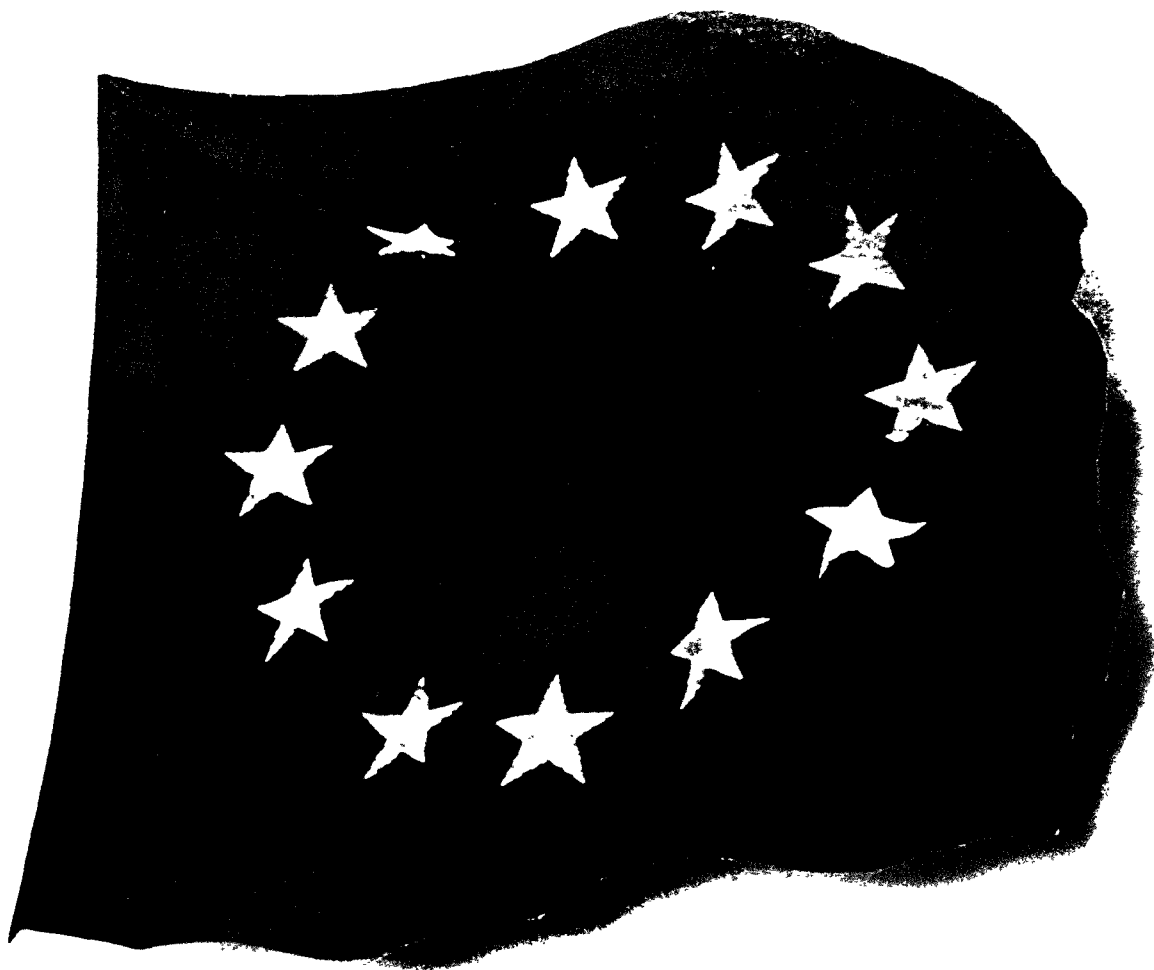


# Bulletin of the European Communities

Commission



No 1 1988 Volume 21

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# **Bulletin of the European Communities**

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

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

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- 3/87 European Economic Interest Grouping (EEIG)
- \*4/87 A fresh boost for culture in the European Community

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- 1/88 Programme of the Commission for 1988

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\* In preparation

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\* In preparation





**PART ONE**

**SPECIAL FEATURES**

# 1. The Commission's programme for 1988

1.1.1. On 20 January Mr Delors, President of the Commission, presented the Commission's programme for 1988 to Parliament.<sup>1</sup>

The programme explains the importance of reaching agreement on implementing the package of proposals set out in the paper entitled 'The Single Act: A new frontier for Europe'<sup>2</sup> with a view to attaining these major objectives by the 1992 deadline: irreversible completion of the large frontier-free market; increased economic and social cohesion within the Community; a common scientific and technological development policy to help Community industry maintain and improve its cutting edge; further development of the European Monetary System, which has demonstrated its value in the recent difficult conditions on the world's financial markets; flanking social measures promoting the Community's social dimension; and coordinated action on the environment to protect and improve the conditions in which we live, both for ourselves and for future generations.

## Towards a large market: an irreversible process

1.1.2. 1988 will be an important year for implementing decisions already taken on the single internal market, for presenting new proposals, for applying pressure on the Council to adopt decisions on the removal of physical, technical and tax barriers, and for establishing fair competitive conditions. In this connection the Commission will present its study on the cost of 'non-Europe'.

The single administrative document and also the integrated Community tariff (Taric) and Combined Nomenclature (CN) based on the Harmonized Commodity Description and Coding System came into effect on 1 January. Further work will be carried out on the coordinated development of computerized customs procedures. There will also be proposals for the elimination of border transport controls and for various

measures related to public, animal and plant health.

1.1.3. The removal of technical obstacles to trade will be actively pursued, as will implementation of the new approach to technical harmonization and standards.<sup>3</sup> Adoption by the Council of the recent Commission proposal for a Directive on equipment and machinery will allow the firms concerned to operate, manufacture and sell within an integrated market, thereby dismantling the current barriers affecting an industry whose annual turnover is around 120 000 million ECU.<sup>4</sup> There will be further proposals for product standardization (electromedical equipment and wood-working equipment) and for harmonization (type approval of buses and motorcycles). This will be supplemented by efforts to set aside legal obstacles to trade. Early in the year the Commission will table proposals for opening up the key sectors of telecommunications, energy, transport and water supply to competitive tendering.

1.1.4. The creation of a legal and tax environment conducive to business will continue with further work on the introduction of a Community trade mark and on the adaptation of Community law to provide an environment favourable to business cooperation. Proposals will be made for the protection of intellectual property (biotechnology and integrated software) and a Green Paper will be presented on copyright. The Commission will also put forward proposals for directives to back up its 1987 proposal on indirect taxation.<sup>5</sup> Finally, the Commission is hoping for agreement in the Council on

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<sup>1</sup> Supplement 1/88 — Bull. EC (containing the full text of Mr Delors' speech to Parliament, the Commission's programme for 1988 and Mr Delors' reply to the House at the end of the debate).

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

<sup>3</sup> OJ C 136, 4.6.1985; Bull. EC 5-1985, point 1.3.1.

<sup>4</sup> Bull. EC 11-1987, point 2.1.21.

<sup>5</sup> OJ C 250, 18.9.1987; OJ C 251, 19.9.1987; OJ C 252, 22.9.1987, Bull. EC 7/8-1987, point 1.2.1 *et seq.*

an amended proposal for Community rules on company mergers.<sup>1</sup>

1.1.5. With a view to the creation of a Community financial area, the Commission expects agreement on its proposals for the liberalization of capital movements in the Community.<sup>2</sup> The proposal for the liberalization of banking services, recently adopted by the Commission (→ point 1.2.1 *et seq.*), will be debated in the Council. Following the agreement reached in December 1987<sup>3</sup> on insurance other than life assurance,<sup>4</sup> the Commission will put forward proposals in 1988 for Directives on freedom to provide services in the fields of life assurance and third-party motor vehicle insurance.

1.1.6. The Commission also intends to ensure that the principle of freedom of movement for persons and services be translated into fact. It will therefore do all it can to obtain a decision from the Council in 1988 on its proposals on the recognition of professional qualifications in the Community and on a general system for the recognition of higher education diplomas.<sup>5</sup> In addition to this, the student mobility programme Erasmus<sup>6</sup> (involving about 25 000 students and teachers and about 3 000 higher education establishments) and the business/higher education cooperation programme Comett<sup>7</sup> (over 1 000 transnational training courses and 110 training partnerships) will become fully operational, Comett II will be proposed and the youth exchange scheme 'YES for Europe'<sup>8</sup> should also be adopted.

## Towards an integrated economic and social area

1.1.7. If the single internal market is to become reality by 1992, it is essential that flanking measures also be introduced without delay. Hence the Commission proposal for a wide-ranging programme to encourage balanced economic and social progress in the large frontier-free market:

(i) the importance of the cooperative growth strategy to reduce unemployment and to take advantage of the dynamism of the single market<sup>9</sup> is stressed;

(ii) the framework Regulation on the reform of the structural Funds<sup>10</sup> will be followed by a proposal for coordinating Fund assistance with assistance from other financial instruments;

(iii) new programmes to support regional development and industrial conversion will be implemented or proposed (Resider<sup>11</sup> and Renaval<sup>12</sup> for restructuring in the steel and shipbuilding industries, Stride and Envireg linking regional policy with technological and environmental action);

(iv) all 31 integrated Mediterranean programmes<sup>13</sup> will be in the process of implementation by the middle of 1988; the preparation and monitoring of other integrated development operations will be proposed;

(v) with the changes under way in the common agricultural policy, the Commission will present a wide-ranging report in the first half of 1988 on the future of the countryside;

(vi) efforts to increase the involvement of both sides of industry in economic and

<sup>1</sup> OJ C 23, 25.1.1985; Supplement 3/85 — Bull. EC.

<sup>2</sup> Bull. EC 10-1987, point 1.1.1 *et seq.*

<sup>3</sup> Bull. EC 12-1987, point 2.1.134.

<sup>4</sup> OJ C 255, 25.9.1987; Bull. EC 9-1987, point 2.1.73, OJ C 351, 31.12.1985; Bull. EC 12-1985, point 2.1.83.

<sup>5</sup> OJ C 217, 28.8.1985; Bull. EC 7/8-1985, point 1.4.1; Supplement 8/85 — Bull. EC.

<sup>6</sup> OJ L 166, 25.6.1987; Bull. EC 6-1986, point 2.1.93.

<sup>7</sup> OJ L 222, 8.8.1986; Bull. EC 7/8-1986, point 2.1.95; Bull. EC 6-1986, point 2.1.106.

<sup>8</sup> OJ C 77, 24.3.1987; Bull. EC 2-1987, point 2.1.70, OJ C 72, 27.3.1986, Bull. EC 2-1986, point 2.1.72.

<sup>9</sup> OJ L 377, 31.12.1985; Bull. EC 10-1985, point 1.3.1 *et seq.*; OJ L 385, 31.12.1986; Bull. EC 10-1986, point 1.1.1 *et seq.*

<sup>10</sup> OJ C 245, 12.9.1987; Bull. EC 7/8-1987, points 1.1.1 and 1.1.2.

<sup>11</sup> OJ C 272, 10.10.1987; Bull. EC 7/8-1987, points 2.1.25 and 2.1.146.

<sup>12</sup> OJ C 291, 31.10.1987; Bull. EC 7/8-1987, point 2.1.146.

<sup>13</sup> Bull. EC 9-1986, point 1.3.1 *et seq.*; Bull. EC 12-1986, point 2.1.172; Bull. EC 7/8-1987, points 2.1.153 to 2.1.155; Bull. EC 10-1987, points 2.1.109 and 2.1.110, Bull. EC 12-1987, points 2.1.172 and 2.1.173.

social policy will be intensified (social dialogue);

(vii) an action programme for the reintegration of the long-term unemployed will be presented; the 1988-92 action programme for the vocational training of young people and their preparation for adult life will be launched; and a programme for the period 1989-91 on continuing in-service training for employees will be proposed;

(viii) there will be new proposals on health and safety at work pursuant to the new Article 118a of the Treaty, and on a Community system for the rapid exchange of information on health, safety and hygiene;

(ix) action will be proposed to improve conditions for women at work through implementation of the medium-term programme for 1986-90,<sup>1</sup> which also aims to improve social conditions for immigrant women; the second programme for the integration of the disabled<sup>2</sup> will also be put into effect;

(x) the Commission will propose a package of measures to improve the legal environment for small businesses (simplification of accounting and taxation requirements, etc.) and will press on with the initiatives launched in 1987, including increased provision of specialized information through the Euro-Info-Centres,<sup>3</sup> development of cooperation between businesses in different parts of the Community (Europartnership)<sup>4</sup> and creation of 120 Business and Innovation Centres;<sup>5</sup>

(xi) on the technology front, new programmes will be drawn up in the fields of preventive medicine, the environment, the follow-through of R&D results, new transport technologies, industrial technologies (new Brite programme<sup>6</sup>), new raw materials, non-nuclear energy, the decommissioning of nuclear facilities, and marine and agricultural technology; recent programmes such as the RACE main phase<sup>7</sup> (telecommunications), Delta<sup>8</sup> (computer-aided learning), Drive<sup>9</sup> (road safety) and AIM<sup>10</sup> (medical computing) will be put into effect;

(xii) on the environment front, encouraged by the Council's recent Decision on the reduction of vehicle emissions,<sup>11</sup> the Commission is hoping for agreement in 1988 on the reduction of emissions from large combustion plants;<sup>12</sup> it will propose measures to reduce pollution from waste incinerators, measures to reduce pollution by nitrates, a Directive on the carriage of hazardous wastes by sea, a Directive on the use and disposal of batteries containing mercury and cadmium, amendments to the Directive on aircraft noise and a measure to reduce emissions from small cars; the Montreal Protocol on the protection of the ozone layer will be implemented;<sup>13</sup>

(xiii) for the protection of consumers the Commission will present proposals on product safety, on consumer credit interest rates and on package tours.

## Development of the other common policies

1.1.8. Work will continue actively on the improvement and development of existing policies. The Council is already examining the major package of agricultural measures, with particular reference to stabilizers,<sup>14</sup> on which decisions are to be taken in 1988; these include set-aside (→ point 1.3.1 *et seq.*), income support and other structural measures. New proposals and communications will be presented on transport, energy, nuclear safety and industrial policy.

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<sup>1</sup> OJ C 356, 13.12.1985; Bull. EC 12-1985, point 2.1.106; Supplement 3/86 — Bull. EC; OJ C 203, 12.8.1986; Bull. EC 7/8-1986, point 2.1.103.

<sup>2</sup> OJ C 257, 28.9.1987; Bull. EC 7/8-1987, point 2.1.141.

<sup>3</sup> Bull. EC 4-1987, point 2.1.18; Bull. EC 7/8-1987, point 2.1.23.

<sup>4</sup> Bull. EC 12-1987, point 2.1.24.

<sup>5</sup> OJ C 33, 11.2.1987; Bull. EC 1-1987, point 2.1.13.

<sup>6</sup> OJ C 238, 4.9.1987; Bull. EC 7/8-1987, point 2.1.59.

<sup>7</sup> OJ C 16, 21.1.1988; Bull. EC 12-1987, point 2.1.71.

<sup>8</sup> OJ C 265, 5.10.1987; Bull. EC 7/8-1987, point 2.1.67.

<sup>9</sup> OJ C 355, 31.12.1987; Bull. EC 7/8-1987, point 2.1.68.

<sup>10</sup> OJ C 355, 31.12.1987; Bull. EC 7/8-1987, point 2.1.69.

<sup>11</sup> OJ L 36, 9.2.1988; Bull. EC 12-1987, point 2.1.187.

<sup>12</sup> OJ C 49, 21.2.1984; Bull. EC 12-1983, point 2.1.118.

<sup>13</sup> Bull. EC 9-1987, point 2.1.114.

<sup>14</sup> Bull. EC 9-1987, point 1.5.1.

Proposals will be made to strengthen the position of railway undertakings and to eliminate distortions of competition in road transport caused by social and technical provisions. Following the Council's success in reaching agreement on the air transport package in December 1987,<sup>1</sup> further flanking measures on air transport will be put forward. Finally, following adoption of the common policy rules for shipping, action is still needed on cabotage and the Commission will also put forward proposals to strengthen the position of Community fleets and to allow the use of a European flag under certain conditions.

On energy too, action to help complete the internal market will be encouraged, as will the efficient use of fuels and greater use of renewable energy sources. Finally, the necessary measures will be taken to follow up the Council's recent decisions on steel; communications will be presented on shipbuilding, the motor industry and, in line with the decisions taken recently by the Council of the European Space Agency, the aerospace industry.

1.1.9. A number of initiatives on a people's Europe, geared primarily to improving access to Europe's cultural resources (youth exchange programmes, language training programmes, books) will be introduced or continued in 1988. Television and cinema projects will also be mounted as part of European Cinema and Television Year,<sup>2</sup> including the setting-up of a European cinema and audiovisual arts academy and the production of programmes compatible with European technical specifications for high-definition television. There are also plans to organize the 'European Community Games' in 1989; these will cover 24 disciplines and be staged in 24 towns throughout the Community.

Action will be taken on health education and medical research, focusing on the 'Europe against cancer' programme.<sup>3</sup> As regards civil protection,<sup>4</sup> a vade-mecum is to be published on rescue facilities, warning systems and emergency plans in

the Member States and the Community network of liaison officers will be fully operational in 1988.

## The Community's role in the world

1.1.10. Underlining the importance of the Community's role in the world and its international responsibilities, the programme stresses the need for political cooperation to be stepped up. It explains the Community's position as a major trading power (its imports account for one third of world trade), its particular importance as a market for the developing countries (it takes 25% of the developing countries' exports) and its position as the world's leading donor of development assistance (it provides around one third of the world total).

In the Uruguay Round of international trade negotiations<sup>5</sup> the Commission has already put forward proposals on agriculture,<sup>6</sup> intellectual property, services, tropical products<sup>7</sup> and the dismantling of barriers and will press ahead actively with the negotiations in 1988. Parallel to this, negotiations on the new ACP Convention to replace Lomé III from 1989 will be launched, providing an opportunity for further improvements in the Community's relations with its ACP partners.

With regard to bilateral arrangements, now that free trade between the Community and the EFTA countries has been largely achieved,<sup>8</sup> there will be discussion of wide economic cooperation, notably at a ministerial meeting to be held in February. But care will be taken to ensure that the Com-

<sup>1</sup> OJ L 374, 31.12.1987; Bull. EC 12-1987, point 2.1.280.  
<sup>2</sup> OJ C 320, 13.12.1986; Bull. EC 11-1986, point 2.1.127.  
<sup>3</sup> OJ C 50, 26.2.1987; Bull. EC 12-1986, point 1.4.1 *et seq.*; Bull. EC 5-1987, point 2.1.121.  
<sup>4</sup> OJ C 176, 4.7.1987; Bull. EC 6-1987, point 2.1.10.  
<sup>5</sup> Bull. EC 9-1986, point 1.4.1 *et seq.*  
<sup>6</sup> Bull. EC 10-1987, point 2.2.1.  
<sup>7</sup> Bull. EC 6-1987, point 2.2.1; Bull. EC 10-1987, point 2.2.8.  
<sup>8</sup> Bull. EC 5-1987, point 2.2.14.

munity's cohesion and decision-making autonomy are respected. At the same time, the Commission is ready in 1988 for relations with the European members of the Council for Mutual Economic Assistance (CMEA) to be put on a normal basis, for bilateral cooperation agreements now being negotiated with certain Eastern European countries to be signed and for a joint declar-

ation to be signed by the Community and CMEA. Finally, the Community's relations with the People's Republic of China will be consolidated and improved under the trade and cooperation agreement, and a Commission Delegation will be opened in Peking in the course of the year.<sup>1</sup>

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<sup>1</sup> Bull. EC 3-1987, point 2.2.24.

## 2. A single market for banking services — the final step

1.2.1. On 13 January the Commission adopted a proposal for a second banking Directive,<sup>1</sup> the key feature of which is that it will enable credit institutions licensed in any of the Member States to tap the full Community market of 320 million potential customers. The concept of a single Community banking licence is the linchpin of the new legislation. This marks the last stage in the establishment of a genuine internal market in banking, alongside the Commission's programme for complete liberalization of capital movements.<sup>2</sup> The proposal, which applies the principle of mutual recognition of authorizations and supervisory systems and is based on the prior harmonization of essential supervisory rules,<sup>3</sup> rounds off the work begun in 1977 with the adoption of the first banking coordination Directive,<sup>4</sup> which laid down common prudential criteria for the establishment and operation of banks and other credit institutions in the Member States.

### A single Community licence

1.2.2. The vital element in the new legislation is the concept of a single banking licence resting on the principle of home

country control. A credit institution based in any Member State will be free to open branches or provide services in other Member States without authorization from the host country. The control and supervision rules obtaining in the home country will apply to the branch as it forms part of the legal entity based in that country.

This new system is feasible and acceptable because of the high degree of harmonization of prudential rules already achieved under the first banking Directive and the Directive of 13 June 1983 on the supervision of credit institutions on a consolidated basis.<sup>3</sup> This harmonization will be taken a stage further by the Community measures already adopted or in the course of preparation concerning own funds (→ point 2.1.43), the solvency ratio, large exposures and deposit guarantee schemes. The new Directive will introduce a number of additional requirements, such as a minimum capital of 5 million ECU and the compulsory provision of information on major shareholders and

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<sup>1</sup> COM(87) 715 final.

<sup>2</sup> OJ L 232, 26.11.1986; Bull. EC 11-1986, point 1.1.1.; Bull. EC 10-1987, point 1.1.1 *et seq*

<sup>3</sup> OJ L 193, 18.7.1983, Bull. EC 6-1983, point 2.1.70.

<sup>4</sup> OJ L 322, 17.12.1977; Bull. EC 11-1977, point 2.1.49.

the level of involvement in non-banking activities, which may not exceed 50% of the institution's own funds, or 10% in any one venture.

Lastly, the proposed Directive provides for cooperation between the supervisory authorities of the several Member States in the form of prior consultation or exchange of information, and lays down a Community procedure to be followed in dealings with non-member countries with a view to ensuring reciprocity of treatment.

### Scope and effects of the new Directive

1.2.3. The single Community banking licence will cover a broad spectrum of

activities, ranging from leasing through portfolio management and investment advice to securities transactions. Here again, authorization granted in the home country will automatically be valid in the host country.

The second banking Directive is bound to make a contribution to completion of the large European market. For example, where a bank opens a branch in another Member State and that branch carries on a wider range of business than would be covered by an authorization granted by the host country, the host country's authorities will be under pressure to change the relevant national legislation. The Directive can also be expected to lead to more frequent contact between the competent national authorities and between the managers of financial institutions.

## 3. Set-aside of farmland

1.3.1. On 13 January the Commission sent the Council a communication<sup>1</sup> on the set-aside of agricultural land containing a proposal for a Regulation to amend the Regulations of 12 March 1985<sup>2</sup> and 15 June 1987<sup>3</sup> as regards the set-aside of agricultural land and the extensification<sup>4</sup> and conversion of production.

The communication is part of a package of measures aimed at adapting the common agricultural policy on both the market and the structural sides and is to be considered an adjunct and not an alternative to the September 1987 proposals on agricultural stabilizers,<sup>5</sup> the adoption of which it may facilitate. A general set-aside scheme would be introduced<sup>6</sup> and the extensification arrangements extended to all arable land.

1.3.2. The general set-aside scheme would be compulsory for all Member States,

though optional where individual farmers are concerned. Exemptions from the scheme could be granted for parts of the Community where, because of natural conditions or a risk of depopulation, no incentives to reduce production should be offered. The Commission would draw up rules for determining such areas. All of Portugal would be exempt until 1991.

In theory any land could be selected provided it had been under cultivation during

<sup>1</sup> OJ C 51, 23.2.1988; COM(88) 1 final.

<sup>2</sup> OJ L 93, 30.3.1985; Bull. EC 3-1985, point 2.1.111 *et seq.*

<sup>3</sup> OJ L 167, 26.6.1987; Bull. EC 6-1987, point 2.1.180; Bull. EC 3-1987, point 2.1.176.

<sup>4</sup> Reduction of the volume of production of holdings.

<sup>5</sup> Bull. EC 9-1987, point 1.5.5.

<sup>6</sup> The set-aside scheme will be formally proposed by the Commission as part of a comprehensive agreement in the European Council in February.

a reference period to be determined, unless it had previously been down to products not covered by a market organization (e.g. potatoes), to pasture (green fodder) or to permanent crops (e.g. olives, grapes, citrus or other fruit trees).

Farmers would have to withdraw at least 20% of their arable land from cultivation for at least five years, though it would be possible to terminate the commitment after three years. The land withdrawn would have to be left fallow, afforested or used for non-agricultural purposes.

