that State from restraining conduct on the part of the competent agricultural intervention agency which is contrary to the national provisions on unfair competition and selling at a premium but which the agency adopted in implementation of that decision

Date and Case	Held
<p>Transport</p>	
<p>21.5.1987: 79/86 Hamilton, Procurator Fiscal v White-lock²</p>	<p>The expression 'specialized breakdown vehicle' in point 9 of Article 4 of Council Regulation No 543/69 means a vehicle whose construction, fitments or other permanent characteristics are such that it will be used mainly for removing vehicles that have recently been involved in an accident or have broken down for another reason. Such a vehicle is not subject to the requirements laid down in Article 3(1) of Council Regulation No 1463/70 whatever use is actually made of it by its owner</p>
<p>Environment</p>	
<p>12.5.1987: 372-374/85 Openbaar Ministerie v Traen and Others²</p>	<ol style="list-style-type: none"> 1. Every operator engaged in any of the activities referred to in Articles 8 to 12 of Directive 75/442/EEC is subject to the measures provided for in those provisions 2. The permit provided for in Article 8 of Directive 75/442/EEC is issued by the competent authority established or designated by the Member States under Article 5 of the Directive and cannot be replaced by consent from the owner or occupier of the land where the waste is discharged; the owner or occupier of land, who is an operator disposing of his own waste on that land, does not need a permit under Article 8 of the Directive, but may be made subject to that requirement by virtue of the necessary measures to be adopted by the Member States in accordance with Article 4 thereof 3. Directive 75/442/EEC does not prevent a Member State from designating the director of a water purification company, set up by the public authorities, as the competent authority within the meaning of Article 5 to issue the permit required under Article 8 of the Directive 4. Subject to the usual limitations on the exercise of a discretionary power, the power enjoyed by the Member States regarding arrangements for the supervision provided for in Article 10 of Directive 75/442/EEC is qualified only by the requirement that the objectives of that Directive must be complied with, namely protection of human health and of the environment 5. Articles 8 and 12 of Directive 75/442/EEC do not directly create obligations which are incumbent upon operators
<p>External relations</p>	
<p>7.5.1987: 240/84 NTN Toyo Bearing Company and Others, 255/84 Nachi Fujikoshi, 256/84 Koyo Seiko, 258/84 Nippon Seiko and 260/84 Minebea v Council¹</p>	<p>Applications dismissed (seeking annulment of Council Regulation No 2089/84 imposing a definitive anti-dumping duty on imports of certain ball bearings originating in Japan and Singapore)</p>

Date and Case	Held
8.5.1987: 82/87R Autexpo v Commission	Application dismissed (seeking suspension of the operation of the Commission Decisions of 19 December 1986 and 19 January 1987 authorizing Italy (i) to apply intra-Community surveillance and (ii) not to apply Community treatment to motor vehicles for the transport of goods (with the exception of off-road vehicles), originating in Japan)
Infringements	
7.5.1987: 184/85 Commission v Italy	<ol style="list-style-type: none"> 1. By imposing and maintaining in force a tax on the consumption of fresh bananas originating in other Member States, and particularly those originating in the French overseas departments, Italy has failed to fulfil its obligations under the second paragraph of Article 95 of the EEC Treaty 2. For the rest, the application is dismissed
7.5.1987: 186/85 Commission v Belgium ¹	<ol style="list-style-type: none"> 1. By providing that the family benefits payable under the Belgian legislation referred to in this case are to be reduced by the amount of the allowances of the same kind provided for by the Staff Regulations of officials of the Communities or the Conditions of Employment of other servants of the Communities, and thereby altering the supplementary effect of those allowances in circumstances where the spouse of the official, retired official or other servant of the Communities carries on an activity as an employed person within Belgian territory or the official himself carries on, outside the Community institutions, an activity as an employed person on a part-time basis which requires him to be affiliated to a national social security scheme, Belgium has failed to fulfil its obligations under Article 67(2) and the second paragraph of Article 68 of the aforesaid Staff Regulations and Article 20 of the aforesaid Conditions of Employment 2. By failing to consult the Commission on certain provisions which it intended to adopt regarding the overlapping of the family allowances provided for by Belgian legislation with the allowances of the same kind provided for by the Staff Regulations of officials of the Communities and by the Conditions of Employment of other servants of the Communities, Belgium has failed to fulfil its obligations under Article 5 of the EEC Treaty 3. For the rest, the application is dismissed
7.5.1987: 189/85 Commission v Germany ¹	<ol style="list-style-type: none"> 1. The Federal Republic of Germany has failed to fulfil its obligations under Article 67(2) and the second paragraph of Article 68 of the Staff Regulations of officials and Article 20 of the Conditions of Employment of other servants of the Communities in so far as paragraph 8(1)(a)

Date and Case	Held
	<p>of the Bundeskindergeldgesetz (Federal family allowances) in the version in force on 31 January 1985, precludes payment of the family allowances for dependent children provided for by national legislation where the person entitled to such allowances is married to a serving official, a retired official or another servant of the Communities and carries on an activity as an employed person within German territory</p> <p>2. For the rest, the application is dismissed</p>
7.5.1987: 419/85 <i>Commission v Italy</i> ¹	<p>1. By failing to adopt within the prescribed period the laws, regulations and administrative measures necessary in order to comply with Article 6(1)(a) of Council Directive 80/1263/EEC on the introduction of a Community driving licence and with Annexes II and III to that Directive, Italy has failed to fulfil its obligations under the EEC Treaty</p>
8.5.1987: 195/85 <i>Commission v Denmark</i> ³	<p>Removed from the Court Register (Directives 79/695/EEC on the harmonization of procedures for the release of goods for free circulation and 78/453/EEC on the harmonization of provisions concerning deferred payment of import duties or export duties)</p>
8.5.1987: 366/85 <i>Commission v Italy</i> ³	<p>Removed from the Court Register (failure to implement the judgment of the Court of Justice in Case 94/81 <i>Commission v Italy</i> and consequent failure to implement Council Directive 76/768/EEC concerning cosmetic products)</p>
8.5.1987: 367/85 <i>Commission v Italy</i> ³	<p>Removed from the Court Register (failure to apply Commission Directives 80/1335/EEC concerning cosmetic products and 82/147/EEC adapting to technical progress Annex II to Council Directive 76/768/EEC)</p>
8.5.1987: 396/85 <i>Commission v Italy</i> ³	<p>Removed from the Court Register (failure to implement Council Directives 79/694/EEC and 80/720/EEC on agricultural and forestry tractors)</p>
8.5.1987: 397/85 <i>Commission v Italy</i> ³	<p>Removed from the Court Register (failure to implement Commission Directives 82/953/EEC and 83/190/EEC on agricultural and forestry tractors)</p>
8.5.1987: 261/86 <i>Commission v Germany</i> ³	<p>Removed from the Court Register (failure to fulfil obligations under Articles 15 and 19 of the Protocol on the Privileges and Immunities of the European Communities and Article 72 of the Staff Regulations, by requiring persons in receipt of Community pensions to contribute to German sickness funds without giving such persons the possibility of opting out of German sickness insurance)</p>

Date and Case	Held
20.5.1987: 96/86 Commission v Belgium	Removed from the Court Register (grant of minimum means of subsistence: discriminatory conditions applied to non-Belgian nationals within the scope of Council Regulation No 1612/68 who are resident in Belgium, as compared with the conditions applied to Belgian nationals)
20.5.1987: 311/86 Commission v Luxembourg	Removed from the Court Register (failure to implement Council Directive 82/501/EEC on the major-accident hazards of certain industrial activities)
20.5.1987: 59/87 Commission v Belgium	Removed from the Court Register (seeking a declaration that by failing to amend its domestic rules, which do not extend the right to the minimum means necessary for subsistence to nationals of non-member countries resident in Belgium as members of the family of Community migrant workers or of their spouses, Belgium has failed to fulfil its obligations under the Treaty and Regulation No 1612/68)

Disputes between the Community and its staff

v Commission:

20.5.1987: 214/85 Gherardi Dandolo² — Application dismissed as inadmissible

20.5.1987: 242/85 Geist² — Judgment for the Commission

20.5.1987: 432/85 Souna² — Application dismissed

13.5.1987: 243/86 Goyens de Heusch — Removed from the Court Register

¹ OJ C 152, 10.6.1987

² OJ C 169, 26.6.1987

³ OJ C 158, 16.6.1987

Court of Auditors

2.4.23. On 14 May the Court of Auditors adopted an opinion¹ on the proposal which the Commission sent to the Council in January for a Regulation on the monitoring of the payment of amounts granted on export of agricultural products.²

Council Mr Wilfried Martens, addressed the meeting on 14 May, for the first time in the history of the Committee. He spoke on two matters which were to be discussed by the June European Council: the Val Duchesse social dialogue (→ point 1.2.1) and the Commission communication 'The Single Act: A new frontier for Europe'⁴. He felt the social dialogue had already proved productive since both sides of industry wished to take it further; also in this connection, he stated that the Community would legislate only in the fields and in accordance

Economic and Social Committee

246th plenary session

2.4.24. The Economic and Social Committee held its 246th plenary session in Brussels on 13 and 14 May with Mr Margot in the chair.³ All the opinions on the agenda were adopted. The President of the

¹ OJ C 147, 5.6.1987.

² OJ C 29, 6.2.1987; Bull. EC 1-1987, point 2.1.114.

³ Previous meeting: Bull. EC 4-1987, point 2.4.38 *et seq.*

⁴ Supplement 1/87 — Bull. EC; Bull. EC 2-1987, point 1.1.1 *et seq.*

with the procedures laid down in Article 118A of the EEC Treaty, as amended by the Single European Act (health and safety at work), unless both sides of industry requested otherwise. On the second issue he promised to do everything possible to ensure that the European Council reached agreement at least on a broad policy.

'The Single Act: A new frontier for Europe'

2.4.25. The Committee adopted by 113 votes to 25, with 27 abstentions, an opinion on the Commission's communication entitled 'The Single Act: A new frontier for Europe'.¹

However, it was made clear that this initial opinion was based on a general policy approach and that the Committee reserved the right to amplify it in specific opinions. The Committee approved the Commission's move to link in a single overall strategy the objectives assigned to the Community by the Single European Act² and achievement of the large market. It wished to bring home to the governments of the Member States that the proposed strategy constituted a coherent and indivisible minimum. It also felt that the economic growth which would be stimulated by the size of the single market should take account of the need for social progress and, in keeping with the true spirit of Community solidarity, be of greater benefit to everyone. It consequently called on the Commission to make an explicit commitment to the incorporation of a social element.

Industrial products

2.4.26. The Committee approved the proposal³ for amending the Council Directive of 4 March 1974 on the approximation of the laws of the Member States relating to the type-approval of wheeled agricultural or forestry tractors. It emphasized, however, that the trade associations involved and the consumers' and workers' representatives must be consulted on all aspects of health and safety in accordance with the

new decision-making process laid down by the Single European Act.⁴

Foodstuffs

2.4.27. The Committee unanimously adopted an opinion endorsing the proposal⁵ for amending the Council Directive on the approximation of the laws of the Member States relating to fruits jams, jellies and marmalades and chestnut purée. However, it had a number of comments to make, in particular on the procedure for consulting the Standing Committee on Foodstuffs and on the presence of sulphur dioxide in the products in question.

Turnover tax

2.4.28. The Committee unanimously approved the proposal for amending for the third time the Council Directive determining the scope of Article 14(1) (d) of the sixth VAT Directive as regards exemption from value-added tax on the final importation of certain goods.⁶

Tax exemptions

2.4.29. The Committee unanimously approved the proposal for amending the Council Directive on tax exemptions within the Community for certain means of transport temporarily imported into one Member State from another.⁷ However, it was afraid that the new arrangements under Article 4 of the proposal might lead to abuse of the temporary import concessions in respect of company cars.

Banks

2.4.30. The Committee adopted by a large majority, with seven votes against and 10

¹ Supplement 1/87 — Bull. EC, Bull. EC 2-1987, point 1.1.1 *et seq.*

² Supplement 2/86 — Bull. EC.

³ OJ C 88, 3.4.1987; Bull. EC 1-1987, point 2.1.9.

⁴ Supplement 2/86 — Bull. EC; OJ C 70, 25.3.1986; Bull. EC 1-1986, point 2.4.6; Bull. EC 11-1986, point 2.4.5.

⁵ OJ C 25, 3.2.1987; Bull. EC 11-1986, point 2.1.20.