Compensation would take the form of an annual flat-rate premium set by the Member State to compensate for the income lost by the farmer. The Commission would lay down the criteria to be observed, the maximum amount qualifying for a Community financial contribution and the minimum amounts for the scheme to be effective.<sup>1</sup> Some relief from the co-responsibility levies on cereals would also be afforded in the form of an additional 20-tonne exemption to producers withdrawing at least 30% of their arable land from cultivation.

The financial contribution would vary according to the amount of the premium, being higher in the less prosperous parts of the Community where yields are smaller. The rate of Community reimbursement would be degressive:

- (i) 50% for the first 200 ECU/hectare;
- (ii) 25% for the portion from 200 to 400 ECU/hectare;
- (iii) 15% for the portion from 400 to 600 ECU/hectare.

The cost to the EAGGF is estimated at 140 million ECU per year for the 1 million hectares of arable land that is taken out of cultivation (out of the 70 million hectares of arable land in the Community). By way of comparison, the expenditure on the crops produced by an equivalent area is 400 million ECU per year.

Member States would be responsible for keeping the land taken out of cultivation in good heart and would have to take whatever action was necessary to ensure that the land was managed so as to protect the environment and natural resources.

1.3.3. At the same time the Commission proposed extending the production extensification scheme from cereals, beef/veal and wine to take in all arable land and crops. Farmers participating in the scheme would have to reduce output of the product concerned by 20% without increasing their output of other products in surplus.

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<sup>1</sup> Small cereal growers are already exempt from co-responsibility levies on the first 20 tonnes they sell.



# **PART TWO**

**ACTIVITIES  
IN JANUARY 1988**

# 1. Building the Community

## Economic and monetary policy

### Community borrowings

#### Six-monthly report

2.1.1. In accordance with the Council Decision of 19 April 1983 empowering it to contract loans under the New Community Instrument (NCI),<sup>1</sup> the Commission transmitted to the Council and to Parliament on 26 January its eighth six-monthly report<sup>2</sup> on the rate of utilization of NCI tranches (1 January to 30 June 1987).<sup>3</sup> Effective authorizations for borrowing under NCI III currently total 2 900 million ECU, with a margin of 100 million ECU held in reserve.

The geographical breakdown of loans signed shows that the largest number of financings were in Italy (even if reconstruction operations are excluded), with France in second position. Italy's share (43 %) of total NCI III lending has remained fairly stable from one tranche to the next, whereas France's share (33 %) has shown a marked increase, largely as a result of demand from small firms. Taking total NCI loans signed for ordinary operations, there was an increasing shift in lending towards the productive sectors, in line with the priorities laid down for NCI III to assist small firms. In contrast, the proportion of loans signed under NCI III for the energy and infrastructure sectors showed a fall. These trends will become more pronounced when operations begin under NCI IV.

The eligibility decisions already taken by the Commission were, at the end of 1986, sufficient to use up all the resources authorized under the NCI.

The Council therefore acted in March 1987 to set up an NCI IV to permit the granting of new loans totalling 750 million ECU.<sup>4</sup>

## Development of new financial instruments — Financial engineering

2.1.2. On 7 January<sup>5</sup> the Commission sent to the Council an amended proposal for a Decision on financing major Community infrastructure projects.<sup>6</sup> The purpose of the amended proposal is to permit the introduction of new Community procedures for granting assistance that are designed to facilitate and encourage the raising of private funds at the various stages of a major project.

## Internal market

### Completing the internal market

#### Implementing the White Paper

2.1.3. On 21 January Parliament adopted a resolution on the delay in decision-making on the reinforcement of economic and social cohesion within the Community and the connection between this delay and the completion of the internal market (→point 2.4.13).<sup>7</sup>

### A people's Europe

2.1.4. On 22 January Parliament adopted a resolution on the compulsory publication of information by the Community (→point 2.4.13).<sup>7</sup>

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<sup>1</sup> OJ L 112, 28.4.1983; Bull. EC 4-1983, point 2.1.8.

<sup>2</sup> COM(88) 11 final.

<sup>3</sup> Previous report: Bull. EC 6-1987, point 2.1.5.

<sup>4</sup> OJ L 71, 14.3.1987; Bull. EC 3-1987, point 2.1.3.

<sup>5</sup> OJ C 40, 12.2.1988.

<sup>6</sup> OJ C 80, 27.3.1987; Bull. EC 12-1986, points 1.3.1 and 1.3.8 to 1.3.13.

<sup>7</sup> OJ C 49, 22.2.1988.

2.1.5. On the same date the House passed a resolution on facilitation, promotion and funding of tourism in the Community (→point 2.4.13).<sup>1</sup>

2.1.6. Lastly, Parliament adopted a resolution on vandalism and violence in sport (→point 2.4.13).<sup>1</sup>

## Free movement of persons and freedom to provide services

### *Mutual recognition of diplomas and access to occupations*

#### Architects

2.1.7. The *ad hoc* working party of senior officials responsible for freedom of movement in the field of architecture met on 28 January. It discussed the legal problems involved in implementing the Council Directives of 10 June 1985,<sup>2</sup> 20 December 1985<sup>3</sup> and 27 January 1986<sup>4</sup> on the mutual recognition of diplomas in architecture. A preliminary list of diplomas to be published pursuant to Article 7 of the June 1985 Directive was considered, and a list was compiled of national information departments responsible for dealing with migrant architects.

### *Freedom to provide audiovisual services*

2.1.8. On 20 January Parliament adopted a legislative resolution embodying its opinion (first reading) on a proposal for a Council Directive on broadcasting activities.<sup>1</sup> By and large, the proposal as amended by Parliament, and endorsed virtually unanimously (320 votes against 11), follows the Commission's initial proposal,<sup>5</sup> adding a number of provisions concerning the right to reply, a copyright arbitration procedure, and the inclusion of programmes from EFTA and Council of Europe countries in the obligation to broadcast a

certain percentage of programmes of Community origin.

## Free movement of goods

### *Standardization, certification and testing*

2.1.9. The Commission recently gave the European Committee for Standardization (CEN) a number of remits to draft European standards concerning construction products. These standards are considered indispensable for the effective implementation of the proposed Directive on this subject.<sup>6</sup>

2.1.10. After taking note of the opinion delivered by Parliament,<sup>7</sup> the Commission sent the Council an amended proposal for a Directive on construction products on 13 January.<sup>8</sup>

### *Removal of barriers to trade*

#### Industrial products

2.1.11. The Commission adopted for transmittal to the Council a proposal<sup>9</sup> amending for the eighth time the Directive of 27 July 1976 relating to restrictions on the marketing and use of certain dangerous substances and preparations,<sup>10</sup> as last amended in June 1986.<sup>11</sup>

These restrictions are intended to safeguard free movement of the products and to pro-

<sup>1</sup> OJ C 49, 22.2.1988.

<sup>2</sup> OJ L 223, 21.8.1985; Bull. EC 6-1985, point 2.1.16.

<sup>3</sup> OJ L 376, 31.12.1985; Bull. EC 12-1985, point 2.1.11.

<sup>4</sup> OJ L 27, 1.2.1986; Bull. EC 1-1986, point 2.1.8.

<sup>5</sup> OJ C 179, 17.7.1986; Supplement 5/86 — Bull. EC; Bull. EC 3-1986, point 1.2.1 *et seq.*

<sup>6</sup> OJ C 93, 6.4.1987; Bull. EC 12-1986, point 2.1.22.

<sup>7</sup> OJ C 305, 16.11.1987; Bull. EC 10-1987, point 2.1.10.

<sup>8</sup> OJ C 30, 4.2.1988; COM(87) 728 final.

<sup>9</sup> OJ C 43, 16.2.1988; COM(88) 7 final.

<sup>10</sup> OJ L 262, 27.9.1976.

<sup>11</sup> OJ L 247, 1.9.1986; Bull. EC 6-1986, point 2.1.161.

vide more effective protection for human beings and the environment by reducing the chances of exposure or of the compounds spreading.

2.1.12. On 28 January the Economic and Social Committee delivered an opinion on the two proposals for Directives on the approximation of legislation relating to spray-suppression devices and the lateral protection (side-guards) of certain motor vehicles and trailers (→point 2.4.34).<sup>1</sup>

## Foodstuffs

2.1.13. On 28 January the Economic and Social Committee delivered its opinion on the proposal for a Directive<sup>2</sup> amending for the ninth time the Directive of 24 July 1973 on the approximation of legislation relating to cocoa and chocolate products intended for human consumption<sup>3</sup> (→point 2.4.35).

## Industrial strategy

### Steel

#### *The Community steel industry*

#### Market management

#### *Transitional measures*

#### Production quotas

2.1.14. On 6 January, following the decisions taken by the Council on 22 December 1987,<sup>4</sup> the Commission decided how the production quota system will operate until the end of June.<sup>5</sup> Less than 50% of Community steel production remains under quota compared with some 85% in 1985. The monitoring system whereby firms are required to report their production and deliveries will continue to apply to all steel products.

In its Decision, the Commission took account of the improved market for some categories of steel products. This made it possible for coated sheet (category Id) and galvanized sheet (category Ic) to be taken out of the quota system set up in October 1980.<sup>6</sup> Moreover, production techniques for wire rod (category IV) and merchant bars (category VI), as well as reinforcing bars (category V) which have already been liberalized, are developing rapidly, and to keep these products within the quota system could be a hindrance. Since most of the producers concerned are not in a state of crisis, the Commission decided to exclude the products in question from the quota system.

The situation of products in categories Ia and Ib intended for re-rolling or processing by other firms is satisfactory, but the Commission did consider it appropriate to keep hot-rolled coil (category Ia) and cold-rolled sheet (category Ib) in the quota system for a further two quarters, but with a relaxation in quotas in the second quarter, to prevent prices from falling too sharply and to give producers more time to prepare for full liberalization after 30 June 1988. Neither was it possible to remove from the system products in categories II (reversing mill plate) and III (beams) because the market was still depressed and had significant over-capacity.

As in the past, the Commission took account in its Decision of the special case of small, specialized steel firms and 'mono-producers'. To help small firms it considerably increased the reference production level below which firms are excluded from the quota system (from 36 000 tonnes to 200 000 tonnes a year), since in its opinion there was no danger that these small, speci-

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<sup>1</sup> OJ C 265, 5.10.1987; Bull. EC 7/8-1987, point 2.1.15.

<sup>2</sup> OJ C 16, 21.1.1988; Bull. EC 12-1987, point 2.1.15.

<sup>3</sup> OJ L 228, 16.8.1973.

<sup>4</sup> Bull. EC 11-1987, point 2.1.35; Bull. EC 12-1987, point 2.1.28.

<sup>5</sup> JO L 25, 29.1.1988.

<sup>6</sup> OJ L 290, 31.10.1980; OJ L 291, 31.10.1980; Bull. EC 10-1980, point 1.1.6 *et seq.*

alized firms would disrupt the steel market. As for monoproducers, the Commission was concerned that their relative position should be as it was during the first quarter of 1986, because since then other steel firms have benefited from changes to their references arising from exchanges, transfers and adjustments authorized by the Commission,<sup>1</sup> whereas monoproducers obviously have not.

Finally, by making it possible to reduce or freeze the references of firms which are bankrupt, being wound up or subject to similar proceedings but whose production activities are being carried on or taken over, the Commission's aim is both to prevent unfair competition with other producers and to offer an incentive for the firms to restructure.

2.1.15. On 11 January, following this decision to extend the production quota system for four product categories (→ point 2.1.14), the Commission fixed the provisional rates of abatement for establishing the production quotas for the first quarter of 1988.<sup>2</sup> In adopting these rates, it was exercising caution since it considered that the level of demand for steel over the period could be similar to that for the fourth quarter of 1987.

Table 1 — *Rates of abatement for establishing the production quotas for the first quarter of 1988*

Product	Production	%	
			Proportion of the quotas which may be delivered in the common market
Ia Hot-rolled strip and sheet	48	54	
Ib Cold-rolled sheet	48	52	
II Reversing-mill plate	38	55	
III Heavy sections	46	56	

#### Accompanying document and production certificate

2.1.16. On 29 January the Commission sent the Council for its assent a draft sixth amendment<sup>3</sup> to its Decision of 23 December 1983 introducing for steel undertakings and steel dealers a production certificate and an accompanying document for deliveries of certain products<sup>4</sup> in order to take account of the entry into force of the Combined Nomenclature introduced by the Regulation of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff<sup>5</sup> and replace the Nimexe codes of the products concerned.

#### Market situation

##### Production

2.1.17. In 1987 the Community produced 126.2 million tonnes of crude steel, 0.5% more than in 1986. Basically this was the result of increased production in the United Kingdom and to a lesser extent in Ireland and Belgium, whereas production fell in all the other Member States, especially Greece and Luxembourg.

2.1.18. Production in December 1987 totalled 10 152 million tonnes, 10.5% up on December 1986. Apart from Greece, all Member States showed an increase, though figures varied from country to country.

Table 2 shows crude steel production in the Member States in December, and compares 1987 with 1986.

<sup>1</sup> JO L 340, 18.12.1985; Bull. EC 11-1985, points 2.1.23 to 2.1.25.

<sup>2</sup> OJ L 24, 29.1.1988.

<sup>3</sup> COM(88) 18 final.

<sup>4</sup> OJ L 373, 31.12.1983; Bull. EC 12-1983, point 2.1.12 and 2.1.15.

<sup>5</sup> OJ L 256, 7.9.1987; Bull. EC 7/8-1987, point 2.1.80.

Table 2 — *Crude steel production*

Member State	December 1987 (1 000 tonnes)	December 1987/1986 (% change)	1987 (1 000 tonnes)	1987/1986 (% change)
Belgium	818	+ 7.3	9 820	+ 1.1
Denmark	44	+ 37.5	605	- 4.3
Germany (FR)	2 557	+ 1.31	36 261	- 2.4
Spain	1 020	+ 10.15	11 775	- 1.1
Greece	73	- 14.1	901	- 10.1
France	1 518	+ 11.8	17 498	- 1.0
Ireland	23	+ 4.5	220	+ 5.8
Italy	1 890	+ 7.6	22 848	- 0.2
Luxembourg	312	+ 23.8	3 301	- 10.9
Netherlands	473	+ 15.1	5 082	- 3.8
Portugal	62	+ 1.6	704	- 0.8
United Kingdom	1 362	+ 7.9	17 169	+ 16.3
Total	10 152	+ 10,5	126 187	+ 0.5

According to the International Iron and Steel Institute, world production of crude steel reached 734.7 million tonnes in 1987, 2.7% up on 1986. In the West as a whole production increased by an average of 3.2%, and in the industrialized countries it rose by 2.4% — 9.4% in the USA, 0.5% in the Community and 0.2% in Japan. Production in the developing countries was 6.7% up on 1986, and in the State-trading countries production increased by 6.5%.

#### *Forward programme*

2.1.19. After consulting the ECSC Consultative Committee,<sup>1</sup> the Commission published the forward programme for steel for the first quarter of 1988.<sup>2</sup>

#### *Prices*

2.1.20. On 22 January the Commission published a communication amending the base prices for certain iron and steel products.<sup>3</sup> The amendments are designed to bring previous publications into line with the Combined Nomenclature.

## Research and technology

### Community R&TD policy

#### *Joint Research Centre (JRC)*

2.1.21. On 27 January the Economic and Social Committee delivered its opinion (→ point 2.4.36) on the new programme of research (1988-91) for the JRC.<sup>4</sup>

#### *Coordination of national policy*

2.1.22. At its meeting in Brussels on 14 and 15 January the Scientific and Technical Research Committee (Crest) continued its examination of the Commission proposals on Community programmes on information technology applied to road trans-

<sup>1</sup> Bull. EC 12-1987, point 2.4.41.

<sup>2</sup> OJ C 22, 28.1.1988; Bull. EC 12-1987, point 2.1.36.

<sup>3</sup> OJ C 17, 22.1.1988.

<sup>4</sup> Bull. EC 10-1987, point 1.3.1 *et seq.*

port (Drive),<sup>1</sup> health care (AIM)<sup>2</sup> and learning technologies (Delta).<sup>3</sup> The Committee felt that the relevant working parties had made real progress but that the stage had not yet been reached where tangible conclusions could be drawn regarding the adoption of the proposals.

As far as the Joint Research Centre was concerned, the Committee likewise took the view that, on the information available, it could not yet make any pronouncements on the new prospects for the JRC outlined in the Commission proposals.<sup>4</sup>

Crest also had an exchange of views on a draft communication from the Commission to the Council on COST and the European Technology Community. It endorsed the ideas expressed by the Commission regarding the future role of COST, which already had a proven record of vitality and effectiveness.

The Committee went on to examine, in the presence of the chairmen of the advisory committees, its relations with the management and coordination committees. It took the view that these committees had a vital role to play in the science and technology strategy of the Community and its Member States. In particular, it urged the Commission to ensure that the committees were better briefed and that they had more effective ties not only with Crest itself but also with the competent Commission departments.

Referring to its future role in the context of the Single Act, the Committee expressed the hope that the usefulness of its work would be enhanced by prior consultation and through the organization of discussions on general science and technology policy, thus providing it with a better perception of the problems associated with the promotion of Community R&TD.

Lastly, in an exchange of views on the US proposal for the creation of an international science and technology policy framework, the Committee, while recognizing the importance of this proposal, nevertheless

stressed the difficulties inherent in its implementation.

### *International cooperation*

#### COST

2.1.23. At its meeting in Brussels on 21 and 22 January the COST Committee of Senior Officials took note of the Commission's draft communication to the Council on COST and the European Technology Community. It expressed interest in the contents of the section dealing with possible guidelines for the future, and called on the Commission to clarify its position both as regards the implementation of additional programmes within the meaning of the Single Act with the possible participation of non-member countries and as regards including countries outside the COST framework.

2.1.24. On 10 June 1986 the Council adopted three multiannual R&D programmes in the field of the environment (1986-90).<sup>5</sup> One of these is concerned with protection of the environment and involves the implementation of a number of concerted action projects. On 29 January the Commission accordingly transmitted to the Council a proposal for a Decision concerning the conclusion of a Community-COST Concertation Agreement on seven concerted action projects in the field of the environment.<sup>6</sup>

2.1.25. A number of memoranda of understanding were signed in January: by Ireland in respect of COST Projects 215 (Electronic traffic aids on major roads) and 216 (Optical switching and routing devices), by Italy in respect of COST Project 307

<sup>1</sup> OJ C 355, 31.12.1987; Bull. EC 7/8-1987, point 2.1.68.

<sup>2</sup> OJ C 355, 31.12.1987; Bull. EC 7/8-1987, point 2.1.69.

<sup>3</sup> OJ C 265, 5.10.1987; Bull. EC 7/8-1987, point 2.1.67.

<sup>4</sup> Bull. EC 10-1987, point 1.3.1 *et seq.*

<sup>5</sup> OJ L 159, 14.6.1986; Bull. EC 6-1986, point 2.1.67.

<sup>6</sup> OJ C 41, 13.2.1988; COM(88) 17 final.

(Rational use of energy in transport) and by Denmark and Norway in respect of COST Project 504 (Castings technology).

## **Main areas of Community R&TD**

### *Biological resources*

#### **Biotechnology**

2.1.26. On 27 January the Economic and Social Committee delivered its opinion (→ point 2.4.39) on the Commission proposal to revise the multiannual research programme in the field of biotechnology (1985-89).<sup>1</sup>

### *Energy*

#### **Nuclear fusion energy**

2.1.27. On 27 January the Economic and Social Committee delivered its opinion (→ point 2.4.37) on the proposal for a Council Regulation adopting a new research and training programme (1987-91) in the field of controlled nuclear fusion<sup>2</sup> and also on the proposal to amend the Statutes of the JET Joint Undertaking.

#### **Nuclear fission energy**

2.1.28. At its meeting in Brussels on 22 January the Management and Coordination Committee for Nuclear Fission Energy (Fuel cycle, treatment and storage of radioactive waste) delivered a favourable opinion on the introduction of new measures governing the inspection of low- and medium-level radioactive-waste containers. It also endorsed proposed Commission involvement in a number of research projects on the disposal of radioactive waste in geological formations. Detailed discussions took place on a preliminary Commission draft concerning the future programme (1989-93) on the decommissioning of nuclear instal-

lations and also on possible Community involvement in the area of remote-control manipulation in hostile environments (Teleman programme).

### *European scientific and technological cooperation*

#### **FAST programme**

2.1.29. On 27 January the Economic and Social Committee delivered its opinion (→ point 2.4.38) on the proposal for a Decision concerning Community action in the field of forecasting and assessment in science and technology (FAST III) (1988-91).<sup>3</sup>

## **Telecommunications, information technology and innovation**

### **Standardization**

2.1.30. The second phase of the CTS (conformance testing service) programme is now under way. Following the call for proposals issued in June 1987 for the provision of information technology conformance testing services,<sup>4</sup> more than 60 proposals were received and contractual negotiations in respect of 12 of these were completed in January. Further proposals are expected to be negotiated in the coming months. This second phase represents the continuation of the CTS programme launched in 1985 with the aim of establishing a group of European laboratories capable of verifying that IT and telecommunications equipment conforms to standards.

With a few exceptions, namely languages (Cobol, Pascal, Fortran), graphical kernel

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<sup>1</sup> OJ C 15, 20.1.1988; Bull. EC 10-1987, point 2.1.39.

<sup>2</sup> OJ C 247, 15.9.1987; Bull. EC 7/8-1987, point 2.1.55.

<sup>3</sup> OJ C 39, 11.2.1988; Bull. EC 10-1987, point 2.1.33.

<sup>4</sup> OJ C 135, 20.5.1987; OJ S 97, 20.5.1987.



systems and software quality assurance, the initial phase of the programme centred on open systems interconnection (OSI). It has already led to the establishment of harmonized conformance testing services for terminals to be connected to packet- and circuit-switched networks, teletex, message handling systems, file transfer access management and local area networks (layers 1-4) for carrier sense multiple access with collision detection technology. All the projects launched during the first phase are still in progress. The services they are to provide should become available in 1988.

New areas covered by the second phase of the CTS programme will include network services, OSI applications, operating systems, languages, graphics interfaces, buses and local area networks.

## Promotion of innovation

### Sprint programme

2.1.31. Significant progress was made in January in the preparation of a symposium and a conference which is being organized as part of the Sprint programme (Strategic programme for innovation and technology transfer).<sup>1</sup>

The European Symposium on Training in Innovation Management is due to be held in Paris on 14 and 15 April under the joint auspices of the Commission, the Agence Nationale de Valorisation de la Recherche (Anvar) and the French Ministry of Research and Higher Education. Its purpose is to compare the training courses in information management currently offered in the Member States with a view to promoting transnational exchanges in this field, increasing awareness among the target groups and evolving a better definition of the content of the training available.

The conference, which is scheduled for the end of the year, will cover ways of improving the use and awareness of industrial property rights, which play an important

part in the innovation process. The emphasis will be on patent infringement proceedings with particular reference to insurance to cover commercial legal proceedings, patent infringement litigation costs, patent infringement penalties and the time, costs and risks involved in obtaining patent protection.

## Information services

### Information services market

2.1.32. On 7 January, after taking note of the opinion (first reading) delivered by Parliament,<sup>2</sup> the Commission sent the Council an amended proposal<sup>3</sup> for a Decision concerning the establishment at Community level of a policy and a plan of priority actions for the development of an information services market.<sup>4</sup>

## Customs union and indirect taxation

### Customs union

#### *Simplification of customs formalities*

2.1.33. The Joint Committees set up by the Conventions between the Community and the EFTA countries concerning the simplification of formalities in trade in goods<sup>5</sup> and the establishment of a common transit procedure,<sup>6</sup> which came into force on 1 January, held their first combined meeting on 21 January.

<sup>1</sup> OJ L 153, 13.6.1987; Bull. EC 6-1987, point 2.1.56.

<sup>2</sup> OJ C 13, 18.1.1988; Bull. EC 12-1987, point 2.1.75.

<sup>3</sup> OJ C 30, 4.2.1988; COM(88) 3 final.

<sup>4</sup> OJ C 249, 17.9.1987; Bull. EC 7/8-1987, point 2.1.71.

<sup>5</sup> OJ L 134, 22.5.1987; Bull. EC 4-1987, point 2.1.47.

<sup>6</sup> OJ L 226, 13.8.1987; Bull. EC 6-1987, point 2.1.59.

The main aim of the meeting was to establish contact and hold a general exchange of views between the representatives of the Community and national authorities responsible for the administration of the Conventions and the adoption of the rules of procedure of the Joint Committees.

## Indirect taxation

### *Turnover taxes*

2.1.34. On 15 January the Commission sent the Council a proposal for a Decision<sup>1</sup> authorizing the Netherlands to apply until 31 December 1989 a measure derogating from Articles 2 and 17 of the sixth Council Directive of 17 May 1977 on the harmonization of the laws of the Member States relating to turnover taxes.<sup>2</sup> The Dutch Government had asked for a derogation under Article 27(1) of the Directive on 2 October 1987.

### *Tax reliefs*

2.1.35. On 28 January the Economic and Social Committee gave its opinion (→point 2.4.40) on the proposal for a Directive<sup>3</sup> amending for the fifth time the Directive of 19 December 1974 on the tax reliefs to be allowed on the importation of goods in small consignments of a non-commercial character within the Community.<sup>4</sup>

## Competition

### **General rules applying to businesses**

#### **Liberalization of telecommunications terminal equipment markets**

2.1.36. In late December the Commission authorized Mr Peter Sutherland, its Mem-

ber with special responsibility for competition policy, to begin consultations with the Member States on a Directive to open up their markets for telecommunications terminal equipment.

Liberalization of these markets was accorded high priority in the Commission's 1987 Green Paper on development of the common market for telecommunications services and equipment.<sup>5</sup> The Commission has therefore decided to take the initiative and to tackle together the two problems preventing free intra-Community trade in terminal equipment, namely telecommunications administrations' monopolies of supplying, importing, connecting and maintaining terminal equipment and differences in standards.

In the last few years the Commission's attention has been repeatedly drawn to extensions of telecommunications monopolies. It has dealt with complaints about restrictions on particular types of equipment in particular countries,<sup>6</sup> but has been seeking a general solution to the problem.

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

#### **Mergers**

##### *Carnaud/Sofreb*

2.1.37. In January a settlement was reached on the terms of a takeover in the French metal cans industry after a competitor had complained to the Commission. The French metal can manufacturer Carnaud SA had agreed with the Sacilor group to acquire its 66.6% shareholding in another French

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<sup>1</sup> COM(88) 14 final.

<sup>2</sup> OJ L 145, 13.6.1977.

<sup>3</sup> OJ C 5, 9.1.1988; Bull. EC 12-1987, point 2.1.94.

<sup>4</sup> OJ L 354, 30.12.1974.

<sup>5</sup> Bull. EC 6-1987, point 1.4.1 *et seq.*

<sup>6</sup> Bull. EC 3-1985, point 2.1.43; Bull. EC 7/8-1986, point 2.1.85; Bull. EC 12-1987, point 2.1.133.

can maker, Sofreb. The German subsidiary of Continental Can Corp., Schmalbach-Lubeca GmbH, which owned the remaining 33.4% of Sofreb, complained to the Commission about the deal, which it claimed would breach the Community competition rules, and obtained an injunction from a French court against the sale of the Sofreb shares to Carnaud until the Commission had adjudicated on its complaint.

The Commission's view of the proposed arrangement, based on an analysis of Continental Can's and Carnaud's positions on the relevant market and on the Court's recent judgment in the *BAT/Reynolds* case,<sup>1</sup> was that the joint ownership of Sofreb by two direct competitors was liable to lead to cooperation between them that would be incompatible with the competition rules. After the Commission had made its attitude clear, Carnaud offered to buy Schmalbach-Lubeca's stake as well, and the German company accepted the offer and withdrew its complaint. The Commission saw no objection to a full takeover of Sofreb as the acquisition only marginally increased Carnaud's share of the Community market.

## State aid

### General schemes

#### *Aid for small firms*

##### United Kingdom

2.1.38. On 13 January the Commission approved a UK scheme to subsidize the cost of management consultancy services for small firms and to support investment by small firms in assisted areas. It felt the scheme would assist the development of the small business sector with a relatively modest level of support per firm. It also approved of the regional components of the scheme, which were in line with its policy on national regional aid.

## *Incentives for energy conservation*

### Portugal

2.1.39. On 20 January the Commission authorized the extension, with some alterations, of an aid scheme for energy conservation in Portugal which it had approved in November 1986. It considered that the scheme was in line with its objectives for energy policy and in particular with those of the Valoren scheme for encouraging the use of indigenous energy resources in the poorer areas of the Community.<sup>2</sup>

### Industry schemes

#### *Shipbuilding*

##### France—United Kingdom

2.1.40. On 20 January the Commission ordered the French Government to withdraw its offer of aid to a national shipyard for building a 36 500-cgt car ferry. Yards in the UK, the Netherlands and France had entered subsidized bids for the contract, and in July 1987 the Commission had initiated the Article 93(2) scrutiny procedure<sup>3</sup> in respect of the UK and French aid packages under Article 4(5) of the sixth shipbuilding aid Directive.<sup>4</sup>

The UK had subsequently informed the Commission that it had reduced the level of support for the British yard's bid to that of the least subsidized bid by the Dutch yard. The Commission then terminated the Article 93(2) procedure against the UK. The French Government, however, refused to scale down its own aid package, consisting of 28% direct aid to the shipyard and FF 40 million of aid to the orderer, which

<sup>1</sup> Joined Cases 142 and 156/84 *British American Tobacco Company Ltd and R.J. Reynolds Industries Inc. v Commission*: Bull. EC 3-1984, point 2.1.43; Bull. EC 11-1987, point 2.4.25.

<sup>2</sup> OJ L 305, 31.10.1986; Bull. EC 10-1986, point 2.1.107.

<sup>3</sup> Bull. EC 7/8-1987, point 2.1.119.

<sup>4</sup> OJ L 69, 12.3.1987; Bull. EC 1-1987, point 2.1.49.

under Article 3(2) of the sixth Directive is considered to be an indirect subsidy to the shipyard. This took the French package over the limit laid down in the Directive. The Commission has given the French Government two months to withdraw the aid offer or reduce it to the Dutch level.

### *Man-made fibres*

#### Belgium

2.1.41. On 20 January the Commission took a decision prohibiting the Belgian Government from granting BFR 6.8 million of aid to the polypropylene yarn and carpet manufacturer Roger Vanden Berghe SA.<sup>1</sup> It considered that the aid was both contrary to the man-made fibre aid code<sup>2</sup> and not necessary for the development of the firm, which was already one of the top 10 polypropylene yarn producers in the Community and would have been helped to double its capacity with the aid.

## Financial institutions and company law

### Financial institutions

2.1.42. On 13 January the Commission adopted, for presentation to the Council, a proposal for a second Directive on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of credit institutions,<sup>3</sup> amending the Council Directive of 12 December 1977<sup>4</sup> (→point 1.2.1 *et seq.*).

2.1.42a. On 11 January the Commission presented to the Council an amended proposal<sup>5</sup> for a Directive concerning the reorganization and the winding-up of credit institutions and deposit-guarantee schemes<sup>6</sup> that took account of the opinions of Parliament<sup>7</sup> and of the Economic and Social Committee.<sup>8</sup> In particular, the pro-

posal provides further clarification of the means of implementing the principle that winding-up proceedings need to be taken in only one member country, confirming the exclusive responsibility of the administrative authorities or winding-up agencies of the home country, and lays down new provisions governing deposit-guarantee schemes that are designed to ensure greater protection for savers.

2.1.43. On 21 January the Commission, to take account of the opinions of Parliament<sup>9</sup> and of the Economic and Social Committee,<sup>10</sup> sent to the Council an amended proposal<sup>11</sup> for a Directive on the own funds of credit institutions.<sup>12</sup> Among other things, this clarified the concept of 'paid-up capital' and made provision for inclusion in own funds, subject to certain conditions, of securities of indeterminate duration and other similar instruments.

## Employment, education and social policy

### Employment

#### Sectoral aspects of employment policy

2.1.44. On 21 January the Joint Committee on Inland Waterways endorsed a proposal for a Directive on the mutual recognition of boatmasters' certificates.

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<sup>1</sup> Bull. EC 6-1987, point 2.1.78.

<sup>2</sup> OJ C 183, 11.7.1987; Bull. EC 4-1987, point 2.1.63.

<sup>3</sup> COM(87) 715 final.

<sup>4</sup> OJ L 322, 17.12.1977.

<sup>5</sup> OJ C 36, 8.2.1988; COM(88) 4 final.

<sup>6</sup> OJ C 356, 31.12.1985; Bull. EC 12-1985, point 2.1.81.

<sup>7</sup> OJ C 99, 13.4.1987; Bull. EC 3-1987, point 2.1.87.

<sup>8</sup> OJ C 263, 20.10.1986; Bull. EC 7/8-1986, point 2.4.42.

<sup>9</sup> OJ C 246, 14.9.1987; Bull. EC 7/8-1987, point 2.1.123.

<sup>10</sup> OJ C 180, 8.7.1987; Bull. EC 5-1987, point 2.1.88.

<sup>11</sup> OJ C 32, 5.2.1988; COM(88) 15 final.

<sup>12</sup> OJ C 243, 27.9.1986; Bull. EC 9-1986, point 2.1.56.

2.1.45. The Joint Committee on Social Problems in Sea Fishing met in plenary session on 13 January and held an emergency debate on the direct social consequences of the lack of a fisheries agreement between the Community and Morocco. It also pointed to the need for greater cohesion between the common fisheries policy and its social aspects.

## Financial instruments

### European Social Fund

2.1.46. In accordance with the Council Decision and implementing Regulation of 17 October 1983 on the tasks of the European Social Fund,<sup>1</sup> the Commission adopted on 27 January the fifteenth report on the activities of the European Social Fund, covering 1986, for transmission to the Council and Parliament.<sup>2</sup>

The report shows that the Fund is operating in what is still a very difficult employment situation, though the level of employment has increased slightly. Unemployment is still rife among both young people and adults and is having an increasingly serious effect on the most vulnerable groups on the labour market.

The accession of Spain and Portugal explains the increase in applications for assistance submitted — 5 206 million ECU, an increase of 4.4% over 1985, but more than 50% over 1984. For young people under 25, applications amounted to 3 330 million ECU (some 64% of the total), for people over 25, 1 670 million ECU, and for specific operations, 205 million ECU (4% of the total).

The amount requested for absolute priority regions was 1 974 million ECU, which represents around 38% of the total.

Social Fund appropriations — net of management operations which have had the effect of increasing available funds — represented 6.35% of the general Community

budget, against 6.56% in 1985. Applications for assistance represented 168% of the total funds available, against 197% in 1985.

There were 2 340 000 beneficiaries of Fund assistance, of whom 880 000 were women (37.6% of the total).

Of the total amount of applications submitted, 3 389 million ECU was given priority rating; applications representing 1 870 million ECU were classed as inadmissible, ineligible or non-priority.

The amount of assistance granted was 2 554 million ECU, i.e. a rate of utilization of the available appropriations of 81.47%, compared with 86.29% in 1985.

A total of 1 138.6 million ECU was committed for operations in absolute priority regions (Greece, the Spanish autonomous communities of Andalusia, Canary Islands, Castile-Leon, Castile-La Mancha, Extremadura, Galicia and Murcia and the towns of Ceuta and Melilla, the French overseas departments, Ireland, the Mezzogiorno, Portugal and Northern Ireland).

## Living and working conditions and social protection

### Social security for migrant workers

2.1.47. On 5 February the Commission sent the Council a proposal<sup>3</sup> to amend Regulations (EEC) Nos 1408/71 of 14 June 1971<sup>4</sup> and 574/72 of 21 March 1972<sup>5</sup> on social security for migrant workers (employees and self-employed) and members of their families moving within the Community, in order to make it the general

<sup>1</sup> OJ L 289, 22.10.1983; Bull. EC 10-1983, point 1.3.1 *et seq.*

<sup>2</sup> COM(87) 732.

<sup>3</sup> OJ C 52, 24.2.1988; COM(88) 27 final.

<sup>4</sup> OJ L 149, 5.7.1971; OJ L 230, 22.8.1983; Bull. EC 7/8-1983, point 2.1.66; OJ L 355, 16.12.1986; Bull. EC 12-1986, point 2.1.156.

<sup>5</sup> OJ L 74, 27.3.1972; OJ L 230, 22.8.1983; Bull. EC 7/8-1983, point 2.1.66; OJ L 355, 16.12.1986; Bull. EC 12-1986, point 2.1.156.

rule that family benefits are granted in the country of employment, whatever the country of residence of members of the family.

## Health and safety

### Public health

#### *Cancer prevention*

2.1.48. On 4 February the Commission transmitted to the Council two proposals for Directives to approximate the national legislation concerning the labelling of tobacco products<sup>1</sup> and the maximum tar yield of cigarettes.<sup>2</sup> These two proposals follow on from the resolutions adopted by the European Council at its meetings in June 1985 in Milan,<sup>3</sup> in December 1985 in Luxembourg<sup>4</sup> and in February 1986 in The Hague,<sup>5</sup> stressing the importance of launching a European action programme against cancer. This programme was presented by the Commission in December 1986.<sup>6</sup>

The first proposal<sup>1</sup> would inform smokers of the risks they run, by requiring the words 'Tobacco seriously damages health' to be displayed on the packaging of all tobacco products. In addition, cigarette packets would be required to carry a specific health warning selected from a list drawn up by each Member State taken from the list annexed to the proposal (the Member States' lists necessarily including the warnings 'Smoking causes cancer' and 'Smoking causes heart disease') and an indication of the tar and nicotine yields. The second proposal<sup>2</sup> would set the maximum tar yield of cigarettes placed on the market in the Member States at 15 mg on 31 December 1992 and 12 mg on 31 December 1995.

## Culture

### European Cinema and Television Year (1988)

2.1.49. On 14 January Mr Carlo Ripa di Meana, Member of the Commission with

special responsibility for culture and communication, presented the programme for European Cinema and Television Year (1988)<sup>7</sup> and explained the reasons behind it to the press. After stressing the scale of the economic, social and cultural stakes for the European audiovisual industry, which will have to compete as an integrated system if it is to meet the worldwide challenge, he recalled the commitment made by the Ministers for Culture of the Member States at their informal meeting in Copenhagen on 10 December to give top priority to Community activities and initiatives in the audiovisual sector.

Mrs Simone Veil, Member of the European Parliament and Chairman of the Steering Committee for European Cinema and Television Year,<sup>8</sup> highlighted some of the events planned for 1988, including prizes for the best European films of the last 30 years, European cinema and television days, the opening of an image museum in London and the European film prize.

## Regional policy

### Financial instruments

#### *European Regional Development Fund*

#### ERDF grants

#### *Programme financing*

2.1.50. On 18 January the Commission approved a grant of 242 million ECU

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<sup>1</sup> OJ C 48, 20.2.1988; COM (87) 719 final.

<sup>2</sup> OJ C 48, 20.2.1988; COM(87) 720 final.

<sup>3</sup> Bull. EC 6-1985, point 1.2.3.

<sup>4</sup> Bull. EC 11-1985, point 1.1.1 (conclusions of the Presidency).

<sup>5</sup> Bull. EC 6-1986, point 1.1.9.

<sup>6</sup> OJ C 50, 26.2.1987; Bull. EC 12-1986, point 1.4.1 *et seq.*

<sup>7</sup> OJ C 320, 13.12.1986; Bull. EC 11-1986, point 2.1.127.

<sup>8</sup> Bull. EC 1-1987, point 2.1.73.

towards the Portuguese regional aid scheme in the form of the first national programme of Community interest. The total cost of the four-year programme (1988-91) is put at 1 015 million ECU. The programme aims, on the one hand, to contribute to Portugal's economic development in order to bring it closer to the level of its partners in the Community and, on the other, to reduce the country's regional disparities. The aid scheme is concerned with fostering investment in the manufacturing, craft and tourist industries and with developing certain services essential to the establishment and modernization of firms. The programme is expected to create or safeguard 27 000 jobs over the four-year period.

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2.1.51. On 22 January Parliament passed a resolution on an integrated development programme for the Canary Islands (→ point 2.4.13).<sup>1</sup>

## Coordination of structural instruments

### Integrated Mediterranean programmes

2.1.52. On 21 January the Commission adopted a draft IMP for the Abruzzi region in Italy that aims to integrate the inland areas more fully into the regional economy and to develop and strengthen the network of small firms and craft businesses. The programme comprises a range of measures concerning various sectors such as agriculture, livestock farming, tourism, crafts, manufacturing industry, services and vocational training. Its total cost over the period 1988-92 is put at 130 million ECU, of which 42.6% will come from the Community budget. EIB assistance will also be sought in the financing of the programme.

2.1.53. On 27 January the Commission adopted a draft IMP for the Marche region in Italy. The purpose of this programme is

to improve and, in particular, to modernize the region's socio-economic structures through a series of measures relating to agriculture, livestock farming, crafts, manufacturing industry, services and forestry. Its total cost over the period 1988-93 is put at 169 million ECU, of which 40.8% will come from the Community budget.

## Environment and consumers

### Environment

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

2.1.54. To mark the European Year of the Environment, the first European/African ministerial-level conference on 'Environment and development' was held in Dakar on 14 and 15 January.

This conference, organized jointly by the government of Senegal and the Commission, with the backing of the United Nations Environment Programme and the French Ministers for the Environment and Cooperation, was attended by ministers and other representatives from 18 West African countries and 11 Community Member States.<sup>2</sup> Algeria and Switzerland sent observers. Sheikh Cissokho, Senegal's Minister for Conservation, took the chair. Mr Clinton Davis represented the Commission.

The two chief aims of the conference were to increase awareness and supply information on the environment as an integral part of development policy.

The conference was preceded, on 12 and 13 January, by meetings of two technical commissions — one on the marine environment and coastal areas, the other on measures to combat desertification — attended by representatives of the World Bank, the

<sup>1</sup> OJ C 49, 22.2.1988.

<sup>2</sup> Ireland was not represented.

African Development Bank, non-governmental organizations and other bodies.

The European representatives described various practical examples of cooperation, from the release of research findings to technical assistance and training for local executives. They all stressed the need to carry out an environmental impact assessment before embarking on major development projects.

However, some delegates were dissatisfied with the progress made so far in taking account of the environment in development policy in general and in the planning process in particular. They felt that programmes and individual projects should therefore be assessed after completion too.

Great emphasis was placed on the conflict between short-term benefits and long-term development. Several delegations pointed to the urgent need to restore the productive capacity of village communities and to integrate production systems in order to safeguard soil fertility.

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

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

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

2.1.55. In response to the opinions of Parliament<sup>1</sup> and of the Economic and Social Committee,<sup>2</sup> on 12 January the Commission presented to the Council an amendment<sup>3</sup> extending the scope of its proposal for a Directive on the dumping of waste at sea.<sup>4</sup>

2.1.56. On 22 January Parliament endorsed<sup>5</sup> the proposal<sup>6</sup> to amend the Decision of 6 March 1986 establishing the Community information system for the control and reduction of pollution caused by the spillage of oil and other harmful substances at sea<sup>7</sup> in order to extend the system to inland waterways. This is the

Community's first response to the Sandoz accident on 1 November 1986.<sup>8</sup>

2.1.57. On 21 January Parliament passed a resolution on the pollution of the North Sea (→point 2.4.13).<sup>5</sup>

#### **Air pollution**

2.1.58. On 22 January Parliament adopted a resolution on coal and the environment (→point 2.4.13).<sup>5</sup>

#### **Noise abatement**

##### *Motor cycles*

2.1.59. On 29 January the Commission sent the Council a proposal<sup>9</sup> to amend the Council Directive of 23 November 1978 on the approximation of the laws of the Member States relating to the permissible sound level and exhaust system of motor cycles.<sup>10</sup>

The proposed amendments are intended chiefly to introduce rules on replacement silencers and to respond to the need for extra measures to reduce motor-cycle noise. In November 1986 the Council asked the Commission to put forward a proposal to this effect as soon as possible.<sup>11</sup>

#### **Controls on chemicals, industrial hazards and biotechnology**

##### *Cadmium*

2.1.60. On 25 January the Council adopted a resolution<sup>12</sup> on the Community

<sup>1</sup> OJ C 190, 20.7.1987; Bull. EC 6-1987, point 2.1.128.

<sup>2</sup> OJ C 333, 29.12.1986; Bull. EC 11-1986, point 2.4.26.

<sup>3</sup> OJ C 72, 18.3.1988; COM(88) 8 final.

<sup>4</sup> OJ C 245, 26.9.1985; Bull. EC 7/8-1985, point 2.1.112.

<sup>5</sup> OJ C 49, 22.2.1988.

<sup>6</sup> OJ C 108, 23.4.1987; Bull. EC 4-1987, point 2.1.91.

<sup>7</sup> OJ L 77, 22.3.1986; Bull. EC 3-1986, point 2.1.103.

<sup>8</sup> Bull. EC 11-1986, point 2.1.146.

<sup>9</sup> OJ C 44, 17.2.1988; COM(88) 6 final.

<sup>10</sup> OJ L 349, 13.12.1978; Bull. EC 11-1978, point 2.1.6.

<sup>11</sup> OJ L 24, 27.1.1987; Bull. EC 11-1986, point 2.1.158.

<sup>12</sup> OJ C 30, 4.2.1988.



action programme on environmental pollution by cadmium<sup>1</sup> which it had approved in December.<sup>2</sup> This invited the Commission, in consultation with Member States, to continue its examination, in the light of scientific and technical studies, of the extent and relative importance of the sources of human and environmental contamination from cadmium, and to report.

### *International cooperation*

2.1.61. On 21 January Parliament passed a resolution embodying its opinion<sup>3</sup> on the proposal for a decision authorizing the Commission to negotiate and approve on behalf of the Community certain measures as part of the implementation of international agreements of a regional nature relating to environmental protection to which the Community is a contracting party.<sup>4</sup>

## Agriculture

### Continuing reform of the CAP

2.1.62. On 13 January the Commission sent the Council a communication on the set-aside of agricultural land containing a proposal for a Regulation amending those of 12 March 1985 and 15 June 1987 as regards the set-aside of agricultural land and the extensification and conversion of production (→ point 1.3.1 *et seq.*).

2.1.63. Following its November 1987 resolution<sup>5</sup> on the application of agricultural stabilizers,<sup>6</sup> Parliament on 21 January adopted opinions<sup>3</sup> on the stabilizer proposals for cereals,<sup>7</sup> sugar,<sup>8</sup> peas, field beans and sweet lupins,<sup>9</sup> milk and milk products,<sup>10</sup> sheepmeat and goatmeat,<sup>11</sup> fruit and vegetables<sup>12</sup> and raw tobacco.<sup>13</sup>

2.1.64. On 28 January the Economic and Social Committee adopted an opinion on the application of agricultural stabilizers and on the actual proposals for sugar, milk,

sheepmeat and goatmeat and other products (→ point 2.4.41).<sup>6</sup> This opinion supplements the one delivered last November.<sup>14</sup>

### Council

2.1.65. The Council met on 18, 19, 20, 23 and 24 January to prepare the discussions on agricultural matters at February's European Council. It examined the Commission's proposals on stabilizers for cereals and oilseeds<sup>6</sup> and discussed for the first time the Commission's proposal on the set-aside of farmland (→ point 1.3.1 *et seq.*).

The Council also carefully considered the estimates for young male bovine animals and beef for processing<sup>15</sup> and the proposal to open a special autonomous import quota of high-quality beef for 1988 (→ point 2.1.80).

### The Agricultural Situation in the Community — 1987 Report<sup>16</sup>

2.1.66. The Commission has sent the Council its report on the agricultural situation in 1987. An opening discussion of income aids is followed by chapters on the agricultural outlook, the common agricultural policy in 1987, the financing of the

<sup>1</sup> Bull. EC 4-1987, point 2.1.94.

<sup>2</sup> Bull. EC 12-1987, point 2.1.188.

<sup>3</sup> OJ C 49, 22.2.1988.

<sup>4</sup> OJ C 324, 17.12.1986; Bull. EC 11-1986, point 2.1.165.

<sup>5</sup> OJ C 345, 21.12.1987; Bull. EC 11-1987, point 1.1.10.

<sup>6</sup> Bull. EC 9-1987, point 1.5.1.

<sup>7</sup> Bull. EC 9-1987, point 2.1.121.

<sup>8</sup> Bull. EC 9-1987, point 2.1.123.

<sup>9</sup> Bull. EC 9-1987, point 2.1.129.

<sup>10</sup> Bull. EC 9-1987, point 2.1.131.

<sup>11</sup> Bull. EC 9-1987, point 2.1.138.

<sup>12</sup> Bull. EC 9-1987, point 2.1.143.

<sup>13</sup> Bull. EC 9-1987, point 2.1.150.

<sup>14</sup> OJ C 356, 31.12.1987; Bull. EC 11-1987, point 1.1.11.

<sup>15</sup> Bull. EC 12-1987, point 2.1.220.

<sup>16</sup> Published in conjunction with the *Twenty-first General Report on the Activities of the European Communities, 1987*, available from the Office for Official Publications of the European Communities, L-2985 Luxembourg. Detailed information on trends on the agricultural markets may be found in the Commission paper 'The situation on the agricultural markets — 1987 report' (COM(87) 621 final).

policy and the Community's external trade relations.