⁶ Bull. EC 1-1987, point 2.1.40.

⁷ Bull. EC 1-1987, point 2.1.41.

abstentions, an opinion on the proposal for a Council Directive on the own funds of credit institutions.¹ It approved the Commission's proposal but came out against the exclusion of own funds from the guarantees extended by public authorities to certain credit institutions. It also made a number of constructive comments.

Adult training

2.4.31. The Committee unanimously adopted a favourable opinion on the Commission's communication on adult training in firms.² It approved, in particular, the proposed objectives and priorities for Community action and emphasized the importance of involving workers and their representatives in the training schemes and of concentrating on small businesses.

Transition from school to working life

2.4.32. The Committee unanimously adopted an opinion on the proposal for a Council Decision adopting an action programme for the training and preparation of young people for adult and working life.³ It agreed in principle with the Commission's proposals and called on the Member States to do everything possible to improve both the scale and quality of the training offered to young people. It also made a number of detailed comments.

Lawnmovers

2.4.33. The Committee unanimously adopted a favourable opinion on the proposal for amending the Council Directive on the approximation of the laws of the Member States relating to the permissible sound power level of lawnmowers.⁴ However, it questioned the actual usefulness of the proposal and also suggested a two-year deadline for entry into force.

Fourth Community action programme on the environment

2.4.34. The Committee adopted by 81 votes to 42, with 17 abstentions, an opinion

welcoming presentation of the fourth Community action programme on the environment and approving the draft Council resolution on the continuation and implementation of an environment policy.⁵ However, it felt that the programme should concentrate on priority measures which can be completed within the time laid down and which cannot be carried out properly except at Community level. It also recommended that the Commission should consult employers' organizations, trade unions, consumer associations and environmental groups on the programme in view of its importance for economic, social and employment policy. The Committee also expressed the hope that extensive use would be made of the powers provided by the Single European Act⁶ to supplement Community environmental law. In this connection it asked the Commission and the Council in the exercise of their respective powers to look more closely at the possibility of transposing and implementing Community law in the Member States.

Lead-free petrol and harmful emissions from motor vehicles

2.4.35. The Committee adopted *nem.con.*, with two abstentions, a favourable opinion, subject to a number of reservations, on the proposal for amending the Council Directive on the approximation of the laws of the Member States concerning the lead content of petrol.⁷

Eleventh annual report on the activities of the European Regional Development Fund

2.4.36. The Committee adopted *nem.con.*, with two abstentions, a favourable opinion

¹ OJ C 243, 27.9.1986; Bull. EC 9-1986, point 2.1.56.

² Bull. EC 1-1987, point 2.1.59.

³ OJ C 90, 4.4.1987; Bull. EC 3-1987, point 2.1.96.

⁴ OJ C 20, 27.1.1987; Bull. EC 12-1986, point 2.1.194.

⁵ OJ C 70, 18.3.1987; Bull. EC 9-1986, points 1.1.1 to 1.1.8.

⁶ Supplement 2/86 — Bull. EC.

⁷ OJ C 90, 4.4.1987; Bull. EC 3-1987, point 2.1.132.

on the Commission's 11th annual report to the Council on the activities of the European Regional Development Fund (1985).¹ However, it regretted the lack of scientific evaluation of the results obtained from ERDF-assisted programmes and projects. It also felt that a larger proportion of the Community budget should be allocated to regional policy operations and that the Member States should review and adapt the legislative basis for their own regional policies to the present situation as the Community has already done. At the same time the Committee emphasized the need for closer contacts between the Commission and the Member States and regional and local authorities. It warmly welcomed the new system of financing based on action programmes which it felt could resolve a large number of problems concerning the preparation and targeting of operations, their notification to all levels of authority, the involvement of both sides of industry and the complementarity and coordination of the different policies.

**Road transport:
access to the market**

2.4.37. The Committee adopted by a large majority, with two votes against and one abstention, an opinion on the proposal for a Council Regulation laying down the conditions under which non-resident carriers may operate national road haulage services within a Member State.² It was uneasy about the consequences of simply applying national rules to non-resident carriers, as proposed, and emphasized the importance of harmonizing the various national laws, regulations and administrative provisions and introducing an information and consultation procedure for hauliers. It was consequently unable to give its unqualified approval to the Commission's proposal and suggested a number of amendments. It also asked the Commission to prepare an overview of the liberalization and harmonization measures to be taken, a timetable for their implementation and an assessment of their social and economic impact on the Member States as soon as possible.

Occasional passenger transport (ASOR)

2.4.38. The Committee approved *nem. con.*, with one abstention, the proposal for a Council Decision on the provisional application between the Community and Switzerland of Sections II and III of the Agreement on the international carriage of passengers by road by means of occasional coach and bus services (ASOR)³ and suggested that the Agreement should apply from 1 June.

Nuclear safety: basic standards

2.4.39. The Committee unanimously adopted a favourable opinion on the draft proposal for a Council Regulation laying down maximum permitted radioactivity levels for agricultural products and drinking water.⁴ It gave its agreement in principle to the Commission's draft but pointed out that it was incomplete as it did not include maximum permitted levels of contamination; it therefore reserved the right to comment on the complete text at a later date. It was pleased to note the link made by the Commission between the draft and the proposal for a Community system for the rapid exchange of information in cases of unusually high levels of radioactivity⁵ and asked for explicit reference to be made to it in the text of the Regulation.

ECSC Consultative Committee

2.4.40. The ECSC Consultative Committee held its 262nd meeting — an extraordinary meeting — in Luxembourg on 15 May with Mr Roy Evans in the chair. The Commission was represented by Mr Karl-Heinz Narjes, Vice-President with special responsibility for industrial affairs. The meeting examined an oral report from the Commission on the new guidelines for the

¹ Bull. EC 10-1986, point 2.1.104.
² OJ C 349, 31.12.1985, Bull. EC 11-1985, point 2.1.166.
³ OJ C 113, 28.4.1987, Bull. EC 4-1987, point 2.1.42.
⁴ Bull. EC 1-1987, point 2.1.127.
⁵ OJ C 237, 19.9.1986, Bull. EC 7/8-1986, points 2.1.220 and 2.1.231.

restructuring of the Community steel industry. It also adopted a resolution on the restructuring of the steel industry and the organization of the steel market.