The reform of the common agricultural policy<sup>1</sup> continued on both the market and structural sides with the decisions of December 1986 (milk, beef/veal).<sup>2</sup> March 1987 (socio-structural measures)<sup>3</sup> and June 1987 (prices and related measures).<sup>4</sup> Fifteen integrated Mediterranean programmes, mostly with major agricultural sections, were adopted, and proposals were presented for a Community aid scheme for farm incomes, for monitoring national farm income aids and for encouraging farmers to leave the land.<sup>5</sup>

Agricultural relations with non-member countries have demanded a great deal of attention because of various disputes that have arisen as a result of general over-supply of markets and the accession of Spain and Portugal. The active stage of the current GATT multilateral negotiations has been under way since October.<sup>6</sup>

The slowdown in economic growth that characterized the Community's economy as a whole in 1987 made itself felt in agriculture by a fall in production. Because of poor weather, harvests were generally lower in terms of both quantity and quality than the spring estimates. This was particularly so in northern Europe. Oil and protein crops, however, notched up record yields.

As markets remained out of balance, producer prices continued to ease, but prices of some inputs, in particular energy, fertilizer and feed, also dropped.

## Market organizations

### *Cereals and rice*

2.1.67. On 18 January the Council adopted a Regulation setting a 1 694-tonne quota for Portuguese maize starch imports from the Community of Ten.<sup>7</sup>

2.1.68. In order to support the Community markets in common wheat and barley the Commission on 18 January decided

to suspend sales of these two cereals from intervention and to export only free-market common wheat and barley.<sup>8</sup>

2.1.69. Under the agreement between the Community and the United States<sup>9</sup> the Commission opened an invitation to tender for the reduction in the levy on maize imported from non-member countries.<sup>10</sup> It was also decided to open a fresh invitation to tender for purchase by the Spanish intervention agency of 1.2 million tonnes of maize.<sup>11</sup>

These measures should enable the Community to meet its 1987 import commitment within the time-limit scheduled in the agreement.

### *Fruit and vegetables*

2.1.70. On 25 January the Council, acting on a Commission proposal<sup>12</sup> after receiving the opinion of Parliament,<sup>13</sup> amended its Regulation of 18 May 1972 on the common organization of the market in fruit and vegetables<sup>14</sup> in order to introduce basic and buying-in prices for satsumas, clementines, mandarins and nectarines, together with intervention thresholds overshooting of which will result in reduction of these prices.<sup>15</sup>

### *Wine*

2.1.71. On 5 January the Commission adjusted the export refunds on red and

<sup>1</sup> Bull. EC 7/8-1985, point 1.2.1 *et seq.*

<sup>2</sup> Bull. EC 12-1986, points 2.1.211 *et seq.* and 2.1.219 *et seq.*

<sup>3</sup> OJ L 167, 26.6.1987; Bull. EC 6-1987, point 2.1.180; Bull. EC 3-1987, point 2.1.176.

<sup>4</sup> OJ L 182, 3.7.1987; OJ L 183, 3.7.1987; OJ L 184, 3.7.1987; Bull. EC 6-1987, points 1.3.1 and 2.1.148 *et seq.*

<sup>5</sup> OJ C 236, 2.9.1987; Bull. EC 4-1987, point 1.2.1. *et seq.*

<sup>6</sup> Bull. EC 10-1987, point 2.2.1.

<sup>7</sup> OJ L 18, 22.1.1988.

<sup>8</sup> OJ L 14, 19.1.1988.

<sup>9</sup> OJ L 98, 10.4.1987; Bull. EC 1-1987, point 1.2.1 *et seq.*

<sup>10</sup> OJ L 20, 26.1.1988.

<sup>11</sup> OJ C 20, 26.1.1988.

<sup>12</sup> OJ C 288, 28.10.1987, Bull. EC 10-1987, point 2.1.148.

<sup>13</sup> OJ C 49, 22.2.1988.

<sup>14</sup> OJ L 118, 20.5.1972.

<sup>15</sup> OJ L 23, 28.1.1988.

white wines to take account of prices in the Community and of price movements on the Spanish market following application of the rules on price alignment and compensation in the Accession Treaty.<sup>1</sup>

2.1.72. On the same day the Commission deferred to 15 January the time-limit by which distillers had to produce evidence of payment of the minimum purchase price in order to obtain release of the security lodged to obtain an advance on the aid granted under the support distillation arrangements for 1986/87.<sup>2</sup>

2.1.73. On 5 January the Commission adopted a Regulation authorizing the conclusion of long-term private storage contracts for table wine, grape must, concentrated grape must and rectified concentrated grape must in respect of the 1987/88 wine year.<sup>2</sup> Since the amount of table wine available at the beginning of 1987/88 was estimated to be more than one third higher than the normal consumption figure for a year, the requirement for authorizing contracts was met. To allow for the consequences of weather conditions, the maximum sulphur dioxide content of wine for storage was increased by 20 mg for 1987/88.

2.1.74. Under the Act of Accession of Spain and Portugal the Commission on 5 January withdrew from the list of products subject to the supplementary trade mechanism certain wine sector products in which there is practically no trade between Spain and the Community (lees, grape marc, piquette, vinegar) and designation of origin wines, trade in which has developed normally.<sup>3</sup> The Commission declared its readi-

ness to monitor trade in these wines closely and asked Spain to notify trade figures regularly. The Commission followed up this measure by adjusting both the indicative ceilings set under the arrangement and the securities lodged against licences.<sup>3</sup>

2.1.75. The forward estimate for the 1987/88 wine year, drawn up by the Commission at the beginning of December, was published on 12 January.<sup>4</sup>

2.1.76. On 22 January Parliament adopted an opinion<sup>5</sup> on a proposal for a Regulation<sup>6</sup> amending that of 18 February 1980 on collective projects for the restructuring of vineyards.<sup>7</sup> The House asked that the period of application of the 1980 Regulation be extended for seven months for the benefit of Spanish growers.

### *Milk and milk products*

#### **Market situation<sup>8</sup>**

2.1.77. As a result of the special disposal measures, intervention stocks of butter and skimmed-milk powder have fallen substantially in the last few months. The position at 15 January compared with one year previously is shown in the table below.

	15.1.1988 (tonnes)	15.1.1987 (tonnes)	% change
Butter in public storage	573 767	1 252 018	- 54
Butter in private storage	65 022	79 681	- 18
Skimmed-milk powder	393 688	769 839	- 49
Cheese under private storage contracts	121 644	108 182	+ 12

<sup>1</sup> OJ L 4, 7.1.1988.

<sup>2</sup> OJ L 5, 8.1.1988.

<sup>3</sup> OJ L 6, 9.1.1988.

<sup>4</sup> OJ C 7, 12.1.1988.

<sup>5</sup> OJ C 49, 22.2.1988.

<sup>6</sup> OJ C 325, 4.12.1987; Bull. EC 11-1987, point 2.1.204.

<sup>7</sup> OJ L 57, 29.2.1980; Bull. EC 2-1980, point 2.1.58.

<sup>8</sup> Bull. EC 11-1987, point 2.1.191.

The amount of butter at a reduced price for the manufacture of pastry products and ice cream was 252 991 tonnes, 59% of which was from public stocks.

Under the special measure for the disposal of butter for incorporation in animal feed 201 666 tonnes of the oldest butter in public storage was sold in 1987.

Sales of butter in the form of concentrated butter for direct use by consumers amounted to 33 693 tonnes in 1987.

The disposal of skimmed-milk powder from public stocks continued at a satisfactory pace. The Commission was even forced to suspend special sales for export from 23 January in order to prevent disturbance on the Community market and safeguard supply.

Producer prices of milk are in general showing slight rises, while much greater increases have been noted in the ex-factory prices of most milk products.

The Commission decided on 29 January to give a further boost to the sale of butter from public stocks by resuming reduced-price sales to the armed forces without discontinuing the aid for the purchase of butter by them on the open market.<sup>1</sup> The selling price of butter in storage was set at the intervention price less 180.5 ECU/100 kg. The aid of 150.5 ECU/100 kg for market butter remains unchanged.

2.1.78. On 27 January the Commission sent the Council a proposal for a Regulation<sup>2</sup> amending that of 27 June 1968 on the common organization of the market in milk and milk products<sup>3</sup> in order to tighten the effectiveness of the additional levy arrangements at individual producer level. Member States using formula B (payment of the levy by dairies) will be able to charge it in full on all quota overshoots by individual producers irrespective of whether the dairy has purchased more than its reference quantity.

### *Beef/veal*

2.1.79. On 25 January the Council, acting on Commission proposals<sup>4</sup> after receiving

the opinion of Parliament,<sup>5</sup> adopted three Regulations<sup>6</sup> opening, allocating and providing for the administration of Community tariff quotas of:

- (i) 2 250 tonnes of frozen buffalo meat of Combined Nomenclature subheading 0202 30 90 (1988);
- (ii) 34 300 tonnes of high-quality fresh, chilled or frozen beef/veal of CN headings Nos 0201 and 0202 and products of sub-headings 0206 10 95 and 0206 29 91 (1988);
- (iii) 53 000 tonnes of frozen beef/veal of CN heading No 0202 and products of sub-heading 0206 29 91 (1988).

2.1.80. On 14 January the Commission sent the Council a proposal for a Regulation opening a special unilateral tariff quota for 1988 of high-quality beef/veal of CN heading No 0201 and subheading 0206 10 95.<sup>7</sup>

### *Vegetable oils and fats*

2.1.81. Under Article 249 of the Act of Accession of Spain and Portugal the supplementary trade mechanism applies to trade in olive oil and oilcake between Portugal and the other Member States. On 15 January the Commission set 1988 indicative ceilings for importation into Portugal from the other Member States of 32 400 tonnes of oilcake, an increase of 15% and 4 000 tonnes of olive oil.<sup>8</sup>

### *Tobacco*

2.1.82. On 20 January the Commission adopted two proposals for Directives to harmonize national provisions on the labelling of tobacco products and to restrict the tar content of cigarettes (→point 2.1.48).

<sup>1</sup> OJ L 26, 30.1.1988.

<sup>2</sup> OJ C 40, 12.2.1988; COM(87) 731 final.

<sup>3</sup> OJ L 148, 28.6.1968.

<sup>4</sup> OJ C 286, 24.10.1987; Bull. EC 10-1987, point 2.1.144; OJ C 30, 4.2.1988.

<sup>5</sup> OJ C 49, 22.2.1988.

<sup>6</sup> OJ L 24, 29.1.1988.

<sup>7</sup> OJ C 30, 4.2.1988.

<sup>8</sup> OJ L 12, 16.1.1988.

2.1.83. On 25 January the Commission adopted a Regulation amending that of 25 August 1970 on the intervention procedure for raw tobacco<sup>1</sup> in order to alter the moisture content for Portuguese Burley.<sup>2</sup>

### Seeds

2.1.84. On 19 January the Commission adopted a Regulation introducing protective measures applying to imports of hybrid maize for sowing.<sup>3</sup> A five-day period is now compulsory between the lodging of applications for import licences and their issue, and Member States must also notify the Commission of the quantities applied for and the country of origin of the products.

### Structures

#### Income aid and incentives to cease farming

2.1.85. On 21 January Parliament adopted an opinion<sup>4</sup> on a proposal for a Regulation establishing a Community scheme to encourage the cessation of farming.<sup>5</sup>

### Legislation

#### Veterinary and animal husbandry legislation

2.1.86. On 14 January the Commission sent the Council a report on the additional guarantees in respect of foot-and-mouth disease and swine vesicular disease that Member States may require for intra-Community trade purposes.<sup>6</sup> The Commission considers it a matter of priority to harmonize the methods of combating foot-and-mouth disease in the Community, and following a cost/benefit analysis of present approaches it will refer proposals to the Council in the course of the year.

2.1.87. A number of outbreaks of foot-and-mouth disease have occurred in Ger-

many. The restrictions imposed by the German authorities obviate the need for Community action.

2.1.88. In the continuing fight to eradicate classical swine fever the Commission recognized certain parts of the Netherlands as officially free of the disease,<sup>7</sup> withdrew this status from Rheinhessen-Pfalz<sup>7</sup> and approved the fifth amendment of the eradication plan presented by Italy.

2.1.89. On 21 January the Commission specified a standard layout for pedigree certificates for sperm and fertilized eggs of pure-bred breeding cattle and the information to be entered thereon.

2.1.90. On 28 January the Economic and Social Committee adopted an opinion on a proposal for a Directive relating to pure-bred breeding sheep and goats<sup>8</sup> (→ point 2.4.42).

### Competition

2.1.91. Under the terms of Articles 92 to 94 of the Treaty the Commission decided to raise no objection to the introduction of the following proposed schemes, which had been duly notified.

#### France

Measures discussed at the 1987 annual agricultural conference (alignment of the interest rates on the various types of loan with the capital market rate).

#### Greece

Aid to farmers with holdings (both crop and livestock farms) damaged by fire in summer 1986.

<sup>1</sup> OJ L 191, 27.8.1970.

<sup>2</sup> OJ L 20, 26.1.1988.

<sup>3</sup> OJ L 15, 20.1.1986.

<sup>4</sup> OJ C 49, 22.2.1988.

<sup>5</sup> OJ C 236, 2.9.1987; Bull. EC 4-1987, point 1.2.4.

<sup>6</sup> COM(87) 730 final.

<sup>7</sup> OJ L 71, 17.3.1988.

<sup>8</sup> OJ C 348, 23.12.1987; Bull. EC 12-1987, point 2.1.229.

*Italy*

**Sardinia**

Aid to farmers whose crops were affected by drought in 1986 and 1987 and refinancing of the regional agricultural solidarity fund.

*United Kingdom*

Changes in the functions of the Home Grown Cereals Authority and financial adjustments designed to improve the marketing of cereals (aid for research, publicity, advisory services, etc.).

2.1.92. The Commission decided to terminate the Article 93(2) procedure in respect of the following measures.

*Germany*

Reintroduction of oilseed flax cultivation, the aid being for a pilot growing and processing project.

**Baden-Württemberg**

Encouragement of sheep farming for landscape conservation, the terms on which the aid is granted being in line with the rules applying to protection of the environment.

**North Rhine-Westphalia**

Encouragement of textile flax production, the proposal having been withdrawn.

*Italy*

**Sicily**

Regional wine distillation aid, the Regional Assembly's discussion of the relevant bill having been suspended.

Budget for 1985 and multiannual budget for 1985-87: the operating aids in the bill have not been granted, the glasshouse sterilization aids have been halted and the aids to nurserymen were granted following natural disasters.

**Fisheries**

**Resources**

*External aspects*

**Bilateral relations**

*Morocco*

2.1.93. On 21 January Parliament adopted a resolution on the breakdown in negotiations for the conclusion of a fishing agreement with Morocco (→ point 2.4.13).<sup>1</sup>

*Senegal*

2.1.94. Pursuant to the fisheries agreement between the Community and Senegal,<sup>2</sup> further negotiations were held in Dakar from 26 to 28 January;<sup>3</sup> a new protocol on fishing rights and compensation for the period running from 29 February 1988 to 28 February 1990 was initialled.

The financial compensation payable by the Community amounts to 12 million ECU per year, including the contribution to the Senegalese scientific programme and the study and training grants. The fees payable by shipowners were also adjusted.

*Greenland*

2.1.95. Consultations were held between the Community and Greenland in Nuuk on 13 and 14 January, further to those held in November 1987 regarding a compensation arrangement for 1988.<sup>4</sup>

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<sup>1</sup> OJ C 49, 22.2.1988.

<sup>2</sup> OJ L 361, 31.12.1985; Bull. EC 12-1985, point 2.1.197.

<sup>3</sup> Previous round: Bull. EC 11-1987, point 2.1.229.

<sup>4</sup> Bull. EC 11-1987, point 2.1.226.

## Market and structures

### Market organization

2.1.96. On 27 January the Commission adopted a Regulation determining the maximum amount of the compensation for tuna supplied to the canning industry for the period 1 September to 31 December 1986.<sup>1</sup> The compensation is intended to offset the impact of low world prices on the incomes of Spanish tuna fishermen during that period.

### Structures

2.1.97. On 27 January the Commission adopted a Decision on concerted measures to promote fishery products in Germany.<sup>2</sup> Community aid totalling some 240 000 ECU will be granted towards an advertising campaign designed to restore the confidence of German consumers in the quality of fishery products and thus expand consumption.

2.1.98. On 27 January the Commission also adopted a Decision on the reimbursement of the United Kingdom by the EAGGF Guidance Section for aid granted to producers' organizations in the fisheries sector in 1986.

## Transport

### Inland transport

#### Railways

2.1.99. On 28 January the Commission sent to the Council its sixth biennial report on the economic and financial situation of railway undertakings.<sup>3</sup> This report, required by Article 14 of the Council Decision of 20 May 1975 on the improvement of the situation of railway undertakings and the harmonization of rules governing financial relations between such undertakings and States,<sup>4</sup> covers the period 1983-

85 and examines measures taken both at national and at Community level to remove distortions in the transport market, improve cooperation between railway undertakings, improve the railways' financial situation and make the relationship between governments and railways more transparent.

### Road transport

#### Access to the market

2.1.100. On 13 January the Commission sent to the Council an amendment<sup>5</sup> to its proposal for a Regulation on access to the market for the carriage of goods by road between Member States.<sup>6</sup> The amendment, presented on the basis of Article 149(3) of the EEC Treaty, incorporates some of the changes suggested by Parliament<sup>7</sup> concerning the quota for Community authorizations, the withdrawal and period of validity of authorizations and the conditions of access for carriers who are new to the market.

#### Technical aspects

2.1.101. On 28 January the Economic and Social Committee delivered an opinion on the proposal for a Directive on the approximation of legislation relating to tread depth of tyres of certain categories of motor vehicles and trailers<sup>8</sup> (→ point 2.4.43).

#### Social conditions

2.1.102. The Commission delivered a favourable opinion to the government of the Federal Republic of Germany, by which it had been consulted regarding measures to give effect to the Council Regulations of

<sup>1</sup> OJ L 23, 28.1.1988.

<sup>2</sup> OJ L 72, 18.3.1988.

<sup>3</sup> COM(88) 12 final.

<sup>4</sup> OJ L 152, 12.6.1975; Ninth General Report, point 371.

<sup>5</sup> OJ C 25, 30.1.1988; COM(87) 729 final.

<sup>6</sup> OJ C 65, 12.3.1987; Bull. EC 11-1986, point 2.1.228.

<sup>7</sup> OJ C 281, 19.10.1987; Bull. EC 9-1987, point 2.1.186.

<sup>8</sup> OJ C 279, 17.10.1987; Bull. EC 9-1987, point 2.1.182.

20 December 1985 on the harmonization of certain social legislation relating to road transport, and on recording equipment in road transport.<sup>1</sup>

## Sea transport

2.1.103. On 28 January the Economic and Social Committee delivered an opinion on the Commission communication to the Council concerning the UN Convention on Conditions for the Registration of Ships and the proposal for a Decision on the common position to be adopted by Member States when signing and ratifying the Convention<sup>2</sup> (→ point 2.4.44).

## International cooperation

2.1.104. The Commission initiated the first phase of negotiations on transport between the Community and Austria, Switzerland and Yugoslavia following the Council's adoption on 7 December 1987 of a Decision on the opening of negotiations.<sup>3</sup> A first multilateral meeting with the three countries concerned took place on 5 January, followed by a first plenary bilateral meeting with Austria on 11 and 12 January and with Switzerland on 25 and 26 January.

## Energy

### Specific problems

#### Energy saving

2.1.105. On 21 January Parliament adopted a resolution on Community measures in 1988-89 in the field of renewable energy sources, energy saving and rational use of energy (→ point 2.4.13).<sup>4</sup>

## Alternative energy sources

2.1.106. The Economic and Social Committee delivered an opinion on the proposal for a Council recommendation to Member States on developing the exploitation of renewable energy sources in the Community<sup>5</sup> (→ point 2.4.45).

## Nuclear safety

### Radiation protection

#### *Disposal of radioactive waste*

2.1.107. On 26 January, acting under Article 37 of the Euratom Treaty, the Commission delivered favourable opinions in respect of the Emsland and Isar 2 nuclear power plants in the Federal Republic of Germany.<sup>6</sup>

### Plant safety

2.1.108. On 21 January Parliament passed a resolution on proposed experiments at Trawsfynydd Magnox nuclear power plant (→ point 2.4.13).<sup>4</sup>

### Radioactive waste

2.1.109. Following recent allegations concerning the management of radioactive waste — particularly as regards movements between the Federal Republic of Germany and Belgium — and the action subsequently taken by the German and Belgian authorities, the Commission has appointed a group of officials to examine the substance of the accusations, with particular reference to adverse consequences for public health.

On 19 January Parliament set up a committee of inquiry on this matter (→ point 2.4.10).

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<sup>1</sup> OJ L 370, 31.12.1985; Bull. EC 12-1985, point 2.1.214.

<sup>2</sup> Bull. EC 9-1986, point 2.1.152.

<sup>3</sup> Bull. EC 12-1987, point 2.1.283.

<sup>4</sup> OJ C 49, 22.2.1988.

<sup>5</sup> OJ C 279, 17.10.1987; Bull. EC 9-1987, point 2.1.192.

<sup>6</sup> OJ L 57, 3.3.1988



## 2. External relations

### New round of multilateral trade negotiations

#### Meetings of negotiating groups

##### *Tropical products*

2.2.1. The sixth meeting of the Negotiating Group on Tropical Products was held in Geneva from 25 to 29 January.<sup>1</sup> In agreeing on procedures for negotiations the group committed itself to a tight schedule of work over the next six months with the aim of achieving concrete results by the end of 1988.

##### *Functioning of the GATT system*

2.2.2. The fifth meeting of the Negotiating Group on the Functioning of the GATT System was held in Geneva from 25 to 28 January. The group made considerable progress in devising a system for reviewing countries' trade policies. Discussions were also held on how to strengthen relations between GATT and international monetary and financial organizations and on closer ministerial involvement.

### Commercial policy

#### Implementing the common commercial policy

##### *Commercial policy instruments*

##### Easing of restrictive measures

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

##### *Opening of quotas*

*Spain — Hungary/Czechoslovakia/Soviet Union/People's Republic of China:* natural honey (CCT 04.06);<sup>3</sup>

*Italy — Bulgaria:* joints of whiteheart malleable cast iron (CCT ex 73.20);<sup>3</sup>

*Italy — Poland:* motor vehicles Type '126' (CCT 84.06 C ex I); parts for spark ignition engines (CCT 84.06 D ex II);<sup>3</sup>

*Italy — Poland:* parts of bodies (CCT 87.06 B ex II);<sup>2</sup> vehicles 'Pol Mot 126' (CCT 87.02 ex A);<sup>3</sup>

*Italy — Romania:* tubes of steel (CCT ex 73.18);<sup>3</sup>

*Italy — People's Republic of China:* zinc-coated soft iron wire (CCT ex 73.14);<sup>3</sup>

*Italy — Bulgaria:* polypropylene 'atattico' (CCT 39.02 ex IV);<sup>4</sup>

*Italy — People's Republic of China:* silk pyjamas for men (category ex 18 — Nimexe code 61.03-59).<sup>4</sup>

##### *Safeguard measures*

*Benelux — German Democratic Republic:* the putting into free circulation in the Benelux countries of iron or steel sections, not further worked than cold-formed or cold-finished (Nimexe codes 73.11-31, 39), which originate in the German Democratic Republic is subject to quantitative restrictions (quota) until 31 December 1988; for 1988 the quota is 7 000 tonnes.<sup>5</sup>

##### Trade protection measures

2.2.4. Trade protection measures taken in January are shown in Table 3.

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<sup>1</sup> Previous meeting: Bull. EC 10-1987, point 2.2.8.

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

<sup>3</sup> OJ C 10, 15.1.1988.

<sup>4</sup> OJ C 17, 22.1.1988.

<sup>5</sup> OJ C 25, 30.1.1988.

Table 3 — *Trade protection measures*

Council	Commission
<p><b>Anti-dumping proceedings</b></p> <p><i>Definitive anti-dumping duty on imports of:</i></p> <p>Electronic typewriters originating in Japan OJ L 18, 22.1.1988 (previous definitive anti-dumping duty: OJ L 163, 22.6.1985)</p>	<p><b>Anti-dumping proceedings</b></p> <p><i>Provisional anti-dumping duty on imports of:</i></p> <p>Roller chains for cycles originating in China OJ L 3, 6.1.1988 (notice of initiation of proceeding: OJ C 235, 5.9.1984)</p> <p>Certain kinds of iron or steel coils originating in Algeria, Mexico or Yugoslavia OJ L 18, 22.1.1988 (notice of initiation of proceeding: OJ C 126, 12.5.1987)</p> <p>Certain kinds of iron or steel sheets and plates originating in Yugoslavia OJ L 23, 28.1.1988 (notice of initiation of proceeding: OJ C 38, 19.2.1986)</p> <p><i>Reopening of an anti-dumping proceeding concerning imports of:</i></p> <p>Roller chains for cycles originating in China JO C 2, 6.1.1988 (acceptance of undertakings: OJ L 40, 15.2.1986)</p> <p>Certain kinds of iron or steel sheets and plates originating in Yugoslavia OJ C 22, 28.1.1988 (acceptance of undertakings: OJ L 371, 31.12.1986)</p> <p><i>Initiation of anti-dumping proceedings concerning imports of:</i></p> <p>Polyester film originating in the Republic of Korea OJ C 7, 12.1.1988</p> <p>Calcium metal originating in China or the Soviet Union OJ C 20, 26.1.1988</p> <p>Certain kinds of seamless steel tubes originating in Austria OJ C 24, 29.1.1988</p> <p><i>Acceptance of undertakings given in connection with the anti-dumping investigation concerning imports of:</i></p> <p>A herbicide originating in Romania OJ L 26, 30.1.1988 (reopening of proceeding: OJ C 142, 29.5.1987)</p> <p><i>Notice of the impending expiry of anti-dumping measures:</i> OJ C 358, 31.12.1987; OJ C 1, 5.1.1988.</p>

## Individual sectors

### *Iron and steel products*

#### Unilateral measures

2.2.5. On 21 January the Commission approved the draft of a Decision of the Representatives of the Governments of the Member States suspending the generalized tariff preferences for 1988 for steel products originating in the Republic of Korea,<sup>1</sup> thereby introducing the same measures in respect of ECSC products as those taken for other sectors.<sup>2</sup>

### *Textiles*

#### *MFA countries*

2.2.6. Consultations between the Community and India took place in Brussels from 11 to 13 January. The two sides agreed to introduce a limit on Indian exports of cotton yarn (category 1) to the Community until 1991.

2.2.7. On 15 January consultations with Thailand were held in Brussels to examine the effect of the introduction of the Harmonized System and the Combined Nomenclature on certain Thai exports. Discussions will be resumed at a later stage in order to assess the effects of the new system more fully.

### *Non-ferrous metals*

2.2.8. On 26 January the Commission adopted a Regulation allocating the Community quantitative export quotas for copper ash and residues and copper waste and scrap.<sup>3</sup>

## Relations with industrialized countries

### United States

2.2.9. Mr Frans Andriessen, Commission Vice-President with special responsibility

for agriculture, and Mr Willy De Clercq, Member with special responsibility for trade policy, reacted firmly to the United States Administration's decision to initiate an investigation — following a petition filed by the American Soybean Association — and to request consultations under the General Agreement on Tariffs and Trade concerning certain practices on the part of the Community in the oilseed sector. The United States claims that the Community's system of support mechanisms for oilseeds has contributed to a 40% decline in US soya exports to the Community since 1982. The Commission representatives pointed out that the Community was still the world's biggest importer of US soya and that the United States' position as dominant supplier had been eroded only by competition from the developing countries. Lastly, they stated that the US action was being taken over 20 years after the Community's support system had been set up, and after measures had been taken to limit production.

### European Free Trade Association

2.2.10. On 27 January, in preparation for the Community-EFTA meeting at ministerial level to be held on 2 February, the Commission adopted a statement on cooperation between the two sides. The Commission took stock of how cooperation had progressed since the Luxembourg Declaration of April 1984<sup>4</sup> and clarified the political and legal aspects of the creation of a 'European economic space' in the light of three basic principles: priority for the Community's integration process, autonomy of decision-making for the Community, and the need to establish a reasonable balance between the benefits and the obligations.

### *Finland*

2.2.11. On 15 January the Finnish Foreign Trade Minister, Mr Pertti Salolainen, cur-

<sup>1</sup> COM(88) 19 final.

<sup>2</sup> OJ L 369, 29.12.1987; Bull. EC 12-1987, point 2.2.35.

<sup>3</sup> OJ L 21, 27.1.1988.

<sup>4</sup> Bull. EC 4-1984, point 1.2.1 *et seq.*

rent Chairman of the EFTA Council, paid a visit to Mr De Clercq. Discussions were concentrated mainly on the preparation for the Community-EFTA ministerial meeting to be held on 2 February, and the prospects for the meeting between Mr De Clercq and ministers from the EFTA countries to be held in Tampere, Finland, on 15 June.

2.2.12. Lord Cockfield, Commission Vice-President with special responsibility for the internal market, paid an official visit to Helsinki on 28 January. In his talks he referred to the significance which the Community's irreversible endeavour to integrate its economy held for the special relationship between the Community and EFTA. He pointed out to the mutual benefits which would flow from practical and pragmatic cooperation in a number of areas, and emphasized the three principles which guided the Community's action in this sphere (→point 2.2.10).

### Norway

2.2.13. On 18 January the Foreign Affairs Committee of the Norwegian parliament (Storting) followed up its report on the Norwegian Government's White Paper on relations between Norway and the Community by visiting the Commission in order to take stock of the Community's integration process and the prospects for future cooperation between the Community and EFTA.

## Relations with other countries and regions

### Mediterranean countries

#### Turkey

2.2.14. On 20 January Parliament gave its assent<sup>1</sup> to the conclusion of a protocol to the Association Agreement between the Community and Turkey to take account of

the accession of Spain and Portugal,<sup>2</sup> and also a supplementary protocol.<sup>3</sup>

#### Yugoslavia

2.2.15. On 21 January Parliament adopted a resolution on economic and trade relations between the Community and Yugoslavia (→ point 2.4.13).<sup>1</sup>

#### Algeria

2.2.16. At the invitation of the Algerian Government, Mr Delors paid an official visit to Algeria from 8 to 10 January.

The visit was in response to Algeria's wish to extend dialogue with the Community, and beyond that the dialogue between the Community and the Maghreb countries. Discussions centred on Algeria's economic and financial position, the development of the Maghreb and opportunities for intensified cooperation arising from the signing of the additional protocol<sup>4</sup> and of the third financial protocol.<sup>5</sup> As regards new opportunities for cooperation, the Algerian authorities pointed to the energy supply situation in Europe and Algeria's need for foodstuffs.

The Algerian authorities also said they were determined to carry out necessary economic reforms in agriculture and industry to meet the challenge currently facing the country (population growth and falling oil and natural gas prices).

### Asia

#### South Korea

2.2.17. Following the Republic of Korea's persistent refusal to end its discrimination against the Community in the field of intellectual property, the Commission approved

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<sup>1</sup> OJ C 49, 22.2.1988.

<sup>2</sup> Bull. EC 3-1987, point 2.2.16.

<sup>3</sup> OJ C 104, 21.4.1987, Bull. EC 1-1986, point 2.2.11.

<sup>4</sup> OJ L 297, 21.10.1987, Bull. EC 9-1987, point 2.2.16.

<sup>5</sup> OJ L 22, 27.1.1988, Bull. EC 12-1987, point 2.2.31.

on 21 January a draft Decision of the Representatives of the Governments of the ECSC Member States, meeting within the Council, suspending the generalized tariff preferences for 1988 for steel products originating in the Republic of Korea<sup>1</sup> (→ point 2.2.5).

## State-trading countries

### Romania

2.2.18. The seventh meeting of the Joint Committee<sup>2</sup> set up under the EEC-Romania Agreement of 1980<sup>3</sup> was held in Brussels at ministerial level on 18 and 19 January.

The Community delegation was led by Mr Willy De Clerq, Commission Member with special responsibility for external relations and trade policy, and the Romanian delegation by Mr Ilie Vaduva, Minister for Foreign Trade and International Economic Cooperation.

The main topic of discussion was the situation of trade between the Community and Romania, in particular the sharp drop in trade during the first half of 1987, when Romanian exports to the Community fell by 21% and Community exports to Romania by 52%. The Romanian delegation explained that this resulted from the government's policy of rapid repayment of Romania's debts, which had been halved in five years. The Community delegation informed the Romanian representatives that, given Romania's persistent trade surplus with the Community (USD 1 500 million in 1986), there would in 1988 be only limited changes to import arrangements improving Romania's access to Community markets.

A number of other topics were raised, notably the question of the new trade and commercial and economic cooperation agreement on which negotiations began in 1987. The two sides agreed that these negotiations would continue.

## Development

### Generalized tariff preferences

2.2.19. A draft Decision of the Representatives of the Governments of the ECSC Member States, meeting within the Council, suspending the generalized tariff preferences for 1988 for steel products originating in the Republic of Korea was sent by the Commission to the Council on 22 January (→ point 2.2.5). As already announced by the Commission, the measure extends to ECSC products the Regulation adopted by the Council on 18 December last year suspending Korea from the generalized preferences scheme from 1 January.<sup>4</sup>

### Commodities and world agreements

#### Cocoa

2.2.20. The Executive Director of the International Cocoa Organization called a special meeting of the International Cocoa Council from 13 to 16 January in order to find a compromise between consumers and producers after three consecutive failures to agree in July,<sup>5</sup> September<sup>6</sup> and December last year.<sup>7</sup> The agreement finally reached will enable the Organization to resume its normal activities.

One aspect of the agreement concerned the establishment of a withholding mechanism and a system of financing it. Compromise between the parties also resulted in a downward revision of the price structure established by Article 27(1) of the Agreement,<sup>8</sup> accompanied by the lifting of the

<sup>1</sup> COM(88) 19 final.

<sup>2</sup> Previous meeting: Bull. EC 11-1986, point 2.2.23.

<sup>3</sup> OJ L 352, 29.12.1980; Bull. EC 7/8-1980, point 1.4.1 *et seq.*

<sup>4</sup> OJ L 369, 29.12.1987; Bull. EC 12-1987, point 2.2.35.

<sup>5</sup> Bull. EC 7/8-1987, point 2.2.42.

<sup>6</sup> Bull. EC 9-1987, point 2.2.29.

<sup>7</sup> Bull. EC 12-1987, point 2.2.43.

<sup>8</sup> Bull. EC 7/8-1986, point 2.2.32.

ban on buffer stock purchasing,<sup>1</sup> an undertaking by importers to try to restrict purchases from non-members, the restriction of buffer stock purchasing to cocoa from members only for a period of six months and the setting-up of a working party to look into possible supplementary measures under Article 39(2) of the Agreement.<sup>2</sup> These steps should help stabilize prices.

## **Campaign against hunger in the world**

### *Food aid*

2.2.21. In accordance with the Council Regulation of 22 December 1986,<sup>3</sup> the Commission decided to grant Viet Nam and Kampuchea emergency food aid of 10 000 tonnes of rice each following recent natural disasters (drought, typhoons and plagues of insects).

2.2.22. On 22 January Parliament adopted a resolution<sup>4</sup> on cooperation with India, with particular reference to Operation Flood<sup>5</sup> (→ point 2.4.13).

### *Emergency aid*

#### **Guyana**

2.2.23. In response to a serious outbreak of malaria affecting large numbers of people in north-west Guyana, the Commission decided on 3 January to grant emergency aid of 235 000 ECU, which will be used by 'Médecins sans frontières' (Netherlands) for a programme of health care and hygiene measures.

#### **Sudan**

2.2.24. On 24 January the Commission decided to allocate 650 000 ECU in emergency aid to finance an airlift to take food supplies to southern Sudan, where armed conflict is continuing.

#### **Lesotho**

2.2.25. On the same day the Commission accorded 190 000 ECU in emergency aid to Lesotho to finance the most pressing repairs to the road network, seriously damaged by torrential rains and heavy snowfalls.

### **Self-sufficiency aid for refugee groups**

2.2.26. In response to the continuing crisis in the Gaza Strip and an appeal by the UN Relief and Works Agency for Palestine Refugees in the Near East, the Commission decided on 21 January to grant emergency aid of 185 000 ECU to be used to buy, transport and distribute food, for children in particular. UNRWA distributed the aid immediately, using existing stocks from its regular allocation. The Community's aid will be used to finance the replenishment of these stocks.

### **Stabex**

2.2.27. A proposal for a Decision on the amounts to be transferred to the Falkland Islands and French Polynesia (in accordance with the Decision of 30 June 1986<sup>6</sup>) for the 1986 application year under the system for stabilizing export earnings was sent by the Commission to the Council on 13 January.<sup>7</sup> Since the total of the two transfer bases (some 4 million ECU) is higher than the 1.8 million ECU available, the Commission is proposing that the transfer rights be reduced to 66 712 ECU for wool, not carded or combed, in the case of the Falkland Islands and 1 733 288 ECU for copra oil in the case of French Polynesia.

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<sup>1</sup> Bull. EC 3-1987, point 2.2.27; Bull. EC 4-1987, point 2.2.24; Bull. EC 6-1987, point 2.2.42.

<sup>2</sup> Bull. EC 7/8-1986, point 2.2.32.

<sup>3</sup> OJ L 370, 30.12.1986; Bull. EC 12-1986, point 2.2.31.

<sup>4</sup> OJ C 49, 22.2.1988.

<sup>5</sup> Bull. EC 3-1986, point 2.2.38.

<sup>6</sup> OJ L 175, 1.7.1986; Bull. EC 6-1986, point 2.1.51.

<sup>7</sup> COM(87) 707 final.

## ACP Protocols

### Sugar

2.2.28. On 27 September the Commission sent the Council a communication on applications by Zambia and Papua New Guinea to accede to Protocol 7 (ACP sugar) to the third Lomé Convention.<sup>1</sup> The present ACP signatories to the Protocol supported the two countries' applications on condition that any quantities allocated to the new countries would be additional to the quantities initially agreed. The Commission noted that at present it was out of the

question to allocate additional quantities to applicant countries.

### Financial and technical cooperation

#### ACP States

2.2.29. In January the Commission allocated resources totalling 55 510 000 ECU from the fifth and sixth EDFs to finance projects, programmes and emergency aid operations which it administers (Table 4).

<sup>1</sup> COM(88) 25.

Table 4 — *Financing of operations under the fifth and sixth EDFs*

State	Project/programme	Amount	
		Grants	Loans
<i>Economic infrastructure</i>			
Comoros	Port of Moroni	7.880	
Tanzania	Port of Zanzibar	4.275	
<i>Rural production</i>			
Comoros, Madagascar, Mauritius, Seychelles	Agriculture	2.200	
Togo	Rural development programme in the Savanes area	6.415	
<i>Industrialization</i>			
Bahamas	Energy-related project	1.500	1.000
All ACP States	CDI budget	8.050	
<i>Social development</i>			
Botswana	Vocational training	4.400	
Djibouti	Urban development	4.000	
Benin	Hospital infrastructure	14.300	
<i>Emergency aid</i>			
Sudan	Airlift of food supplies to Juba and break- fast feeding programme for displaced chil- dren in Khartoum	0.650	
Lesotho	Repair of damage caused by unusually heavy rain and snowfalls	0.190	
Various African countries	Locust control	0.650	
	Total	54.510	1.000

## Regional cooperation

### *ACP States*

2.2.30. Mr Lorenzo Natali, Commission Vice-President with special responsibility for cooperation and development, attended the conference of Heads of State of the Interstate Committee for Drought Control in the Sahel (CILSS), held in N'Djamena from 27 to 29 January. The aims of the organization are to increase regional and food cooperation and prevent deterioration of the natural environment.<sup>1</sup> The conference gave Mr Natali an opportunity to present his assessment of the region's problems and the aid the Community can offer. The Community has already contributed 22.7 million ECU to CILSS activities. One of the priority themes for future regional cooperation is desertification control. CILSS is spearheading three programmes to promote solar energy, encourage the use of butane gas and raise the awareness of teachers and pupils in primary schools about environmental protection.

### Cooperation via NGOs

2.2.31. In January the Commission had under examination 403 projects presented by 190 NGOs, including 285 projects carried over from 1987 because of a lack of appropriations, involving Community co-financing of 65 million ECU in the developing countries.

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### Visits

2.2.32. Mr Abdelatif Y. al-Hamad, Director-General and Chairman of the Board of Directors of the Arab Fund for Economic and Social Development, visited the Commission, where he had talks with Mr Claude Cheysson, the Member with special responsibility for relations with the Mediterranean countries, concerning cooperation on development projects between the

Commission and Arab Funds. Together they took stock of this cooperation, which stretches back eight years and has led to the joint financing of over 70 projects in many developing countries at a cost of almost 4 300 million ECU. They also signed a joint financing agreement for a project in the occupied Palestinian territories and expressed their mutual desire to step up cooperation between the Commission and the Arab Funds in future.

## International organizations and conferences

### General Agreement of Tariffs and Trade

2.2.33. On 30 January the Commission published a notice on the entry into force of the Protocol amending the GATT Agreement on Government Procurement.<sup>2</sup> The Protocol was concluded on behalf of the Community following a Council Decision.<sup>3</sup>

2.2.34. On 25 January the Commission sent the Council a recommendation for a Decision<sup>4</sup> concerning negotiations for the accession of the People's Republic of China to GATT.<sup>5</sup> The purpose of the recommendation is to authorize the Commission to take part in the negotiations.

## Council of Europe

### *Parliamentary Assembly*

2.2.35. The winter session of the Parliamentary Assembly of the Council of Europe

<sup>1</sup> CILSS was set up in Ouagadougou in September 1973 and has nine members: Burkina Faso, Cape Verde, Chad, Gambia, Guinea-Bissau, Mali, Mauritania, Niger and Senegal.

<sup>2</sup> OJ C 25, 30.1.1988.

<sup>3</sup> OJ L 345, 9.12.1987; Bull. EC 11-1987, point 2.2.71.

<sup>4</sup> COM(88) 9 final.

<sup>5</sup> Bull. EC 7/8-1986, point 2.2.55.



(25 to 27 January) was cut short, and the only matter discussed was North-South interdependence.<sup>1</sup> The curtailment of the session was in protest against the fact that the French authorities still require all foreigners to hold visas, with the exception of nationals of the Member States of the European Communities, nationals of Switzerland and Liechtenstein, and delegates and officials from the 21 countries attending Council of Europe meetings.

On 26 January King Juan Carlos of Spain officially launched the European campaign on North-South interdependence and solidarity. As Honorary President of the campaign, he wanted to draw public attention to the links between the peoples of Europe and the Third World and show that solidarity is not just a moral duty but also follows inescapably from consideration of the facts.

Mr Claude Cheysson, the Member of the Commission with special responsibility for North-South relations, and Mr Willy Brandt were present when the King addressed the Assembly. The Assembly also took note of a statement by Mr Abdou Diouf, the President of Senegal, calling for mutual tolerance.

At the close of the discussions on the four major themes of the campaign (external debt, trade, employment and development assistance) and their interlinked relationship, the Assembly unanimously adopted three resolutions and a recommendation.

### **Conference on Security and Cooperation in Europe**

2.2.36. The Vienna CSCE follow-up meet-

ing reconvened on 22 January.<sup>2</sup>

After the period of stagnation at the end of 1987, Community delegations expected the Soviet Union to return to Vienna with new instructions which would be in line with the policies of openness and change proclaimed by Moscow. However, positions taken by the Soviet and Eastern European delegations, particularly on humanitarian matters but also in the field of security, revealed that these countries were not as yet prepared to work towards substantial results in all areas covered by the CSCE.

In economic matters (basket II) work progressed on the environment aspect. On trade and industrial cooperation and science and technology, Eastern group delegations confirmed their far-reaching demands.

### **Diplomatic relations**

2.2.37. The following ambassadors, whose appointments took effect on 4 January, presented their letters of credence to the President of the Council and the President of the Commission: HE Mr Kapembe Nsingo, Head of Mission of the Republic of Zambia to the European Communities; HE Mr Jean-Pierre Benoit, Head of Mission of the Republic of Haiti to the EEC; HE Mr Avraham Primor, Head of Mission of the State of Israel to the European Communities.

<sup>1</sup> Previous session: Bull. EC 10-1987, point 2.2.64.

<sup>2</sup> Bull. EC 12-1987, point 2.2.72.

# 3. Financing Community activities

## Budgets

### General budget

#### 1988-92 budgets

2.3.1. On 21 January Parliament passed a resolution on financial matters relating to the period 1988-92 in the context of the European Council on 11 and 12 February in Brussels<sup>1</sup> (→ point 2.4.13).

#### Budgetary procedure

##### 1988 budget

2.3.2. Under the provisional-twelfths arrangements, which have had to be applied because of the Council's failure to establish a draft budget for 1988,<sup>2</sup> on 14 January the Commission sent the Council a communication<sup>3</sup> requesting further additional twelfths in accordance with Article 204(2) of the EEC Treaty and Article 8(4) of the Financial Regulation of 21 December 1977.<sup>4</sup>

#### Own resources

2.3.3. On 28 January the Economic and Social Committee adopted an opinion on the proposal for a Decision on the system of the Communities' own resources<sup>5</sup> (→ point 2.4.46).

2.3.4. On 20 January the Commission amended its Decision of 13 April 1984<sup>6</sup> on the authorization granted to Ireland concerning the calculation of its VAT own resources base, as provided for in Regulation No 2892/77 of 19 December 1977.<sup>7</sup>

#### Budgetary discipline

2.3.5. On 28 January the Economic and Social Committee adopted an opinion on the Commission's communication on budgetary discipline<sup>8</sup> (→ point 2.4.47).

## Budget discharge

### 1985

2.3.6. On 19 January Parliament, on the recommendation of the Council,<sup>9</sup> granted a discharge to the Commission in respect of the implementation of the general budget for 1985.<sup>10</sup> In April 1987 it had deferred the discharge on the grounds that the conditions had not been met.<sup>11</sup> Parliament's decision is accompanied by a resolution in which it acknowledges that the proposals made and the measures taken demonstrate the Commission's efforts to achieve rationalization of the Community's finances and sound financial management.<sup>1</sup>

#### Budgetary control

2.3.7. On 19 January Parliament passed a resolution on the future financing of the European Communities — aspects concerning budgetary control<sup>1</sup> (→ point 2.4.13).

2.3.8. On 19 January the Commission sent the Council the accounts of the European Foundation for the Improvement of Living and Working Conditions in Dublin and the European Centre for the Development of Vocational Training in Berlin for 1986 and the corresponding reports by the Court of Auditors.

<sup>1</sup> OJ C 49, 22.2.1988.

<sup>2</sup> Bull. EC 10-1987, point 2.3.1; Bull. EC 12-1987, point 2.3.2.

<sup>3</sup> COM(88) 16 final.

<sup>4</sup> OJ L 356, 31.12.1977.

<sup>5</sup> OJ C 241, 8.9.1987; Bull. EC 7/8-1987, point 1.1.14.

<sup>6</sup> OJ L 135, 22.5.1984; Bull. EC 4-1984, point 2.3.4.

<sup>7</sup> OJ L 336, 27.12.1977.

<sup>8</sup> Bull. EC 7/8-1987, points 1.1.5 to 1.1.14.

<sup>9</sup> Bull. EC 3-1987, point 2.3.3.

<sup>10</sup> OJ L 40, 13.2.1988.

<sup>11</sup> OJ C 125, 11.5.1987; Bull. EC 4-1987, point 2.4.17.

## Financial operations

### ECSC

#### Loans raised

2.3.9. In January the Commission made a number of private placings in Belgian francs and marks for the equivalent of 28.9 million ECU.

#### Loans paid out

2.3.10. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission paid out

loans in January for a total of 1.08 million ECU.

#### *Workers' housing*

2.3.11. Loans totalling 1.08 million ECU for building housing for steelworkers and coalminers were paid out in Belgium, France, Germany, Italy and the United Kingdom.

### EEC-NCI

2.3.12. In January the Commission made a USD 100 million five-year public issue with an interest rate of 8 $\frac{3}{8}$  % and an issue price of 101.5 %, and a number of private placings in Swiss francs, ECUs and yen for the equivalent of 162.5 million ECU.

## 4. Political and institutional matters

### European political cooperation

2.4.1. On 12 January the Presidency issued the following press statement on the situation in the occupied territories:

'On instructions of the governments of the 12 Member States of the European Community, the Ambassador of the Federal Republic of Germany in Tel Aviv, accompanied by his Troika colleagues and the representative of the Commission, today expressed to the Israeli Government the Twelve's concern at Israel's decision to pursue a policy of deportation in the occupied territories.

The Ambassador underlined the Twelve's unreversed support for UN Security Council Resolution 607 of 5 January 1988. He drew the Israeli Government's attention to the fact that the Geneva Convention relative to the protection of civilian persons in time of war, of 12 August 1949, is applicable to territories occupied by Israel since 1967. The Ambassador called upon Israel to refrain from deporting Palestinian civilians from the occupied territories.'

2.4.2. On 14 January the Presidency issued the following statement by the Twelve on

the meeting of the Presidents of the five Central American countries at San José, Costa Rica, on 15 January:

'The Twelve have followed very closely and have welcomed the efforts undertaken by the countries of Central America to implement the Esquipulas II Agreement. In the last few months they have repeatedly appealed to all the parties directly or indirectly involved to give effect to the Agreement in letter and spirit and to contribute towards the region's efforts for peace, democracy and economic development.