2.4.41. In his presentation of the Commission's report, Mr Narjes observed that the Eurofer initiative aimed at reducing existing surplus capacity by means of a system for buying back quotas had not been a success and had actually held up the liberalization process begun by the Commission and wasted precious time for the European steel industry as a whole. The Commission would not be in a position to present final proposals on quotas to the Council by 1 June 1987. With the market in its present state — more and more use being made of steel substitutes, prices collapsing and competition from certain non-member countries increasing on the world market — the Commission was obliged to base its forecasts on the fairly pessimistic assumption that surplus production capacity would be of the order of 30 million tonnes.

The Commission believes it will have to carry out a far-reaching review of the quota arrangements, establish new bases for calculating references, make fundamental changes to the imports/production ratio and increase protection at external frontiers.

2.4.42. In May the Consultative Committee adopted a resolution on the restructuring of the steel industry and the organization of the steel market¹ in which it reaffirms its determination to solve the overcapacity problem, despite its inability to overcome the political and social difficulties which are likely to ensue. It urges the Commission to move ahead to the next stage of the restructuring process, argues in favour of the continuation of market controls and the introduction of revised quota arrangements, points out the fundamental importance of adhering strictly to the aids code, stresses the need for appropriate protection against unfair imports from non-member countries, and makes a specific request to the Industry Ministers to finance appropriate social measures.

Mr Narjes's remarks met with a degree of hesitation and outright reservations. In his reply, Mr Narjes pointed out that the Commission's decisions on restructuring had been forced on it by market developments, and special attention would be paid to the problems of the regions. Strong action would also be taken to assist in the retraining of steelworkers made redundant. Mr Narjes recommended that the Committee include in its resolution a direct appeal to the Council to provide the appropriations required for financing social measures to accompany restructuring.

European Investment Bank²

Operations in May

2.4.43. Loans totalling 312.6 million ECU³ were announced by the European Investment Bank in May for investments within the Community, comprising 176 million in Italy, 117.4 million in France and 19.2 million in Spain. Of this total, 76.8 million ECU was lent from the resources of the New Community Instrument (NCI).⁴ Outside the Community the Bank lent 8 million ECU in two ACP States under the third Lomé Convention.

Community

Italy

2.4.44. In Italy LIT 260 200 million was lent for various industrial and infrastructure projects, for the most part in the Mezzogiorno. In industry the Bank lent LIT 109 400 million, including LIT 52 400 million in the form of global loans to Medi-

¹ OJ C 154, 12.6.1987.

² Further details can be obtained from the European Investment Bank, 100 boulevard Konrad Adenauer, L-2950 Luxembourg (tel 43791).

³ The conversion rates at 31 March used by the EIB in statistics for the second quarter were 1 ECU = BFR 42.92, DKR 7.83, DM 2.07, DR 152.39, ESC 160.73, FF 6.90, HFL 2.34, IRL 0.78, LFR 42.92, LIT 1 477, PTA 145.74, UKL 0.72, USD 1.15.

⁴ OJ L 298, 20.10.1978.

ocredito Centrale, Monte dei Paschi di Siena, Meliorconsorzio and Istituto Mobiliare Italiano, which will allocate the funds to assist small and medium-scale investments in industry, the tourist and hotel trade, the agri-industrial sector and for larger-scale industrial projects using advanced technologies.

The Bank also provided individual loans to assist larger-scale investments: LIT 25 000 million to Unifin was for the introduction of high-technology manufacturing processes in three plants making electrical heating components in the province of Treviso; LIT 15 000 million was lent to Società Italiana Vetro for modernizing integrated production facilities for glass at San Salvo, in the province of Chieti; LIT 12 000 million went to three local subsidiaries of Henkel KgaA for the renovation and modernization, by means of advanced technologies, of three chemical detergent and adhesive factories; LIT 5 000 million lent to Ansaldo Trasporti will go to modernizing and expanding a transport equipment plant in Naples.

Further infrastructure loans were granted under the Community aid arrangements for reconstruction of the areas of Campania and Basilicata damaged by earthquakes: LIT 23 000 million was granted for the rehabilitation of industrial zones and LIT 6 250 million for mending the Naples-Avellino-Bari motorway. These two loans carry a 3% interest rate subsidy charged to the Community budget, in accordance with the conditions for this aid. Other loans were LIT 14 500 million for sewerage and effluent processing plant to reduce pollution of the Tiber, LIT 5 000 million to modernize and enlarge Caselle airport at Turin and, under the Fondo Investimenti e Occupazione, LIT 2 000 million for construction of a two-lane road tunnel under a railway line at Caserta (Campania).

In the energy sector LIT 100 000 million was lent to Ente Nazionale per l'Energia Elettrica for expanding the electrical power grid in Campania, Basilicata, Calabria and Sardinia.

France

2.4.45. In France FF 810 million was lent for industrial projects: FF 530 million from NCI funds was granted for investments by small businesses. This 12-year global loan went to the Crédit d'équipement des PME (Cepme) the leading finance house specializing in the development of small and medium-sized businesses in France. It will be onlent for investments by small businesses in industry and the related service sector throughout the country but mainly outside regional development areas.

This new global loan brings to over FF 2 600 million the total granted to Cepme since 1982 from NCI resources. These loans have helped to finance investments by some 3 000 small businesses (almost 12 500 jobs created). The most recent of them (FF 400 million in October 1986) was used to finance 482 small and medium-scale investments representing a total outlay of over FF 1 300 million and some 1 500 jobs created.

Cepme has also received almost FF 1 900 million since March 1982 from the EIB's own funds for nearly 2 000 investments by small businesses (over 8 500 jobs created) in regional development areas.

Continuing its cooperation with regional development corporations on small and medium-scale industrial projects the Bank has granted FF 150 million, half to Sodeco (Centre, Centre-West) and half to Centrest (Centre-East).

These global loans will be used to finance small and medium-scale investments in industry and tourism and ancillary services. Since 1984 the Bank, in cooperation with the regional development corporations, has already provided over FF 2 500 million to assist over 1 800 small and medium-scale investments throughout the country.

The loans will be onlent for investments in the regions covered by the two corporations, and more specifically in areas entitled to development aid or where the rate of unemployment is well above the national average.