Although progress has been made in individual areas, the Twelve note that the main prerequisites for stable and lasting peace in Central America have not yet been fulfilled. All the more importance therefore attaches to the meeting of the five Presidents of Central American countries at San José, Costa Rica, on 15 January 1988. They are again faced with a historical task. Their decisions will determine whether the peace process, which got off to a promising start, can soon be completed despite all the difficulties encountered. The Twelve remain convinced that there is no alternative to the efforts for achieving peace in Central America

by political means and strengthening democracy in all countries of the region and they renew their appeals to this effect. The Twelve believe that a positive conclusion of the forthcoming meeting in San José, Costa Rica, will moreover have great significance for the development of the European-Central American dialogue. Once more the Twelve seize the opportunity to reaffirm their readiness to assist the peace process in Central America to the best of their ability.'

2.4.3. On 26 January the Presidency issued the following statements by the Twelve on the situation in Central America after the San José Summit and the destruction of a South Korean civilian aircraft on 29 November 1987.

### Statement on Central America

'The Twelve pay tribute to the political determination of the five Presidents of Central American countries that enabled them, despite all difficulties, to achieve a positive outcome of their summit meeting at San José, Costa Rica, on 15 and 16 January 1988. The Twelve appreciate the renewed commitment of the Presidents to fully meet their obligations under the Esquipulas II Agreement.

Convinced that there is no alternative to the efforts for achieving peace in Central America by political means and for strengthening democracy in all countries of the region, the Twelve urge the countries of the region to fulfil all the outstanding obligations under the Esquipulas II Agreement unconditionally and without delay and to preserve the progress already made. They condemn all acts of violence which might jeopardize the peace process.

The Twelve renew their appeal to countries with links to and interests in the region to lend constructive support to the peace efforts of the Central American countries and to make an effective contribution towards achieving peace in Central America.

The Twelve look forward to continuing the political dialogue with the countries of Central America, with the participation of the members of the Condadora Group, for which purpose the Foreign Ministers will meet in Hamburg on 29 February and 1 March 1988, and hope that by then further progress will have been made towards peace and democracy in the region.

The meeting in Hamburg will afford an opportunity for the Twelve to reaffirm their readiness to assist the peace process in Central America to the best of their ability.'

### Statement on the South Korean aircraft

'The Twelve take note of the findings of the Korean authorities' investigation into the destruction of Korean Air flight 858 on 29 November 1987 and of the presently available indications implicating a North Korean woman in this incident. The Twelve deeply regret the tragic loss of 115 lives. They have repeatedly expressed their strongest condemnation of terrorist acts against civil aviation. They vigorously condemn this particularly despicable attack against a Korean civil aircraft and wish to draw the attention of relevant international forums to this incident. They express the hope that the situation on the Korean peninsula will not be affected by this criminal act.'

2.4.4. At its January part-session Parliament adopted resolutions on political cooperation and the protection of human rights (→ point 2.4.15).<sup>1</sup>

## European policy and relations between the institutions

### European policy

#### Implementing the Single Act

2.4.5. On 25 January, for the first time since the Copenhagen European Council,<sup>2</sup> the Council (General affairs) resumed its discussions on the follow-up to the Commission communication 'The Single Act: A new frontier for Europe.'<sup>3</sup> The debate focused on a number of issues which the Presidency, on the basis of the work done by the Permanent Representatives Committee, had identified as being of key importance for reaching an overall solution.

Also before the Council was a report from the Presidency on the outcome of the Council meeting of Agriculture Ministers on the agricultural aspects of the dossier, in particular the stabilizer mechanisms for

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<sup>1</sup> OJ C 49, 22.2.1988.

<sup>2</sup> Bull. EC 12-1987, point 1.1.1 *et seq.*

<sup>3</sup> Supplement 1/87 — Bull. EC; Bull. EC 2-1987, point 1.1.1 *et seq.*

cereals, oilseeds and protein plants, and the set-aside arrangements (→ point 2.1.65).

The Council will continue its discussion of these matters at its 'conclave' on 1 and 2 February with the aim of making sufficient progress to enable the European Council on 11 and 12 February to arrive at a comprehensive solution.

2.4.6. On 21 January Parliament passed a resolution on proposals before the Council which are affected by the Single Act<sup>1</sup> (→ point 2.4.13).

## Relations between the institutions

### Cooperation procedure

2.4.7. During the January part-session Parliament adopted an opinion (first reading) on the proposal for a Directive on the pursuit of broadcasting activities<sup>1</sup> (→ point 2.1.8).

### Assent

2.4.8. On 20 January Parliament gave its assent to the protocol to the Association Agreement between the European Economic Community and Turkey, consequent upon the accession of Spain and Portugal to the Community, and to a supplementary protocol to the Association Agreement<sup>1</sup> (→ point 2.2.14).

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2.4.9. On 22 January Parliament passed a resolution on the compulsory publication of information by the Community<sup>1</sup> (→ point 2.4.13).

## Institutions and organs of the Communities

### Parliament<sup>2</sup>

#### *Strasbourg: 18 to 22 January<sup>3</sup>*

2.4.10. Parliament's January part-session, coming between two European Councils,

was caught in the backlash of the Copenhagen débâcle early in December and the run-up to the special meeting in Brussels in February. The debate on Germany's term as Council President broached a few sensitive issues that will be on the agenda for the February European Council. Parliament also debated the affair of the Mol nuclear centre in Belgium (→ point 2.1.109) and decided to set up a committee of inquiry consisting of 15 of its Members. Another major debate concerned agricultural stabilizers and the early-retirement scheme for farmers and agricultural workers.

### Television without frontiers

2.4.11. Parliament debated the report presented by Mr Roberto Barzanti (*Com/I*) on behalf of the Legal Affairs and Citizens' Rights Committee, on the proposal for a Directive on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of broadcasting activities.<sup>4</sup> The basic idea behind the Directive is that each Member State should be open to broadcasts from other Community countries, the broadcasting of any 'message' being considered a 'service' within the meaning of the Treaty. The rapporteur called for a number of amendments to the

<sup>1</sup> OJ C 49, 22.2.1988.

<sup>2</sup> The texts of the resolutions adopted by Parliament appear in OJ C 49, 22.2.1988, and the report of the proceedings is published in OJ Annex 2-360. The political groups of Members are indicated in brackets by the following abbreviations: *S* = Socialists; *EPP* = European People's Party (Christian Democrats); *ED* = European Democratic Group; *Com* = Communists and Allies; *LDR* = Liberal and Democratic Reformist Group; *EDA* = European Democratic Alliance; *Rainbow* = Rainbow Group; *ER* = European Right; *NA* = Non-affiliated. The countries of origin are indicated as follows: B = Belgium, D = Federal Republic of Germany, DK = Denmark, E = Spain, F = France, GR = Greece, I = Italy, IRL = Ireland, L = Luxembourg, NL = Netherlands, P = Portugal, UK = United Kingdom.

<sup>3</sup> Parliament's opinions under the cooperation procedure and its assents are reported in 'European policy and relations between the institutions', *supra*.

<sup>4</sup> OJ C 179, 17.7.1986; Supplement 5/86 — Bull. EC; Bull. EC 3-1986, point 1.2.1. *et seq.*

Commission's proposal, the main ones concerning the restriction of advertising to 15 % of broadcasting time each day, the setting-up of an arbitration body to settle any disputes between authors and cable operators, instituting a right of reply for anyone whose legitimate interests might be harmed by a programme, and regular monitoring by Parliament of implementation of the Directive. A precise definition of sponsorship was also proposed. Mr Barzanti again stressed the risk of technological developments leading to abuse of power and detracting from the pluralism that was needed. The fragile European programme industry, he said, must be protected by a quota system against American and Japanese competition. Virtually all those who spoke advocated some kind of measures to promote European creativity and make it more competitive and argued that consumers must be given freedom of choice.

Mr Gijs de Vries (*LDR/NL*) reminded the House that the freedom to broadcast, impart and receive information was recognized by Article 10 of the European Convention on Human Rights, which guarantees freedom of expression. He noted that Europe was not at the moment equal to the opportunities offered by cable and satellite, for it was producing at costs that were too high and for a fragmented market. He poured scorn on France and the United Kingdom for launching a satellite to boost their cultural influence while limiting the share of foreign networks on their national channels. Mr Werner Münch (*EPP/D*) believed that the Community had to establish a legal framework that would lay down Community broadcasting quotas, rules to limit advertising and measures to protect young people and regulate copyright. Mr Kenneth Collins (*S/UK*) added that this framework must avoid concentrations of power which could destabilize our cultural life. Mr Dieter Schinzel (*S/D*) laid the emphasis on the need to maintain a cultural diversity and national broadcasting structures, while coping with the process of internationalizing the audiovisual media.

Mr Giovanni Papapietro (*Com/I*) said that the proposal struck a fair balance between

the proposal struck a fair balance between the supporters of total deregulation and those who wanted undue interference. Mr Wilfried Telkämper (*Rainbow/D*) maintained that television must remain financially independent, so that our cultural diversity would not be replaced by money-dominated uniformity. Several Members were more critical of the proposed Directive. Mr Manuel García Amigo (*ED/E*), speaking for the conservatives opposed the arbitration procedure as proposed in respect of copyright and right of reply. Mr Jef Ulburghs (*NA/B*) laid the emphasis on the need for objective information, which meant that no political criteria could be allowed for the recruitment of journalists. Mr Robert Chambeiron (*Com/F*) wanted the imagination to prevail over financial and commercial considerations, but deplored the fact that television was reduced to the level of a 'service' and that culture was thus regarded as a marketable commodity. He regretted the bias in the proposed Directive in favour of commercial criteria, with much attention paid to broadcasting but little thought for production. Reaffirming that European culture is above all the development of national cultures, he did not want to see the Community cast of a programme or broadcast determined by where the money comes from rather than by the nationality of the artists. Mrs Lydie Wurth-Polfer (*LDR/L*) asked what was the point of being able to broadcast if the receiving country enjoyed wideranging powers to refuse the broadcast. Mr Nicolas Estgen (*EPP/L*) was against any audiovisual fragmentation of the Community and took issue with the Member States' governments which had prejudged the outcome of Parliament's debates and wanted to shift all the discussions to the jurisdiction of the Council of Europe. Mrs Raymonde Dury (*S/B*) said that for a work to be given the label 'Community', Community workers must share in the production, instead of the producing company simply having an office address in the Community. The part of the Barzanti report concerning authors' rights did not take adequate account of the interests of small countries, she said.

The Vice-President of the Commission with special responsibility for the internal market, Lord Cockfield, winding up the debate, recalled that when proposing the Directive the Commission had been aiming at three goals: to remove obstacles to the broadcasting industries; to encourage the development of a European production industry; to revitalize the Community by bringing its peoples together. He explained that the Commission's object in proposing that the competition rules in the Treaty of Rome be applied to broadcasting was to ensure that the concentration of the media industries would not endanger freedom of speech and plurality of expression.

By a very large majority — 328 votes to 11 and 10 abstentions — Parliament adopted the Barzanti report without any significant changes. The House passed the legislative resolution by 252 votes to 9 and 10 abstentions.

As Chairman of the Steering Committee for European Cinema and Television Year, Mrs Simone Veil (LDR/F) was delighted that the proposed Directive would make for convergence with the activity of the Council of Europe and thus produce compatible texts.

2.4.12. Parliament gave opinions on the following Commission proposals:

- (i) a Decision authorizing the Commission to negotiate and approve on behalf of the Community certain measures as part of the implementation of international agreements of a regional nature relating to environmental protection to which the Community is a contracting party (→ point 2.1.61);
- (ii) an amendment to the Decision of 6 March 1986 establishing a Community information system for the control and reduction of pollution caused by spillage of oil and other harmful substances at sea (→ point 2.1.56);
- (iii) Regulations on the market organizations for cereals, fruit and vegetables, peas, field beans, sweet lupins, wine, milk and milk products, sheepmeat and goatmeat, sugar and raw tobacco (→ point 2.1.63);

(iv) a Regulation establishing a Community scheme to encourage the cessation of farming (→ point 2.1.85);

(v) an amendment to the Regulation of 18 February 1980 on collective projects for the restructuring of vineyards (→ point 2.1.76);

(vi) a Regulation opening a Community tariff quota for frozen buffalo meat falling within CN subheading 0202 30 90 (1988) (→ point 2.1.79);

(vii) a Regulation opening a Community tariff quota for high-quality fresh, chilled or frozen beef and veal falling within CN headings 0201 and 0202 (1988) (→ point 2.1.79);

(viii) a Regulation opening, allocating and providing for the administration of a Community tariff quota for frozen beef and veal falling within CN heading 0202 (1988) (→ point 2.1.79).

2.4.13. Resolutions were passed on the following subjects:

*The delay in decision-making on the reinforcement of economic and social cohesion within the Community and the connection between this delay and the completion of the internal market.* As the Commission has already drafted 175 of the 300 proposals for directives contained in the White Paper, Parliament stressed how important and necessary it was for the concrete decision to be taken on the method for implementing the policy for ensuring economic and social cohesion. The House indicated to the Council and the Commission what it hoped would be the thrust of these decisions with regard to the dialogue between the two sides of industry, the reorganization of working time, the allocations for the structural Funds, the right of establishment and the recognition of professional qualifications, equal treatment for men and women at work and the integration of migrant workers.

*Compulsory publication of information by the European Community.* Parliament considered that the right to information is one of the fundamental freedoms of the people of Europe and that it must be recognized

as such. The Commission was asked to produce a proposal for Community legislation on access to information on Community administrative measures, taking its cues from Danish and Dutch legislation on open administration, and the House's recommendations. The resolution also requested that the minutes of Council meetings recording the discussions on regulations or directives and the decisions taken should be published, as should any statements which, in practice, alter the sense or interpretation of an instrument after its publication.

*Facilitation, promotion and funding of tourism in the Community.* Parliament called for the introduction of a tourism policy at Community level, as a way of contributing to the economic development of many parts of Europe, the quality of life of the individual citizen and defence of his rights, conservation and protection of the environment and recognition and understanding of each other's cultures. A number of measures were recommended to ease access to tourism, and for its promotion and funding.

*Vandalism and violence in sport.* Parliament deeply regretted that no action had been taken on the recommendations in its resolution of 11 July 1985.<sup>1</sup> It urged that the measures it had proposed be included in a framework directive and defined the aspects such a directive should cover. The House advocated social measures for young people, the protection of professional sportsmen, transparency in respect of financial and commercial transactions in the sporting world and the fight against the use of drugs. Parliament called on the Commission, in cooperation with the Council of Europe, to organize a European conference on violence in sport and to support the forming of Community sports teams in order to counteract excessive nationalism. Finally, it proposed that fair-play prizes be awarded each year and that 1992, when the Olympic Games will be held in Barcelona, be designated European Sports Year.

*An integrated development programme for the Canary Islands.* The Canary Islands are

far less developed than most regions of the Spanish mainland and most other parts of the Community, and in some cases are getting less favourable treatment than non-member countries. Parliament considered the reasons for this backwardness and stressed the prevailing high level of unemployment among young people in the Canary Islands as well as the disproportionate dependence on tourism in their GDP. The House recommended measures to be adopted for 'integrated development operations' and called for a study on the scope for using the Canary Islands ports and airports as staging posts for Community trade with Africa and South America.

*The pollution of the North Sea.* Parliament held that North Sea surveillance operations had not proved sufficiently effective in detecting quickly the pollution caused on 10 January on the Dutch and Belgian coasts by the Romanian ore-carrier *Borcea*. The House expressed its extreme indignation at the actions of the owners and crew of oil tankers in deliberately discharging oil or flushing out tanks at sea, and was most alarmed at the serious damage caused. The House hoped that more countries would ratify the Marpol Convention and urged the Commission to take a number of measures to prevent sea pollution.

*Coal and the environment.* Parliament welcomed the advances which had helped to diminish the various forms of pollution associated with the use of coal but felt that research must continue until the last remaining problems had been solved. It noted that the overall techniques for achieving 'clean coal' are suited to large units but much less so to small ones. Parliament made a number of points and recommendations with regard to the extraction, transport, storage and burning of coal.

*Breakdown in negotiations for a fishing agreement with Morocco.* Following the Moroccan Government's decision to suspend fishing by Community fleets in its territorial waters from 31 December last,

<sup>1</sup> OJ C 229, 9.9.1985; Bull. EC 7/8-1985, point 2.5.14.



Parliament deeply regretted this breakdown in the negotiation between Morocco and the Community. The Commission was asked to formulate urgent measures to prevent the consequences from being borne by the workers, industrialists and services concerned, and to submit a report to the House with full details of the negotiations. Parliament asked the Council to take account of these developments in its overall assessment of the Community's relations with Morocco and cooperation between the two. It hoped that discussions on a new fisheries agreement would be resumed without delay.

*Community measures in 1988-89 in the field of renewable energy sources, energy-saving and rational use of energy.* Parliament proposed that the Community submit a programme for financing projects in the field of renewable energy sources and called on the Council to act on the Commission's recommendations of 29 September 1987.<sup>1</sup> The Commission was asked to draw up and submit to Parliament by 1989 a comprehensive list of topics to serve as the basis for financing projects, with a list of all the authorities, companies and associations which should be asked to collaborate and, finally, to set up preparatory committees for implementation of the programme. The House went on to make proposals for energy-saving and developing existing alternative energy sources.

*Proposed experiments at Trawsfynydd Magnox nuclear power plant.* On the grounds that independent nuclear engineers have advised against the experiment with the safe operation of gas coolant reactors planned for 12 February at this nuclear power plant in North Wales, Parliament called on the Commission to instruct Euratom to intervene to prevent it and to work in conjunction with the IAEA to oversee the safety of all EEC nuclear plants, including their design, construction and operation.

*Economic and trade relations between the Community and Yugoslavia.* Parliament considered it essential that Yugoslavia undertake the economic reforms needed to restructure and revive its economy. The

House welcomed the decision by the European Investment Bank to increase the allocations to Yugoslavia, but regretted the Council's decision not to authorize the Commission to provide aid from the budget towards the payment of interest. After appraising economic relations between the two, Parliament proposed measures for improving them. These included rescheduling Yugoslavia's foreign debt, more intensive negotiations on transport and bringing the Yugoslav economy more into line with the Community economy.

*Cooperation between the Community and India, particularly as regards Operation Flood.* Parliament regretted the inadequacy of the information reaching it on negotiations and decisions concerning Operation Flood, which sought to bring India to self-sufficiency in milk production.<sup>2</sup> It welcomed the results obtained and made recommendations for continuing the operation, urging the Commission to draw upon the experience of Operation Flood in any similar ventures in other countries.

*Financial matters relating to the period 1988-92 in the context of the Brussels European Council on 11 and 12 February.* With the Council still not having established the draft budget for 1988 and having also failed to adopt a new financial system for the Community, the House maintained that a decision by the Member States could not be delayed beyond the Brussels Summit without jeopardizing the smooth running of the Community. It therefore stressed once again the importance of an agreement between the two arms of the budgetary authority on planning expenditure with 1992 in view. The House referred to its resolution of 7 April 1987,<sup>3</sup> in which it held that the 1988 budget should make a decisive contribution to clearing the Community's accumulated liabilities. It reiterated its refusal to be party to the adoption of a budget that was illegal under Article 199 of the Treaty. Enjoining the Commission to amend its proposals on

<sup>1</sup> OJ C 279, 17.10.1987; Bull. EC 9-1987, point 2.1.192.

<sup>2</sup> Bull. EC 3-1986, point 2.2 38.

<sup>3</sup> OJ C 125, 11.5.1987; Bull. EC 4-1987, point 2.4.17.

future financing to bring them into line with the interinstitutional agreement proposed by Parliament, it decided to open the dialogue with the Council to define the terms of the interinstitutional agreement and the financial framework for 1988-92.

*The future financing of the European Communities — Aspects concerning budgetary control.*<sup>1</sup> Parliament presented a series of proposals and analyses concerning the framework Regulation on the structural Funds, revision of the Financial Regulation, budgetary discipline, own resources and control of agricultural markets.

*Proposals before the Council which are affected by the Single Act.* Noting that 149 proposals pending before the Council, some of them subject to the new cooperation procedure, are affected by the entry into force of the Single Act, Parliament asked the Council to prepare and present a timetable of its activity in this area, and to respect both the spirit and the letter of the Single Act by taking full account of the views expressed by Parliament at the first reading. The House affirmed its intention to insist on being reconferred if the proposal on which it had delivered an opinion has been totally or substantially amended.

2.4.14. Acting under its powers on budgetary matters, Parliament adopted a decision granting the Commission a discharge in respect of the implementation of the 1985 budget concerning Sections I (Parliament), II (Council), III (Commission), IV (Court of Justice) and V (Court of Auditors) (→ point 2.3.6), and a resolution on the action taken by the Commission in response to the resolution adopted by Parliament on 7 April 1987<sup>2</sup> deferring a discharge in respect of the implementation of the 1985 budget. Parliament noted that one reason for the grave financial crisis affecting the Community was that it had not managed to achieve financial independence from the Member States. Another was a misguided and in part uncoordinated agricultural policy. The House was prepared to grant the discharge as a token of its support for the efforts made by the Commission in its dealings

with the Council and commented on the action taken by the Commission on its observations.

2.4.15. In the field of political cooperation and human rights Parliament passed the following resolutions.

*Security policy cooperation within the framework of European political cooperation.* Parliament called on the Foreign Ministers of the Member States meeting in political cooperation to apply the provisions of the Single Act with regard to security policy cooperation, to devise a European security concept which promotes *détente* and to strengthen the Community's own identity in foreign policy and take the appropriate steps to achieve that end.

*Situation in the Israeli-occupied territories.* After reiterating its condemnation of anti-Semitism in any form, Parliament insisted that the Israeli authorities honour their obligations under the Geneva Convention by not deporting Palestinian civilians from the occupied territories and by ceasing all reprisals against the Palestinian population. The House renewed its support for the convening of an international conference under the aegis of the United Nations and with the participation of all the parties involved. Parliament expressed its sympathy with the families of the victims and urged the Commission to give all possible humanitarian aid to the suffering population in the occupied territories. The House also reaffirmed Israel's right to exist.

*Human rights in Turkey.* Recalling that 154 death sentences were pending in Turkey, a country which had applied to join the Community, Parliament called on the Turkish authorities to commute all death sentences pending abolition of this penalty. The House protested against the sentence imposed on Mr Caraminot,<sup>3</sup> and the treatment he had received, and called for the release of Mr Mehdi Zana.

<sup>1</sup> Bull. EC 7/8-1987, points 1.1.2 to 1.1.10.

<sup>2</sup> OJ C 125, 11.5.1987, Bull. EC 4-1987, point 2.4.17.

<sup>3</sup> OJ C 305, 16.11.1987, Bull. EC 10-1987, point 2.4.13.

*Detention of intellectuals in Somalia.* In a resolution mentioning by name 11 intellectuals who have been in prison since 1982, Parliament expressed its concern about their plight and requested the Somali Government to improve their conditions of detention and to release political prisoners guilty of no more than crimes of conscience. The House called on the government to guarantee that the new legal proceedings against the dissidents, to begin on 2 February, were conducted openly and impartially. It observed that any new sentences could not fail to compromise seriously the friendly relations between the Community, its Member States, and the government of Somalia.

*Afghanistan.* Parliament condemned the 10-year prison sentence imposed on the French journalist, Alain Guillo, who was betrayed and fell into an ambush, and called on the Afghan authorities to respect the rights and liberties of journalists and other persons working for the media. The House expressed its concern for Mr Fausto Valislavo, an Italian journalist, also being held in Afghanistan.

*Paraguay.* Parliament expressed its solidarity with the Paraguayan people, who have been living under a dictatorship since

1954. The Foreign Ministers meeting in political cooperation were asked to press the Paraguayan Government to release all political prisoners and proceed to hold free elections.

*Situation of the political prisoners Alberto Valdés Terán and Amado Rodríguez Fernández in Cuba.* Parliament urged the Cuban authorities to release these two men now in a critical state of health and held in inhuman conditions of imprisonment. The House also repeated its request<sup>1</sup> to the Foreign Ministers meeting in political cooperation to put more pressure on the Cuban authorities to obtain the release of these prisoners.

## Council

2.4.16. The Council held two meetings in January. 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.

<sup>1</sup> OJ C 318, 30.11.1987; Bull. EC 10-1987, point 2.4.21.

Table 5 — *Council meetings in January 1988*

Number, place and date of meeting	Subject	President	Commission	Main items of business
1217th Brussels 18, 19 and 20, and 23 and 24 January	Agriculture	Mr Kiechle	Mr Andriessen	Preparations for the European Council on 11 and 12 February: agricultural aspects <sup>1</sup> Beef/veal <sup>1</sup>
1218th Brussels 25 January	General affairs	Mr Genscher	Mr Delors Mr Andriessen Mr De Clercq Mr Varfis	Implementing the Single Act: preparations for the European Council on 11 and 12 February <sup>2</sup> EFTA: preparations for the ministerial meeting between the Community, its Member States and the EFTA States <sup>3</sup>

<sup>1</sup> Agriculture.