The Bank has also granted FF 130 million to the Brittany Regional Development Corporation. A global loan of FF 100 million guaranteed by the Brittany Region is to finance, either by leasing or in the form of long-term loans, small and medium-scale investments in Brittany, a region wholly eligible for regional development aid. It is the first time in France that a Region has guaranteed a global loan for small-business financing. A grouped loan of FF 30 million (for 12 years) was made to four companies larger than the traditional small business: Ets Guyomarc/R for their subsidiary Galina for automating a chicken cutting and boning unit and a packaging unit for whole and cut chickens; the Bretagne Coopagri farmers cooperative and its Gelagri subsidiary for early vegetable storage equipment and for the rationalization of a processing plant and a vegetable packaging plant at St Pol-de-Léon, St Malo and Loudéac; Matra Communication to install computerized and automated production at its three manufacturing units in Brittany — Pont-de-Buis, Douarnenez and Rennes — (telephone equipment and radiotelephones, voice- and data-processing terminals, switching centres, computers and software) and in its central departments; and Timac for modernizing and expanding fertilizer plant, the installation of a high-nitrogen fertilizer granulating unit, new storage facilities and computerized administrative services, mainly in St Malo.

Spain

2.4.46. In Spain PTA 2 800 million was granted for leasing finance operations for machinery and equipment needed to expand and modernize small and medium-scale industrial ventures. The funds were made available to Lisban SA of Madrid, a wholly owned subsidiary of Banco de Bilbao. It is the first leasing finance operation by the EIB in Spain, where this form of funding for investments has been developing swiftly. The funds will help finance the leasing of machinery, equipment and other materials to be used in industry, ancillary services and tourism in the less-developed regions of

Spain, including the Canary Islands, and to help productive enterprises elsewhere to modernize and adapt to the new competitive conditions following Spain's accession to the Community.

2.4.47. On 12 May the Board of Directors of the Bank agreed to lend Eurotunnel the equivalent of a total 1 400 million ECU for the Channel Tunnel. This decision was taken in the light of the Bank's independent review of the technical, economic and financial viability of the project. The EIB regards the Channel Tunnel as a project of exceptional importance to the development of the Community's transport network. It is a stimulus to the European economy and increases the opportunity for cooperation between European firms.

EIB funding will be made available, through cofinancing arrangements, in association with a syndicate of international banks led by National Westminster, Crédit Lyonnais, Banque Nationale de Paris, Midland Bank and Banque Indosuez. The EIB's loans will be secured by guarantees from the participating banks until successful completion of the project and thereafter by a charge on the project assets and revenues. No government funds or guarantees are involved.

The EIB loans will primarily be at fixed interest rates and for a range of maturities of up to 25 years. They will be phased over the project's six-year construction period (1988-93). The terms will reflect prevailing market conditions.

The conclusion of contractual arrangements for the loans between the EIB and Eurotunnel will be subject to passage of the necessary legislation, the finalization of arrangements with the railways and successful completion of bank syndication and the forthcoming equity issues.

Outside the Community

ACP States

2.4.48. The Bank has granted a total of 8 million ECU in two ACP States, Tanzania

and Mozambique, from the venture capital resources provided under the Lomé Convention and managed by the Bank.

In Tanzania 5 million ECU has been lent to the Tanganyika Development Finance Company to finance small and medium-scale ventures in manufacturing, agricultural processing and tourism. The funds were made available in the form of a global loan, and terms and conditions vary according to the use actually made of the funds: 15 years at 4% p.a. for subloans to directly productive investment schemes or 25 years at 2% p.a. for acquisition of equity holdings in small businesses. The projects receiving the financing will be selected with the EIB's agreement.

In Mozambique 3 million ECU lent to the Central Bank is for rehabilitating a cotton ginnery and a vegetable-processing plant. This loan represents the EIB's first operation in Mozambique, which joined the ranks of the ACP States when Lomé III

came into force. The funding is in the form of a conditional loan (15 years at 5%) to the Central Bank, which will onlend to the Companhia Agro Industrial Lonrho-Moçambique (Lomaco) the company responsible for handling the investment.

The two projects concerned are costed at a total of 5.2 million ECU. The first involves rehabilitation of a cotton ginnery at Chokwe, with refurbishment and improvement of ancillary buildings, rationalization of the machine-drive system and acquisition of a basic stock of spare parts. Processing capacity will remain unchanged at 3 tonnes of cottonseed per hour. The second project is for the rehabilitation of a vegetable-processing plant at Chilembene, particularly the tomato-purée production line (520 tonnes/day); the work also includes completion of a warehouse, fresh produce reception facilities, a can production unit, a basic stock of spares and harvesting equipment. This plant will enable the capital to be supplied with vegetables all the year round.

DOCUMENTATION

1. ECU

Values in national currencies of one ECU

27 May 1987 ¹	
Belgian franc and Luxembourg franc (convertible)	42.9717
Belgian franc and Luxembourg franc (financial)	43.1200
Danish krone	7.80506
German mark	2.07393
Greek drachma	154.949
Portuguese escudo	162.534
French franc	6.91939
Dutch guilder	2.33570
Irish pound	0.774857
Italian lira	1 498.16
Spanish peseta	144.627
Pound sterling	0.704503
United States dollar	1.14059
Swiss franc	1.71545
Swedish krona	7.23989
Norwegian krone	7.70183
Canadian dollar	1.53615
Austrian schilling	14.6007
Finnish mark	5.04027
Japanese yen	163.675
Australian dollar	1.59971
New Zealand dollar	1.99056

Representative rates ('green' rates)

Conversion rates into national currencies for the ECU used in connection with the common agricultural policy

May 1987	
National currency	Value in national currency of one ECU
Belgian franc and Luxembourg franc	47.3310 ¹
	46.8712 ²
Danish krone	8.58163 ¹
	8.54064 ²
	8.62351 ³
German mark	2.41047 ⁴
	2.39792 ⁵
	2.38516 ⁶
Greek drachma	130.674 ⁷
	117.078 ³
	116.673 ⁶
Portuguese escudo	151.812 ²
	162.102 ⁷
French franc	7.31248 ⁴
	7.58228 ³
	7.20771 ⁸
	7.20131 ¹
	7.09967 ²
Dutch guilder	7.54539 ^{9,7}
	2.71620 ⁴
	2.70178 ⁵
Irish pound	2.68749 ⁶
	0.817756 ¹
Italian lira	0.782478 ²
	0.821639 ³
	1 539.00 ¹⁰
Spanish peseta	1 562.00 ³
	1 554.00 ⁶
	147.208 ¹
Pound sterling	145.796 ²
	151.806 ⁷
	147.886 ³
	0.656636 ³
	0.635626 ¹
	0.626994 ²
	0.668197 ⁹
	0.652575 ⁷

¹ OJ C 142, 29.5 1987

NB: Explanatory notes on the ECU and 'green' rates can be found in Bull. EC 7/8-1982, points 3.1.1 to 3.1.3, and Bull. EC 10-1984, point 3.1.1.