<sup>2</sup> European policy and relations between the institutions

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

## Commission

### Activities

2.4.17. On 20 January the Commission President, Mr Delors, presented the Commission's programme for 1988 to Parliament<sup>1</sup> (→ point 1.1.1 *et seq.*).

### *Decisions, communications and proposals*

2.4.18. The Commission sent the Council a communication on the set-aside of agricultural land (→ point 1.3.1 *et seq.*) as a contribution to the preparations for the European Council in February. It follows up last September's proposals on agricultural stabilizers<sup>2</sup> and could facilitate their adoption.

2.4.19. A proposal for a second Directive on the coordination of laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of credit institutions was sent to the Council (→ point 1.2.1 *et seq.*). The aim of the proposal is to establish the framework within which the internal market in banking will operate from 1993. It lays down the principle of mutual recognition of authorization and supervision arrangements, which is founded on prior harmonization of essential supervisory rules.

2.4.20. Top priority under the 'Europe against cancer' programme in the preventive field is being given to no-smoking campaigns. The Commission has accordingly adopted two proposals for Council Directives concerning the maximum tar yield of cigarettes and the labelling of tobacco products (→ point 2.1.48).

## Court of Justice<sup>3</sup>

### *Analysis of judgments delivered between 1 October and 31 December 1987*

### Powers

2.4.21. The Court's judgment in *Foto-Frost v HZA Lübeck-Ost*<sup>4</sup> has important

implications for the system of judicial remedies established by the EEC Treaty. The Court interpreted Article 177 of the Treaty broadly, to mean that any court, whether or not there is a domestic judicial remedy against its decision, must refer a question to the Court of Justice if it considers that an act of a Community institution is invalid. The Court did, however, expressly confirm its previous finding that Article 177 does not require the courts of Member States to refer questions to it in the course of urgent proceedings for interim measures. That rule holds where in the course of such proceedings a national court finds it has to pronounce on the validity of a Community act. In that very limited context, therefore, national courts have jurisdiction provisionally to declare a Community act invalid.

In so deciding, the Court was drawing the logical conclusions from its judgment in *Union Deutsche Lebensmittelwerke and Others v Commission*,<sup>5</sup> where it accepted a strict interpretation of Article 173 of the Treaty, which regulates the admissibility of actions brought by individuals. That approach would also act as a bar to applications for interim measures in certain situations; in the interests of proper judicial redress, therefore, the Court had to accept that national courts had power even to declare Community acts invalid where necessary, though only on a provisional basis. Clarification of the precise way in which this power is to be exercised will have to await further decisions by the Court.

2.4.22. In *Deutsche Babcock Handel v HZA Lübeck-Ost*<sup>6</sup> the Court was asked whether Council Regulation No 1430/79 on the repayment or remission of import or

<sup>1</sup> Supplement 1/88 — Bull. EC.

<sup>2</sup> Bull. EC 9-1987, point 1.5.2.

<sup>3</sup> 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*).

<sup>4</sup> Case 314/85: OJ C 307, 17.11.1987.

<sup>5</sup> Case 97/85: OJ C 169, 26.6.1987.

<sup>6</sup> Case 328/85.

export duties<sup>1</sup> applied directly to ECSC products even though it cited only Article 235 of the EEC Treaty as its legal basis.

The Court considered the fields of application of the EEC and ECSC Treaties, and concluded that the Regulation did apply directly. The EEC Treaty applied to all goods without restriction; the Court interpreted Article 232 of the EEC Treaty to mean that where a question was not covered by any provision of the ECSC Treaty or the secondary legislation adopted pursuant to it, the EEC Treaty and secondary EEC legislation applied to products within the scope of the ECSC Treaty, no specific legal act or interpretative statement being needed.

## Competition

2.4.23. Case 248/84 *Germany v Commission*<sup>2</sup> raised important questions of principle as regards the law governing State aid. The Commission and the Federal Republic of Germany disagreed on whether and, if so, to what extent regional aid was caught by Article 92(1) of the EEC Treaty, and whether the admissibility of regional aid had to be assessed in the light of national or Community averages. In Germany regional aid is granted and financed both by the *Länder* acting in their own right and by the Federal Government and the *Länder* together through a joint scheme. The *Land* of North Rhine-Westphalia has its own regional programmes operating alongside those of the joint scheme. The dispute concerned one of these programmes.

The Court annulled the Commission Decision of 23 July 1984<sup>3</sup> which found that the aid granted by the *Land* was incompatible with the common market within the meaning of Article 92(1). The Court accepted that the Decision did not satisfy the obligation to state reasons laid down in Article 190. In annulling the Decision on the ground that it infringed essential procedural requirements, the Court was following its existing case law on the subject.<sup>4</sup>

The Court confirmed that Article 92(1) would apply to the regional aid pro-

grammes of the *Länder* if they affected trade between Member States and distorted competition. The judgment provides valuable guidance on two points here: in assessing 'aid to promote the economic development of areas where the standard of living is abnormally low or where there is serious under-employment' (Article 92(3)(a)), the situation of the region must be looked at in relation to the Community as a whole; in the case of 'aid to facilitate the development of ... certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest' (Article 92(3)(c)), the situation of the region must be looked at in relation to the national average.

2.4.24. In its judgment in *BAT and Reynolds v Commission*,<sup>5</sup> which concerned the acquisition by one company of a shareholding in a competitor, the Court upheld the position taken by the Commission. It accepted that in certain circumstances such a transaction would be caught by Article 85 of the EEC Treaty, and set out a number of principles for determining when this was so. These principles had to be applied taking account of the circumstances surrounding the case, particularly the economic context and the situation on the relevant market. The Court rejected the applicants' contention that the acquisition of a stake, albeit a minority one, in the capital of a competing company would necessarily influence the conduct of the two companies and must therefore be presumed to have the effect of restricting competition. But it might do so, and the influence which the share acquisition would have on the companies' conduct on the market on which they operated was the crucial test for deter-

<sup>1</sup> OJ L 175, 12.7.1979.

<sup>2</sup> OJ C 294, 5.11.1987.

<sup>3</sup> OJ L 7, 9.1.1985.

<sup>4</sup> Joined Cases 296 and 318/82 *Netherlands and Leeuwarder Papierwarenfabriek v Commission* [1985] ECR 817.

<sup>5</sup> Joined Cases 142 and 156/84 *British-American Tobacco Company and R.J. Reynolds Industries v Commission*. OJ C 329, 8.12.1987.

mining whether the transaction was caught by Article 85.

The judgment did not settle the question whether Article 85 would apply to the acquisition of a majority stake or a takeover of a competing company. Issues of that kind will not be cleared up until the Commission's proposal for a merger control Regulation has been adopted by the Council.

2.4.25. In *RSV v Commission*<sup>1</sup> the Court annulled Commission Decision 85/351/EEC concerning aid granted by the Netherlands Government to an engineering company.<sup>2</sup> The Commission had initiated the procedure laid down in Article 93(2) of the EEC Treaty following notification of the aid measure; the procedure culminated in the adoption of the contested Decision, in which the Commission found that the aid was incompatible with the common market and had to be withdrawn, the government being required to recover the assistance paid to the recipient.

The Court found that the Commission's delay in adopting the contested Decision (26 months) could in the present case engender in the applicant a legitimate expectation such as to prevent the Commission from requiring the Dutch authorities to withdraw the aid. Clearly the Commission will have to take practical account of the implications of this judgment.

2.4.26. In *BNIC v Aubert*<sup>3</sup> the Court held for the first time that a government measure making an agreement, which was contrary to Article 85 of the EEC Treaty, binding on third parties was incompatible with Article 5, read together with Articles 3(f) and 85.

The French National Cognac Industry Board (Bureau National Interprofessionnel du Cognac) instituted proceedings against a wine-grower accusing him of exceeding a marketing quota, and seeking payment of a penalty provided for in an agreement laying down quotas and penalties which had been concluded between cognac growers and shippers and which a ministerial order had made generally applicable.

Answering questions put by the national court hearing the case, the Court found first of all that the agreement itself was contrary to Article 85(1).

The Court then considered the second question put. The Treaty prohibited government measures likely to deprive Articles 85 and 86 of their effectiveness. The Court held that there was such a measure where a Member State reinforced the effects of agreements contrary to Article 85 by means of an order making those agreements generally applicable.

This finding is in line with the principle already stated in *Nouvelles Frontières*<sup>4</sup> and *Vereniging Vlaamse Reisbureaus*<sup>5</sup> to the effect that Member States compromise the effectiveness of Article 85 not only where they require or encourage firms to engage in restrictive practices but also where they reinforce the effects of such practices.

#### Free movement of persons

2.4.27. The judgment in *Unectef v Heylens and Others*<sup>6</sup> concerned mutual recognition of qualifications and its implications for the free movement of workers. Mr Heylens, a Belgian national who held a Belgian football trainer's diploma, was hired by the Lille Olympic Sporting Club as trainer of their professional football team, beginning in the 1984/85 season; he had to stop training the team, however, when the French board adjudicating on the equivalence of qualifications refused to recognize his diploma as equivalent to a French football trainer's diploma. The Court of Justice ruled that the decision of the French authorities was contrary to Article 48 of the EEC Treaty. The principle of freedom of movement for

<sup>1</sup> Case 223/85 *Rijn-Schelde-Verolme Machiefabrieken en Scheepswerven v Commission*.

<sup>2</sup> OJ L 188, 20.7.1985.

<sup>3</sup> Case 136/86.

<sup>4</sup> Joined Cases 209 to 213/84 *Ministère public v Asjes and Others*.

<sup>5</sup> Case 311/85 *Vereniging van Vlaamse Reisbureaus v Sociale Dienst van de Plaatselijke en Gewestelijke Overheidsdiensten*: OJ C 290, 30.10.1987.

<sup>6</sup> Case 222/86: OJ C 300, 10.11.1987.

workers laid down in Article 48 allowed a national authority to refuse to recognize a diploma conferred in another Member State only if it stated its reasons for doing so and if its decision was open to judicial review.

The Court said that where the qualifications necessary for the pursuit of a particular occupation had not been harmonized, Member States were entitled to define such qualifications and require production of a diploma certifying that the holder possessed them; the procedure for recognition of equivalence had to allow the national authorities to satisfy themselves objectively that the foreign diploma certified that its holder had, if not identical, then at least equivalent knowledge and qualifications to those to which the national diploma attested. The existence of a legal remedy against any decision by a national authority refusing to recognize such a right was essential in order to guarantee the individual effective protection of that right. This requirement represented a general principle of Community law, deriving from the constitutional traditions common to the Member States and embodied in Articles 6 and 13 of the European Convention on Human Rights.

### Equal treatment for men and women

2.4.28. In *Delauche v Commission*<sup>1</sup> Mrs Delauche, a Commission official who had applied for a vacant post of head of division, sought the annulment of a decision by which the Commission appointed another applicant to the post.

Mrs Delauche argued that, where several applicants were equally well qualified for a post and one sex was seriously under-represented at the level in question, preference should be given to an applicant of the under-represented sex. The Court rejected this contention, citing the Commission's answer to her original complaint, from which it emerged that the Commission did not consider her to be as well qualified as the other applicant to occupy the post; thus the Court did not have to consider whether

an applicant of the under-represented sex would indeed have been entitled to preference in the situation described.

The Court also held that the principle of equal treatment for men and women did not impose any obligation to state reasons to promote officials, even where certain applicants were women, a finding it had already made in the *Bonino* case.<sup>2</sup>

### Common agricultural policy and fisheries

2.4.29. In *Grands Moulins de Paris v Council and Commission*<sup>3</sup> the Court held that the Commission's refusal to include a new cereal product manufactured by the applicant, 'granidon', among the starch products eligible for production refunds did not render the Community liable for compensation to the applicant.

The judgment sums up previous findings on the non-contractual liability of the Community; in the case before it the Court found that there was no infringement of the principle of equal treatment of producers, as the applicant had failed to satisfy the Court that 'granidon' was a full substitute for the products qualifying for a Community subsidy, nor had the Commission manifestly and seriously disregarded the limits on the exercise of its powers.

The Court thus confirmed that the Community institutions' liability for loss suffered as a result of regulations adopted by them was subject to strict limits, and stressed the breadth of the discretion left to them to deal with new situations; this contrasts with the Court's previous findings regarding the ending of advantages already enjoyed.

2.4.30. Six Member States brought actions seeking annulment of a total of eight Commission Decisions on the clearance of the accounts presented by them in respect of

<sup>1</sup> Case 111/86.

<sup>2</sup> Case 233/85: OJ C 57, 5.3.1987.

<sup>3</sup> Case 50/86.

the EAGGF Guarantee Section expenditure for 1981 and 1982, in so far as the Commission refused to allow as EAGGF expenditure sums spent by the Member States on intervention measures or export refunds for fish which according to the Commission had been caught in excess of the authorized quotas.

In July 1981, the Council having failed to set catch quotas, the Commission asked the Member States nevertheless to operate in line with the proposals which it had presented.

In its judgments<sup>1</sup> the Court annulled the Commission Decisions on the ground that there were no Community rules within the meaning of Articles 2 and 3 of Council Regulation No 729/70<sup>2</sup> which would justify a refusal to allow the export refunds and intervention measures at issue as EAGGF expenditure, in the absence in particular of the necessary cooperation between the Member States concerned and the Com-

mission. While it accepted that the Council had failed to discharge its obligations with regard to catch quotas, therefore, the Court held that the Commission proposals could not have any binding force.

Nevertheless, in the judgments concerning Germany and the Netherlands, the Court did acknowledge that measures for the conservation of fish stocks formed part of the common organization of the fisheries market within the meaning of Articles 2 and 3 of Council Regulation No 729/70, and that export refunds and intervention measures which infringed such measures could not be financed by the EAGGF. Where there is a binding rule laying down quotas, then, the Commission is entitled to disallow expenditure incurred as a result of overfishing.

<sup>1</sup> Case 325/85 *Ireland*, Case 326/85 *Netherlands*, Case 332/85 *Germany*, Case 336/85 *France*, Case 346/85 *United Kingdom*, Case 348/85 *Denmark*, Case 237/86 *Netherlands* and Case 239/86 *Ireland v Commission*.

<sup>2</sup> OJ L 94, 28.4.1970.

2.4.31. New cases

Case	Subject	Basis
ECSC — Steel		
381/87 <i>Hoogovens Groep v Commission</i> <sup>1</sup>	Annulment of the Commission Decision of 10 November 1987 imposing a fine on Hoogovens for exceeding its production quota or, in the alternative, reduction of the fine.	Article 33 ECSC
384/87 <i>Siderpotenza v Commission</i> <sup>2</sup>	Annulment of the Commission Decision of 10 November 1987 imposing a fine on Siderpotenza for exceeding its production quota or, in the alternative, reduction of the fine to the symbolic sum of 1 ECU.	Article 33 ECSC
385/87 <i>Laminazione Acciai Speciali v Commission</i> <sup>2</sup>	Annulment of the Commission Decision of 10 November 1987 imposing a fine on Laminazione Acciai Speciali for exceeding its production quota or, in the alternative, reduction of the fine to the symbolic sum of 1 ECU.	Article 33 ECSC



Case	Subject	Basis
<p><b>Customs union</b></p> <p>386/87 Société Bessin et Salson v Administration des douanes<sup>3</sup></p>	<p>Do the provisions of Council Regulation No 1430/79 on the repayment or remission of import or export duties apply in a case where an application for reimbursement of customs duties was submitted to the competent authorities of a Member State by an importer after that Regulation had entered into force in respect of duties paid prior to its entry into force?</p>	<p>Article 177 EEC</p>
<p><b>Free movement of workers</b></p> <p>368/87 Troiani v Landesversicherungsanstalt Rheinprovinz<sup>4</sup></p>	<p>1. Is Article 9(2) of Council Regulation No 1408/71 to be construed as covering cases in which a retrospective payment of voluntary pension-insurance contributions is conditional on the individual's being engaged, at the time of the application, in employment subject to the compulsory pension-insurance contributions under national law?</p> <p>2. If not, does a national provision such as the one described in question 1 contravene Article 48 <i>et seq.</i> of the EEC Treaty or any other provisions of Community law?</p>	<p>Article 177 EEC</p>
<p>390/87 Moritz v Minister van Onderwijs en Wetenschappen<sup>1</sup></p>	<p>Under what conditions (notably from the point of view of continuity of studies and of residence of the person concerned and his parents) does a national system of student funding fall within the scope of Article 12 of Council Regulation No 1612/68?</p>	<p>Article 177 EEC</p>
<p><b>Taxation</b></p> <p>363 to 367/87 Sofel, Auber, Auber, Sofel and Pellerey v Directeur des services fiscaux de Haute-Savoie<sup>5</sup></p>	<p>Must the term 'turnover tax' contained in Article 33 of the Sixth EEC Directive be interpreted as applying to taxes, duties or charges which, although treated by French domestic legislation as constituting indirect taxation of a flat-rate nature, nevertheless presuppose the existence of a business and whose yield, as a result of a difference in the applicable rates depending on the location of the taxable machines or the greater or lesser degree of sophistication of their mechanisms, appears related to foreseeable turnover, although it is not expressed as a percentage of actual takings?</p>	<p>Article 177 EEC</p>
<p><b>Competition</b></p> <p>373/87 Société des auteurs, compositeurs et éditeurs de musique (Sacem) v La Croisette<sup>4</sup></p>	<p>1. Is the amount of the fee or of the combined fees fixed by Sacem, which occupies a dominant position in a substantial part of the common market and enjoys a <i>de facto</i> monopoly in France in copyright management and the charging of royalties connected therewith, compatible with Article 86 of the EEC Treaty?</p>	<p>Article 177 EEC</p>

Case	Subject	Basis
374/87 CdF Chimie v Commission <sup>6</sup>	<p>2. Is the organization by means of a group of agreements known as reciprocal representation agreements of a <i>de facto</i> monopoly in the countries of the European Economic Community, enabling a copyright-management society pursuing its activities in a Member State to fix under a contract of association a general fee which must be paid by users before exploiting foreign works, liable to constitute a concerted practice covered by the prohibition in Article 85(1) of the EEC Treaty?</p> <p>Annulment of the Commission Decision of 9 November 1987 inasmuch as it infringes the EEC Treaty, and in particular Articles 85 and 86 thereof, and Article 11 of Council Regulation No 17.</p>	Article 173 EEC
395/87 Ministère public v X, partie civile: Jean Verney, Managing Director of Pagoda Juan — Whisky à Gogo <sup>7</sup>	<p>1. Is the amount of the fee or of the combined fees fixed by Sacem, which occupies a dominant position in a substantial part of the common market and enjoys a <i>de facto</i> monopoly in France in copyright management and the charging of royalties connected therewith, compatible with Article 86 of the EEC Treaty?</p> <p>2. Is the organization by means of a group of agreements known as reciprocal representation agreements of a <i>de facto</i> monopoly in the countries of the European Economic Community, enabling a copyright-management society pursuing its activities in a Member State to fix under a contract of association a general fee which must be paid by users before exploiting foreign works, liable to constitute a concerted practice covered by the prohibition in Article 85(1) of the EEC Treaty?</p>	Article 177 EEC
27/88 Solvay v Commission <sup>8</sup>	Annulment of the Commission Decision of 24 November 1987 relating to a proceeding under Article 11(5) of Council Regulation No 17.	Article 173 EEC
<b>State aid</b>		
347/87 Triventa Zuccheri and Others v Commission <sup>9</sup>	Annulment of the Commission Decision of 8 April 1987 on aid granted to Italian sugar traders/importers declaring the aid unlawful and incompatible with Article 92 of the EEC Treaty.	Article 173 EEC
<b>Social security</b>		
379/87 Groener v Minister for Education and the City of Dublin Vocational Committee <sup>1</sup>	Obligation on all teachers in institutions financed by a Member State to have a competent knowledge of a language which is an official language in that State.	Article 177 EEC

Case	Subject	Basis
<p><b>Social security</b></p> <p>388/87 Bestuur van de Nieuwe Algemene Bedrijfsvereniging v Warmerdam-Steggerda<sup>10</sup></p>	<p>1. Does the fact a person is only insured, within the meaning of Council Regulation No 1408/71 as that Regulation was then worded, for one or more contingencies belonging to only one branch of a social security scheme (in this case, the branch mentioned in Article 4(1)(e)) confer on that person the status of worker which is required in order for a person to enjoy the advantages afforded by the Regulation with regard to another branch of social security (in this case, the branch mentioned in Article 4(1)(g))?</p> <p>2. May the competent institution of a Member State, as referred to in Article 67(1) of Regulation No 1408/71 as that Regulation was then worded, only take into account, for the purpose of applying the legislation of that Member State, 'periods of employment' completed under the legislation of another Member State (which satisfy the condition that they would have been counted as periods of insurance had they been completed under the first-mentioned legislation) if those periods of employment are also defined or recognized by the legislation under which they were completed as periods of insurance for the purposes of the same branch of social security?</p>	<p>Article 177 EEC</p>
<p>389/87 Echternach v Minister van Onderwijs en Wetenschappen<sup>1</sup></p>	<p>1. Under what conditions (notably from the point of view of continuity of studies and of residence of the person concerned and his parents) does a national system of student funding fall within the scope of Article 12 of Council Regulation No 1612/68?</p> <p>2. Does employment governed by provisions of international law fall within the scope of Article 48(4) of the EEC Treaty?</p> <p>3. Do the words 'general educational, apprenticeship and vocational training courses' (Article 12 of the Regulation No 1612/68) cover economics studies at university?</p>	<p>Article 177 EEC</p>
<p>1/88 Baldi v Caisse de compensation pour allocations familiales de l'union des classes moyennes<sup>3</sup></p>	<p>Is Article 78(2) of Regulation No 1408/71 to be interpreted as meaning that an orphan in respect of whom family allowances are payable at the rate for orphans as a result of the death of his mother, who was not an employed person, may, as a result of a change of residence to the territory of another Member State by which family allowances are payable at a different rate, forfeit the family allowances payable by the first Member State, or as meaning that he is entitled to receive from the competent</p>	<p>Article 177 EEC</p>

Case	Subject	Basis
<p><b>Agriculture</b></p>	<p>institution of the first Member State the difference between the family allowances payable in the second Member State and the orphan's allowances previously payable?</p>	
<p>37/87 Butter und Eier Zentralgenossenschaft Oldenburg v Bundesanstalt für landwirtschaftliche Marktordnung<sup>7</sup></p>	<p>Validity, from the point of view of legal basis and the principle of proportionality, of Article 15 of Commission Regulation No 2729/81 laying down special rules implementing the system of import and export licences and the advance fixing of refunds in respect of milk and milk products, as amended by Regulation No 3034/82 and Article 8 of Regulation No 1994/84.</p>	<p>Article 177 EEC</p>
<p>8/88 Germany v Commission<sup>11</sup></p>	<p>Annulment of Commission Decision 87/541/EEC on the clearance of the accounts presented by the Member States in respect of the EAGGF Guarantee Section expenditure for 1984 and 1985 in so far as it refused to recognize as chargeable to the EAGGF premiums paid to producers in certain parts of North Rhine-Westphalia, Bavaria and Baden-Württemberg.</p>	<p>Article 173 EEC</p>
<p>10/88 Italy v Commission<sup>12</sup></p>	<p>Partial annulment of the Commission Decision of 21 October 1987 amending Commission Decisions 87/468/EEC and 87/469/EEC on the clearance of the accounts presented by the Member States in respect of the EAGGF Guarantee Section expenditure for 1984 and 1985.</p>	<p>Article 173 EEC</p>
<p>11/88 Commission v Council<sup>10</sup></p>	<p>Annulment of Council Directive 87/519/EEC on undesirable substances and products in animal nutrition.</p>	<p>Article 173 EEC</p>
<p>14/88 Italy v Commission<sup>13</sup></p>	<p>Partial annulment of the Commission Decision of 5 November 1987 on the refunding by the EAGGF Guidance Section to Italy of the aid for 1984 granted to producers of fruit and vegetables.</p>	<p>Article 173 EEC</p>
<p>20/88 Roquette Frères v Commission<sup>14</sup></p>	<p>Compensation for loss occasioned by the obligation to pay MCAs under a measure declared unlawful by the Court, the damage to be made good being greater than the amount of the excess payment.</p>	<p>Article 215 EEC</p>
<p><b>Fisheries</b></p>		
<p>6/88 Spain v Commission<sup>10</sup></p>	<p>Annulment of Commission Regulation No 3151/87 concerning the catch declarations of vessels flying the flag of a Member State and operating in the fishing zones of certain developing countries.</p>	<p>Article 173 EEC</p>
<p>7/88 France v Commission<sup>1</sup></p>	<p>Annulment of Commission Regulation No 3151/87 concerning the catch declarations of vessels flying the flag of a Member State and operating in the fishing zones of certain developing countries.</p>	<p>Article 173 EEC</p>

Case	Subject	Basis
<p><b>Protection of the environment</b></p> <p>380/87 Enichem Base and Others v Municipality of Cinisello Balsamo<sup>3</sup></p>	<p>Do Council Directives 75/442/EEC, 78/319/EEC and 76/403/EEC preclude a local authority measure prohibiting the furnishing to consumers of non-biodegradable carrier bags and the sale or distribution of plastic bags for the purpose of removing purchased goods?</p>	<p>Article 177 EEC</p>
<p><b>Budget</b></p> <p>16/88 Commission v Council<sup>10</sup></p>	<p>Annulment of Article 6(4) of Council Regulation No 3252/87 on the coordination and promotion of research in the fisheries sector inasmuch as it makes the exercise of the Commission's exclusive powers in regard to the implementation of the budget subject to recourse to the so-called management committee procedure.</p>	<p>Article 173 EEC</p>
<p><b>Infringements</b></p> <p>3/88 Commission v Italy<sup>1</sup></p>	<p>Seeking a declaration that, by adopting provisions that are intended to reserve exclusively to companies in which all or a majority of the shares are in public or State ownership, either directly or indirectly, the possibility of concluding with the Italian State agreements for the establishment of data-processing systems on behalf of the public authorities, Italy has failed to fulfil its obligations under Articles 52 and 59 of the EEC Treaty and Council Directive 77/62/EEC coordinating procedures for the award of public supply contracts.</p>	<p>Article 169 EEC</p>
<p>23/88 Commission v Belgium<sup>14</sup></p>	<p>Seeking a declaration that, by adopting and maintaining in force administrative practices consisting in the drawing-up of individual situation reports, including fingerprints, on foreigners residing in Belgium although they are nationals of another Member State and are covered by the Community rules on freedom of movement, Belgium has failed to fulfil its obligations under the Treaty and under Council Directives 68/360/EEC and 73/148/EEC.</p>	<p>Article 169 EEC</p>

#### Disputes between the Community and its staff

v Commission:

2/88 Leva and Others<sup>1</sup> — Annulment of the letter rejecting an application for the transfer of national pension rights to the Community scheme.

v Economic and Social Committee:

17/88 Patrinos<sup>15</sup>

- <sup>1</sup> OJ C 37, 9.2.1988.
- <sup>2</sup> OJ C 47, 19.2.1988.
- <sup>3</sup> OJ C 24, 29.1.1988.
- <sup>4</sup> OJ C 21, 27.1.1988.
- <sup>5</sup> OJ C 16, 21.1.1988.
- <sup>6</sup> OJ C 25, 30.1.1988.
- <sup>7</sup> OJ C 27, 2.2.1988.
- <sup>8</sup> OJ C 51, 23.2.1988.
- <sup>9</sup> OJ C 350, 29.12.1987.
- <sup>10</sup> OJ C 38, 10.2.1988.
- <sup>11</sup> OJ C 45, 18.2.1988.
- <sup>12</sup> OJ C 43, 16.2.1988.
- <sup>13</sup> OJ C 55, 26.2.1988.
- <sup>14</sup> OJ C 48, 20.2.1988.
- <sup>15</sup> OJ C 40, 12.2.1988.