¹ For livestock products.

² For crop products.

³ For pigmeat

⁴ For milk and milk products.

⁵ For cereals.

⁶ For other products.

⁷ For sheepmeat and goatmeat

⁸ For wine

⁹ For beef/veal

¹⁰ For cereals and oilseeds.

2. Additional references in the Official Journal

3.2.1. This section lists the titles of legal instruments and notices of Community institutions or organs which have appeared in the Official Journal since the last Bulletin was published but relating to items appearing in earlier issues of the Bulletin; the references were not available when the Bulletin went to press.

The number of the Bulletin and the point to which this additional information refers is followed by the title shown on the cover of the Official Journal the number of the issue and the date of publication.

Bull. EC 12-1986

Point 2.1.125

Proposal for a Council Directive on the annual accounts and consolidated accounts of insurance undertakings
OJ C 131, 18.5.1987

Bull. EC 2-1987

Point 2.1.83

Proposal for a Council Decision establishing a five-year Community-wide programme of projects illustrating how actions in the environmental field can also contribute to employment creation
OJ C 141, 27.5.1987

Bull. EC 4-1987

Point 2.1.45

Amendment to the proposal for a Council Decision modifying Council Decision 83/624/EEC concerning a plan for the transnational development of the supporting infrastructure for innovation and technology transfer
OJ C 137, 22.5.1987

Point 2.1.47

Council Decision of 28 April 1987 concerning the conclusion of a Convention between the European Economic Community and the Republic of Austria, the Republic of Finland, the Republic of Iceland, the Kingdom of Norway, the Kingdom of Sweden and the Swiss Confederation on the simplification of formalities in trade in goods
OJ L 134, 22.5.1987

Point 2.1.139

Proposal for a Council Regulation amending Regulation (EEC) No 3796/81 on the common organization of the market in fishery products and amending Regulation (EEC) No 950/68 on the Common Customs Tariff
OJ C 145, 3.6.1987

Point 2.3.7

Decision of the European Parliament of 7 April 1987 granting a discharge to the Administrative Board of the European Foundation for the Improvement of Living and Working Conditions in respect of the implementation of its appropriations for the 1985 financial year

Decision of the European Parliament of 7 April 1987 granting a discharge to the Administrative Board of the European Centre for the Development of Vocational Training in respect of the implementation of its appropriations for the 1985 financial year
OJ L 137, 27.5.1987

Point 2.3.8

Decisions of the European Parliament of 7 April 1987 granting a discharge to the Commission in respect of the financial management of the third, fourth and fifth European Development Funds during the financial year 1985
OJ L 137, 27.5.1987

3. Infringement procedures

Initiation of proceedings for failure to implement directives

3.3.1. In May the Commission sent letters of formal notice for failure to incorporate directives into national law (the Commission not having been informed of national implementing measures) in the following cases:

Internal market and industrial affairs

- Council Directive of 21 May 1973 on the abolition of restrictions on movement and residence within the Community for nationals of Member States with regard to establishment and the provision of services¹ (Portugal).
- Council Directive of 17 December 1974 concerning the right of nationals of a Member State to remain in the territory of another Member State after having pursued therein an activity in a self-employed capacity² (Portugal).
- Council Directive of 17 December 1974² extending the scope of the Council Directive of 25 February 1964 on the coordination of special measures concerning the movement and residence of foreign nationals which are justified on grounds of public policy, public security or public health³ to include nationals of a Member State who exercise the right to remain in the territory of another Member State after having pursued therein an activity in a self-employed capacity (Portugal).

Environment and consumer protection

- Commission Directive of 25 July 1985⁴ amending Council Directive 79/409/EEC on the conservation of wild birds (Greece).

Reasoned opinions

3.3.2. The Commission delivered reasoned opinions in the following cases of failure to inform it of national measures to give effect to directives:

Internal market and industrial affairs

- Commission Directive of 18 April 1984⁵ adapting the Council Directive of 26 June 1978 on the approximation of the laws of the Member States relating to the classification, packaging and labelling of dangerous preparations (pesticides)⁶ (France, Italy).

Environment and consumer protection

- Council Directive of 6 December 1984 on the supervision and control within the European Com-

munity of the transfrontier shipment of hazardous waste⁷ (Belgium, France, Luxembourg, United Kingdom).

- Commission Directive of 22 July 1985⁸ adapting to technical progress the Council Directive of 6 December 1984 on the supervision and control within the European Community of the transfrontier shipment of hazardous waste⁷ (Belgium, France).

Financial institutions and company law

- Third Council Directive of 9 October 1978⁹ based on Article 54(3)(g) of the Treaty, concerning mergers of public limited liability companies (Belgium, France, Greece, Ireland, Italy, Luxembourg, United Kingdom).
- Sixth Council Directive of 17 December 1982¹⁰ based on Article 54(3)(g) of the Treaty, concerning the division of public limited liability companies (Belgium, France, Greece, Ireland, Italy, Luxembourg, United Kingdom).

3.3.3. The Commission delivered a reasoned opinion in the following case of failure to incorporate a directive correctly into national law:

- Council Directive of 15 July 1980 relating to the quality of water intended for human consumption¹¹ (Denmark).

3.3.4. The Commission also delivered reasoned opinions in the following cases:

Internal market and industrial affairs

- Price of books (Belgium).
- Denial of the right of establishment and freedom to provide services in the French overseas territories (France).

Competition

- Monopoly in petroleum products (Greece).

Agriculture

- Destruction of Poultry Offal Act (Netherlands).

¹ OJ L 172, 1.1.1986

² OJ L 14, 20.1.1975

³ OJ 56, 4.4.1964.

⁴ OJ L 233, 30.8.1985.

⁵ OJ L 144, 30.5.1984.

⁶ OJ L 206, 29.7.1978.

⁷ OJ L 326, 13.12.1984

⁸ OJ L 272, 12.10.1985.

⁹ OJ L 295, 20.10.1978

¹⁰ OJ L 378, 31.12.1982.

¹¹ OJ L 229, 30.8.1980.

- Imports of apricots from Spain (France).
- Compulsory registration of exporters of agricultural products with a supervisory body (Netherlands).
- Restrictions on the marketing of oils and fats (Italy).

Fisheries

- Failure to provide information in connection

with the common organization of the market in the fisheries sector (Ireland).

Customs union and indirect taxation

- Discriminatory tax on imports of decorative articles made of ordinary plastic (Greece).
- Tax on imports of powdered cheese (Greece).

4. Creation of a European law-enforcement area

Opening for signature of three international instruments aimed at furthering the creation of a European law-enforcement area

Agreement on the application between the Member States of the European Communities of the Council of Europe Convention on the Transfer of Sentenced Persons

3.4.1. The Member States of the European Communities (hereinafter referred to as 'the Member States'),

Mindful of the close links existing between their peoples,

Desiring to facilitate the transfer of sentenced persons, to apply in their mutual relations the Convention on the Transfer of Sentenced Persons, which was opened for signature in Strasbourg on 21 March 1983 (hereinafter referred to as 'the Convention on Transfer'), to extend the field of application of the Convention and to improve its operation,

Have agreed as follows:

Article 1

1. As between Member States which have ratified the Convention on Transfer, that Convention shall

be supplemented by the provisions of this Agreement.

2. As between Member States, at least one of which has not ratified the Convention on Transfer, the provisions of that Convention as supplemented by the provisions of this Agreement shall be applicable.

Article 2

For the purpose of applying Article 3(1)(a) of the Convention on Transfer, each Member State shall regard as its own nationals the nationals of another Member State whose transfer is deemed to be appropriate and in the interest of the persons concerned, taking into account their habitual and lawful residence in its territory.

Article 3

1. Declarations made pursuant to the Convention on Transfer shall not apply with respect to the Member States that are party to this Agreement.

2. In its relations with Member States that are party to this Agreement, each Member State may make, renew or alter any declaration provided for by the Convention on Transfer and shall send any such declaration to the Foreign Ministry of Belgium.

Article 4

1. This Agreement shall be open for signature by the Member States. It shall be subject to ratifi-

ation, acceptance or approval. The instruments of ratification, acceptance or approval shall be deposited with the Foreign Ministry of Belgium.

2. This Agreement shall enter into force 90 days after the deposit of the instruments of ratification, acceptance or approval by all the States which are members of the European Communities at the date on which this Agreement is opened for signature.

3. Each State may, when depositing its instrument of ratification, acceptance or approval, or at any later date until the entry into force of this Agreement, declare that this Agreement will apply to it in its relations with other States that have made the same declaration 90 days after the date of deposit.

4. A State that has not made such a declaration may apply the Agreement with other contracting States on the basis of bilateral arrangements.

5. The Foreign Ministry of Belgium shall notify all the Member States of any signature, deposit of instruments or declaration.

Article 5

1. This Agreement shall be open for accession by any State which becomes a member of the European Communities. The instruments of accession shall be deposited with the Foreign Ministry of Belgium.

2. This Agreement shall enter into force for any State acceding thereto 90 days after the deposit of its instrument of accession.

The Foreign Ministry of Belgium shall transmit a certified copy to the government of each Member State.

Convention between the Member States of the European Communities on Double Jeopardy

3.4.2. The Member States of the European Communities (hereinafter referred to as 'the Member States'),

Mindful of the close links existing between their peoples,

Taking into account the developments tending to the elimination of obstacles to the free movement of persons between Member States,

Desiring to extend their cooperation in criminal matters on the basis of mutual trust, understanding and respect,

Convinced that a mutual recognition of the rule against double jeopardy with respect to foreign

judicial decisions constitutes the embodiment of such a trust, understanding and respect,

Have agreed as follows:

Article 1

A person whose trial has finally been disposed of in a Member State may not be prosecuted in another Member State in respect of the same facts, provided that if a sanction was imposed, it has been enforced, is actually in the process of being enforced or can no longer be enforced under the laws of the sentencing State.

Article 2

1. A Member State may, at the time of ratification, acceptance or approval of this Convention, declare that it shall not be bound by Article 1 in one or more of the following cases:

(a) If the fact which were the subject of the judgment rendered abroad took place on its own territory either in whole or in part. In the latter case this exception shall not apply if those facts took place partly on the territory of the Member State where the judgment was rendered.

(b) If the facts which were the subject of the judgment rendered abroad constitute an offence directed against the security or other equally essential interests of that Member State.

(c) If the facts which were the subject of the judgment rendered abroad were committed by an official of that Member State contrary to the duties of his office.

2. A Member State which makes a declaration in respect of the exception in paragraph 1(b) shall specify the type of offences to which that exception may be applied.

3. A Member State may at any time withdraw such a declaration in respect of one or more of the exceptions in paragraph 1. The withdrawal shall be notified to the Foreign Ministry of Belgium and shall take effect on the first day of the month following the date of such notification.

4. The exceptions which may be the subject of a declaration under paragraph 1 shall not apply if the Member State concerned in respect of the same facts requested the other Member State to bring the prosecution or granted extradition of the person concerned.

Article 3

If a Member State brings a further prosecution in respect of the same facts against a person whose trial has finally been disposed of in another Mem-

ber State, any period of deprivation of liberty served in the latter Member State arising from those facts shall be deducted from any sanction imposed. To the extent permitted by national law sanctions not involving deprivation of liberty shall also be taken into account in so far as they have been enforced.

Article 4

1. If a criminal charge is brought against a person in a Member State and the competent authorities of that Member State have reasons to believe that this charge concerns the same facts as those in respect of which his trial has finally been disposed of in another Member State they shall, if they consider it necessary, seek relevant information from the competent authorities of the Member State where the trial took place.

2. Information thus requested shall be given as soon as possible and shall be taken into account in determining whether the proceedings should be continued.

3. Each Member State shall, at the time of signature, ratification, acceptance or approval of this Convention, specify the authorities authorized to request and receive information under this Article.

Article 5

The preceding provisions shall not prevent the application of wider domestic provisions relating to the rule against double jeopardy attached to foreign judicial decisions.

Article 6

1. This Convention shall be open for signature by the Member States. It shall be subject to ratification, acceptance or approval. The instruments of ratification, acceptance or approval shall be deposited with the Foreign Ministry of Belgium.

2. This Convention shall enter into force 90 days after the deposit of the instruments of ratification, acceptance or approval by all the States which are members of the European Communities at the date on which this Convention is opened for signature.

3. Each State may, when depositing its instrument of ratification, acceptance or approval, or at any later date until the entry into force of this Convention, declare that this Convention will apply to it in its relations with other States that have made the same declaration 90 days after the date of deposit.

Article 7

1. This Convention shall be open for accession by any State which becomes a member of the

European Communities. The instruments of accession shall be deposited with the Foreign Ministry of Belgium.

2. This Convention shall enter into force for any State acceding thereto 90 days after the deposit of its instrument of accession.

Article 8

1. Each Member State may, at the time of signature or when depositing its instrument of ratification, acceptance or approval, specify the territory or territories to which this Convention shall apply.

2. Each Member State may, when depositing its instruments of ratification, acceptance or approval or at any later date, by declaration addressed to the Foreign Ministry of Belgium extend this Convention to any other territory specified in the declaration and for whose international relations it is responsible or on whose behalf it is authorized to give undertakings.

3. Any declaration made in pursuance of the preceding paragraph may, as regards any territory specified in that declaration, be withdrawn by means of a notification addressed to the Foreign Ministry of Belgium.

The withdrawal shall have effect immediately or at such later date as may be specified in the notification.

Article 9

The Foreign Ministry of Belgium shall notify all the Member States of any signature, deposit of instruments, declaration or notification.

The Foreign Ministry of Belgium shall transmit certified copies to the government of each Member State.

Convention abolishing the Legalization of Documents in the Member States of the European Communities

3.4.3. The Member States of the European Communities,

Convinced of the desirability of ensuring the free movement of documents between their States.

Desiring for this purpose to adopt uniform rules concerning the abolition of all forms of legalization of documents,

Have agreed as follows:

Article 1

1. This Convention shall apply to public documents which are drawn up in the territory of a contracting State and which have to be produced in the territory of another contracting State or shown to the diplomatic or consular agents of another contracting State even if those agents are acting in the territory of a State which is not party to this Convention.

2. The following are deemed to be public documents:

(a) Documents emanating from an authority or an official connected with the courts or tribunals of the State, including those emanating from a public prosecutor, a clerk of the court or a process server ('huissier de justice');

(b) Administrative documents;

(c) Notarial acts;

(d) Official certificates which are placed on documents signed by persons in their private capacity, such as official certificates recording the registration of a document or the fact that it was in existence on a certain date, and official and notarial authentications of signatures.

3. This Convention shall also apply to documents drawn up in their official capacity by the diplomatic or consular agents of a contracting State acting in the territory of any State, where such documents have to be produced in the territory of another contracting State or shown to the diplomatic or consular agents of another contracting State acting in the territory of a State which is not party to this Convention.

Article 2

Each contracting State shall exempt the documents to which this Convention applies from all forms of legalization or other equivalent or similar formality.

Article 3

For the purposes of this Convention legalization means only the formal procedure for certifying the authenticity of a signature, the capacity in which the person signing the document has acted and, where appropriate, the identity of the seal or stamp which it bears.

Article 4

1. If the authorities of the State in whose territory the document is produced have serious doubts, with good reason, as to the authenticity of the signature, the capacity in which the person signing

the document has acted or the identity of the seal or stamp, they may request information directly from the relevant central authority, designated in accordance with Article 5, of the State from which the act or document emanated. Requests for information may be made only in exceptional cases and shall set out the grounds on which they are based.

2. Whenever possible, requests for information shall be accompanied by the original document or by a photocopy thereof. Such a request and the reply thereto shall not be subject to any tax, duty or charge.

Article 5

Each contracting State shall, at the time of signature, ratification, acceptance or approval of this Convention, designate the central authority responsible for receiving and forwarding the requests for information referred to in Article 4. It shall indicate the language(s) in which the authority will accept requests for information.

Article 6

1. This Convention shall be open for signature by the Member States. It shall be subject to ratification, acceptance or approval. The instruments of ratification, acceptance or approval shall be deposited with the Ministry of Foreign Affairs of Belgium.

2. This Convention shall enter into force 90 days after the deposit of the instruments of ratification, acceptance or approval by all the States which are members of the European Communities on the date on which it becomes open for signature.

3. Each State may, when depositing its instrument of ratification, acceptance or approval, or at any later date until the entry into force of the Convention, declare that the Convention will apply to it, in its relations with other States which have made the same declaration, 90 days after the date of deposit.

Article 7

1. This Convention shall be open for accession by any State which becomes a member of the European Communities. The instruments of accession shall be deposited with the Ministry of Foreign Affairs of Belgium.

2. This Convention shall enter into force for any State acceding thereto 90 days after the deposit of its instrument of accession.

Article 8

1. Each Member State may, at the time of signature or when depositing its instrument of ratifi-

cation, acceptance or approval, specify the territory or territories to which this Convention shall apply.

2. Each Member State may, when depositing its instrument of ratification, acceptance or approval or at any later date, by declaration addressed to the Ministry of Foreign Affairs of Belgium extend this Convention to any other territory specified in the declaration and for whose international relations it is responsible or on whose behalf it is authorized to give undertakings.

3. Any declaration made in pursuance of paragraph 2 may, as regards any territory specified in that declaration, be withdrawn by means of a notification addressed to the Ministry of Foreign Affairs of Belgium.

The withdrawal shall have effect immediately or at such later date as may be specified in the notification.

Article 9

The Foreign Ministry of Belgium shall notify all the Member States of any signature, deposit of instruments, declaration or notification.

Article 10

This Convention replaces between contracting States the provisions of other treaties, conventions or agreements on the simplification or abolition of legalization of documents except when these treaties, conventions or agreements concern documents:

- (a) which are not covered by this Convention;
- (b) which have been drawn up in territories to which this Convention does not apply.

The Ministry of Foreign Affairs of Belgium shall transmit a certified copy to the government of each Member State.





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