### 2.4.32. Judgments

Date and Case	Held
<p><b>Customs union</b></p> <p>19.1.1988: 141/86 The Queen v HM Customs and Excise <i>ex parte</i> Imperial Tobacco<sup>1</sup></p> <p>22.1.1988: 378/87R Top Hit Holzvertrieb v Commission<sup>2</sup></p> <p><b>Right of establishment and freedom to provide services</b></p> <p>19.1.1988: 292/86 Gullung v Conseils de l'Ordre des avocats du barreau de Colmar et de Saverne<sup>2</sup></p>	<p>1. Commission Regulation No 3517/84 must be interpreted as meaning that stems of flue-cured Virginia type tobacco must be classified under CCT subheading 24.01 B</p> <p>2. Consideration of the questions raised has disclosed no factor of such a kind as to affect the validity of that Regulation</p> <p>Removed from the Court Register (application for interim measures dismissed without a hearing as inadmissible for lack of substantiation of the urgency of the case)</p> <p>1. A person who is a national of two Member States and who has been admitted to a legal profession in one of those States may rely, in the territory of the other State, upon the provisions of Directive 77/249/EEC to facilitate the effective exercise by lawyers of freedom to provide services where the conditions for the application of that Directive, as defined therein, are satisfied</p> <p>2. Directive 77/249/EEC must be interpreted as meaning that its provisions may not be relied upon by a lawyer established in one Member State with a view to pursuing his activities as a provider of services in the territory of another Member State where he had been barred from access to the profession of <i>avocat</i> in the latter Member State for reasons relating to dignity, good repute and integrity.</p> <p>3. Article 52 of the EEC Treaty must be interpreted as meaning that a Member State whose legislation requires lawyers to be registered at a</p>

Date and Case	Held
<p><b>Agriculture</b></p>	<p>bar may impose the same requirement on lawyers from other Member States who take advantage of the right of establishment guaranteed by the Treaty in order to establish themselves as members of a legal profession in the territory of the first Member State</p>
<p>27.1.1988: 349/85 Denmark v Commission<sup>3</sup></p>	<p>Commission Decisions 85/450/EEC and 85/451/EEC on the clearance of accounts presented by Denmark in respect of the EAGGF Guarantee Section expenditure for 1980 and 1981 are declared void in so far as they did not accept for Community financing the sums of DKR 18 175 950.25 and DKR 31 664 013.16 paid by way of refunds in respect of 'bovine meat' for 1980 and 1981 respectively</p>
<p>27.1.1988: 376/87R Distrivet v Council</p>	<p>Removed from the Court Register (suspension of the application of Council Decision 87/561/EEC on the administration of hormones to farm animals and application for urgent interim measures)</p>
<p><b>Fisheries</b></p>	<p>Application dismissed (annulment of Council Regulation No 3781/85 laying down the measures to be taken in respect of operators who do not comply with certain provisions relating to fishing contained in the Act of Accession of Spain and Portugal)</p>
<p>14.1.1988: 55/86 Asociación Provincial de Armadores de Buques de Pesca de Gran Sol de Pontevedra v Council<sup>4</sup></p>	<p>1. Articles 100 and 102 of the Act of Accession of 1972, Articles 1 and 2(1) of Regulation No 101/76 and Article 6 of Regulation No 170/83 do not preclude a Member State from enacting legislation requiring a minimum proportion of the crews of vessels which are entered in its registers and which fish within its exclusive fishing limits to be Community nationals</p> <p>2. Such national legislation does not contravene Article 7 of the EEC Treaty</p>
<p><b>External relations</b></p>	
<p>20.1.1988: 208/87 Cakal v Stadt Kassel</p>	<p>Removed from the Court Register (is a decision refusing an extension of a Turkish national's residence permit, which was intended to enable him to conduct his married life in Germany, made, after his marriage had in the mean time been dissolved, solely for the purpose of preventing his immigration, compatible with Article 12 of the Association Agreement and with Article 36 of the Additional Protocol where the applicant has hitherto been lawfully resident in Germany, is in permanent employment and holds a work permit which is valid until 1989?)</p>

Date and Case	Held
<p><b>Infringements</b></p> <p>14.1.1988: 227 to 230/85 Commission v Belgium<sup>4</sup></p> <p>14.1.1987: 63/86 Commission v Italy<sup>4</sup></p>	<p>Belgium has failed to fulfil its obligations under the Treaty by refusing, in defiance of the judgments of the Court of 2 February 1982 (<i>Commission v Belgium</i>, Cases 68, 69, 70 and 71/81) to adopt the measures necessary to implement Council Directives 78/176/EEC on waste from the titanium dioxide industry, 75/442/EEC on waste, 75/439/EEC on the disposal of waste oils and 76/403/EEC on the disposal of polychlorinated biphenyls and polychlorinated terphenyls</p> <p>Italy has failed to fulfil its obligations under Articles 52 and 59 of the EEC Treaty by restricting to Italian nationals, by means of various legislative measures, access to ownership and rental of housing constructed or renovated with the aid of public funds, and access to reduced-rate mortgages</p>

**Disputes between the Community and its staff**

v Court of Auditors:  
 19.1.1988: 2/87 Biedermann<sup>1</sup> — Application dismissed

<sup>1</sup> OJ C 40, 12.2.1988.  
<sup>2</sup> OJ C 51, 23.2.1988.  
<sup>3</sup> OJ C 48, 20.2.1988.  
<sup>4</sup> OJ C 37, 9.2.1988.

**Economic and Social Committee**

*252nd plenary session*

2.4.33. The Economic and Social Committee held its 252nd plenary session in Brussels on 27 and 28 January with Mr Margot in the chair.<sup>1</sup> The session was attended by Mr Delors, President of the Commission, and Lord Plumb, President of Parliament.

Mr Delors presented the Commission's programme<sup>2</sup> (→ point 1.1.1 *et seq.*) and Lord Plumb gave an account of relations between the Committee and Parliament and called for increased cooperation.

In preparation for the Brussels European Council, the Committee adopted a resolution in support of the overall strategy proposed by the Commission and adopted

opinions to supplement the position it took in November.<sup>3</sup>

**Industrial products**

2.4.34. The Committee adopted with eight votes against and nine abstentions an opinion on two proposals for Directives on the approximation of the laws of the Member States relating to spray-suppression devices and to lateral protection (side guards) of certain motor vehicles and their trailers.<sup>4</sup>

The Committee welcomed these proposals in the interest of road safety, suggesting certain changes to maintain some flexibility

<sup>1</sup> Previous session: Bull. EC 12-1987, point 2.4.28 *et seq.*  
<sup>2</sup> Supplement 1/88 — Bull. EC.  
<sup>3</sup> Bull. EC 11-1987, points 1.1.7, 1.1.9, 1.1.11 and 1.1.12.  
<sup>4</sup> OJ C 265, 5.10.1987; Bull. EC 7/8-1987, point 2.1.15.



in the introduction of the measures adopted, in particular as regards the dates proposed by the Commission for their entry into force.

### Foodstuffs

2.4.35. The Committee unanimously approved the proposal for a Directive<sup>1</sup> amending for the ninth time the Directive of 24 July 1973 on the approximation of the laws of the Member States relating to cocoa and chocolate products intended for human consumption.<sup>2</sup>

### JRC research programmes (1988-91)

2.4.36. The Committee adopted by a very large majority (two votes against and two abstentions) an opinion on the proposals for Decisions adopting specific research programmes for 1988-91 to be carried out by the Joint Research Centre for the EEC and Euratom and the proposal for a Decision adopting a supplementary research programme to be carried out by the Joint Research Centre for Euratom.<sup>3</sup>

The Committee welcomed these proposals but expressed certain reservations concerning project specification and considered that the progress made in connection with the proposed changes should be periodically assessed so that the Commission's proposals could be applied as effectively as possible and preparations made for the next JRC programme.

### Nuclear fusion energy

2.4.37. The Committee unanimously adopted an opinion on the proposal for a Regulation adopting a research and training programme (1987-91) in the field of controlled nuclear fusion and on the proposal for a Decision approving amendments to the Statutes of the JET Joint Undertaking.<sup>4</sup> The Committee supports these two proposals without reservation.

### FAST programme

2.4.38. The Committee adopted *nem. con.* with two absentions an opinion on the proposals for a Council Decision concerning Community action in the field of forecasting and assessment in science and technology.<sup>5</sup>

The Committee approved the proposal but considered it essential to disseminate the findings of FAST II as a matter of urgency so that the programme could obtain a greater response in the Member States.

### Biotechnology

2.4.39. The Committee adopted *nem. con.* with one abstention an opinion on the proposal for a Decision revising the multiannual research action programme in the field of biotechnology (1985-89).<sup>6</sup>

The Committee supported the programme proposed by the Commission and approved the increase in its financial allocation.

### Tax exemptions

2.4.40. The Committee unanimously adopted an opinion on the proposal for a Directive<sup>7</sup> amending for the fifth time the Directive of 19 December 1974 on the tax reliefs to be allowed on the importation of goods in small consignments of a non-commercial character within the Community.<sup>8</sup>

The Committee approved the proposal to increase the allowance from 100 to 110 ECU but reiterated its preference for an automatic annual adjustment.

### Agricultural stabilizers

2.4.41. The Committee adopted by 70 votes to 24, with 18 abstentions, an opinion

<sup>1</sup> OJ C 16, 21.1.1988; Bull. EC 12-1987, point 2.1.15.

<sup>2</sup> OJ L 228, 16.8.1973.

<sup>3</sup> Bull. EC 10-1987, points 1.3.1 to 1.3.4.

<sup>4</sup> OJ C 247, 15.9.1987; Bull. EC 7/8-1987, point 2.1.55.

<sup>5</sup> OJ C 39, 11.2.1988; Bull. EC 10-1987, point 2.1.33.

<sup>6</sup> OJ C 15, 20.1.1988; Bull. EC 10-1987, point 2.1.39.

<sup>7</sup> OJ C 5, 9.1.1988; Bull. EC 12-1987, point 2.1.94.

<sup>8</sup> OJ L 354, 30.12.1974.

on the application of agricultural stabilizers and on the proposals concerning sugar, milk, sheepmeat and goatmeat, and other products.<sup>1</sup>

These comments on what are essentially technical proposals for a number of agricultural products supplemented the opinion adopted in November.<sup>2</sup>

### Veterinary and animal husbandry legislation

2.4.42. The Committee unanimously adopted an opinion on the proposal for a Directive concerning pure-bred breeding sheep and goats.<sup>3</sup>

The Committee endorsed the proposal, which it considered crucial for the smooth operation of the internal market. It made a number of comments on the definition of 'pure-bred' and 'flock book'.

### Road safety

2.4.43. The Committee adopted by a large majority (11 votes against and 15 abstentions) an opinion on the proposal for a Directive on the approximation of the laws of the Member States relating to the tread depth of tyres of certain categories of motor vehicles and of their trailers.<sup>4</sup>

The Committee approved the proposal, which is intended to enhance road safety in the Community. However, it urged that standard requirements for the statutory technical inspection of vehicles should be adopted to accompany the application of this proposal. It also considered that the adoption by the Community of standard requirements for the approval of types (design, performance and marking) was a *sine qua non* for making the Directive work effectively.

### Sea transport

2.4.44. The Committee adopted *nem. con.* with one abstention an opinion on the Commission's communication to the Council on the United Nations Convention

on Conditions for the Registration of Ships, accompanied by a proposal for a Decision on the common position to be adopted by the Member States when signing and ratifying this Convention.<sup>5</sup>

The Committee considered that the problems raised by the Commission (incompatibility between the Convention and the Treaty, the need for a reservation by the Community) were of a legal nature and appropriate legal opinions should be sought to find a solution. It also pointed out that any Member State acceding to the Convention should apply the provisions in accordance with its Treaty obligations.

### Alternative energy sources

2.4.45. The Committee adopted *nem. con.* with one abstention an opinion on the proposal for a Council recommendation to the Member States on developing the exploitation of renewable energy sources in the Community.<sup>6</sup>

The Committee welcomed the proposal but pointed out that Community programmes in this area were still running into certain difficulties which reduced their effectiveness. It therefore proposed that demonstration centres for new and renewable energy sources be set up in a number of Community countries and regions to establish the findings of Community projects and assess them at regional level, to implement adaptation projects and to monitor the demonstration projects.

It also suggested that financial support should not be granted to feasibility studies but, as a priority, to projects involving equipment which could produce real energy gains in the course of the next few years.

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<sup>1</sup> Bull. EC 9-1987, point 1.5.1.

<sup>2</sup> Bull. EC 11-1987, point 1.1.11.

<sup>3</sup> OJ C 348, 23.12.1987; Bull. EC 12-1987, point 2.1.229.

<sup>4</sup> OJ C 279, 17.10.1987; Bull. EC 9-1987, point 2.1.182.

<sup>5</sup> Bull. EC 9-1986, point 2.1.152.

<sup>6</sup> OJ C 279, 17.10.1987, Bull. EC 9-1987, point 2.1.192.

## Own resources

2.4.46. The Committee adopted, with two votes against, an opinion on the proposal for a Decision on own resources.<sup>1</sup>

The Committee endorsed this proposal. It also warned that the present situation could deteriorate following the setback at the Copenhagen European Council.

## Budgetary discipline

2.4.47. The Committee adopted, with two votes against, an opinion approving the Communication on budgetary discipline.<sup>2</sup>

The Committee welcomed the Commission's attempt to improve budgetary discipline, which should make it possible to enhance the economic and social cohesion of the Community.

## European Investment Bank<sup>3</sup>

### *Operations in 1987*

#### General situation

2.4.48. Lending by the European Investment Bank in 1987 totalled 7 840 million ECU,<sup>4</sup> an increase of some 4% (2.6% in real terms) compared with 1986. Within the Community, the EIB advanced 7 000 million ECU in loans from its own resources and almost 450 million ECU in loans from New Community Instrument (NCI) resources.<sup>5</sup> Outside the Community, a total of 392 million ECU was made available, comprising 189 million ECU from own resources and 203 million ECU from budgetary resources.

Salient features of the 1987 financial year were:

(i) signature of the UKL 1 000 million/FF 10 000 million co-financing agreement (1 400 million ECU) for the Eurotunnel project: of exceptional importance to the Community's transport network, the Channel

Tunnel is seen as a project which will provide a significant stimulus to Europe's economy; the first series of loans should be disbursed during 1988, with disbursements scheduled throughout the construction period (1988-93), so the loan amounts in question are not incorporated in the statistics for Bank activity in 1987;

(ii) at 1 600 million ECU, the volume of loans centred on projects designed to protect the environment in 1987, European Year of the Environment, amounted to more than twice as much as the previous year (702 million ECU).

(iii) a surge in financing for capital investment fostering regional development, which attracted 4 350 million ECU;

(iv) appreciable growth in credit for productive-sector investment, chiefly in industry (2 600 million ECU, compared with 1 900 million ECU in 1986);

(v) an upswing in global loans for small and medium-scale projects (more than 2 000 million ECU made available in all, of which 408 million was furnished from NCI resources); the number of smaller capital projects in receipt of global loan allocations during the year ran to over 3 000, of which more than 2 700 were mounted by small businesses;

(vi) a virtual doubling of financing operations in Spain (707 million ECU) and Portugal (390 million ECU);

(vii) a boost for lending in the ACP States under the Lomé III Convention (349 million ECU, as against 210 million ECU in 1986), while further progress was made towards

<sup>1</sup> OJ C 241, 8.9.1987; Bull. EC 7/8-1987, points 1.1.3 and 1.1.4.

<sup>2</sup> Bull. EC 7/8-1987, points 1.1.5 to 1.1.9.

<sup>3</sup> Further details can be obtained from the Information Division of the European Investment Bank, 100 boulevard Konrad Adenauer, L-2950 Luxembourg (tel. 43791).

<sup>4</sup> The conversion rates at 31 December were 1 ECU = BFR 43.15, DKR 7.94, DM 2.06, DR 164.48, ESC 169.47, FF 6.98, HFL 2.32, IRL 0.78, LFR 43.15, LIT 1 522, PTA 140.57, UKL 0.70, USD 1.30.

<sup>5</sup> OJ L 298, 20.10.1978.

renewing the Financial Protocols with the Mediterranean countries;

(viii) in terms of the Bank's borrowing operations (5 600 million ECU raised in 1987), Community currencies, including the ECU, continued to gain ground, while other currencies, particularly the US dollar, slipped back.

Within the Community, the EIB mounted operations in all the Member States in 1987,<sup>1</sup> particularly vigorous growth being recorded in lending from own resources (up by 325 million ECU). Apart from the high level of lending in Spain and Portugal, there was a substantial upturn in financing operations in France and, although not to the same extent, in Denmark. Italy remained the leading recipient of Bank credit. Lending dipped, however, in Germany, the United Kingdom, Greece, Ireland and the Benelux countries.

Loans granted by the Bank in 1987 from its own and NCI resources accounted for some 51% of Community structural financing<sup>2</sup> and more than 80% of financial support funded from borrowings. Accounting for about 1% of gross fixed-capital formation within the Community in 1987, their relative importance was most pronounced in Portugal (5.1%), Italy (2.4% — 4% however in the case of the Mezzogiorno), Ireland (4.2%), Greece (2.1%) and Spain (1.3%). On the basis of data available at the time of project appraisal, the EIB puts at some 19 400 million ECU the total fixed-asset cost of projects financed in 1987. In terms of employment, these projects are expected to have much the same beneficial impact as in previous years.

Outside the Community, the EIB continued and substantially stepped up (349 million ECU) its lending operations in the African, Caribbean and Pacific States under the third Lomé Convention, which entered into force on 1 May 1986 (and in the overseas countries and territories under the parallel Decision concerning them). In the Mediterranean region, where the Bank lent 43 million ECU, activity was given over to tapping residual funds available for deploy-

ment under EEC Financial Protocols and to paving the way for activation in 1988 of the new generation of Financial Protocols, due to give fresh impetus to EIB operations in these countries.

## Lending within the Community

### *Economic policy objectives*

2.4.49. In line with the EIB's principal task, projects fostering regional development represented the focal point of Bank activity in 1987: a total of 4 350 million ECU was made available for this purpose, representing a notable upturn compared with the 3 700 million ECU provided the previous year. Countries or regions with the severest structural problems (Portugal, Greece, Ireland, Northern Ireland, parts of Italy and Spain) received 70% of lending in this category, in particular regions contending with unemployment rates above, and average income below, the Community average.

With 1987 having been designated European Year of the Environment, the Bank made a significant contribution to the financing of environmental protection projects, doubling the volume of its lending in this area for the second year in succession: 1 579 million ECU as against 702 million ECU in 1986 and 360 million ECU in 1985. Capital investment financed embraced sewerage and sewage disposal schemes, water treatment and purification plants in Italy, the United Kingdom, Portugal, France and Germany, as well as equipment and processes helping to clean up the air we breathe by reducing gaseous emissions from thermal power stations, heating plants and refineries in Greece, Germany, Italy and Denmark. The EIB also contributed towards construction of household waste incineration plants

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<sup>1</sup> No set country or sector quota is applied to the provision of Bank financing; the breakdown of EIB lending depends as much upon demand as upon the viability of the projects put forward and their conformity with the Bank's economic policy objectives.

<sup>2</sup> ECSC, EIB, NCI and Euratom loans, ERDF and EAGGF Guidance Section grants.

in Italy, the United Kingdom and France, and the rehabilitation of derelict sites and the fight against soil erosion in Italy. Smaller-scale items of infrastructure and industrial investment offering environmental benefits likewise attracted subloans from multi-purpose global loan facilities, while sometimes entire global loans were devoted specifically to this end.

EIB activity in this field extends, however, far beyond merely advancing credit for projects directly geared to improving the environment: indeed, when appraising all loan applications, the Bank systematically examines the environmental impact of schemes and their compliance with existing legislation. It also makes a point of encouraging promoters to install equipment limiting the direct and indirect environmental effects to each project to levels even below those called for by law.

Lending to industry registered substantial growth (2 600 million ECU): over 470 million ECU of the total made available went in support of capital investment building on or ushering in advanced technology. The main thrust of the projects financed was on honing the competitive edge of European industry over a broad spectrum of activities.

Again in the productive sector, the EIB continued to channel credit to small and medium-sized firms through its global loan facility: aggregate global loan credit to smaller businesses in 1987 comprised 1 400 million ECU<sup>1</sup> from EIB own resources and 408 million ECU from NCI resources. A large number of subloans are now in the pipeline for allocation under these global loans in coming months. In 1987, 2 800 small and medium-scale industrial ventures attracted subloans worth over 900 million ECU in all: some 1 800 of these ventures received finance of over 610 million ECU from the Bank's own resources, and 980 received 295 million ECU from NCI resources. In addition, 90 allocations (126 million ECU) were channelled to ventures making more efficient use of energy, 44 (74 million ECU) to environmental protection

projects, 9 (25 million ECU) to ventures deploying advanced technology and 98 (78 million ECU) to investment in small and medium-scale infrastructure. Nearly 80% of productive investment financed under global loans in 1987 was undertaken by firms with less than 50 employees.

Taking all global loan allocations between 1983, European Year of Small Businesses, and the end of 1987, the EIB has helped to finance approximately 20 000 smaller-scale productive ventures with credit amounting to some 6 200 million ECU.<sup>2</sup>

Also in the manufacturing sector, 278 million ECU was lent in support of projects involving industrial cooperation between enterprises in different Member States and schemes centred on plant modernization and conversion. The Bank contributed to the modernization of factories producing aluminium in the United Kingdom and Italy, the development of an important copper-mining project in Portugal and the adaptation of Spanish firms to the new market conditions resulting from accession.

Projects contributing to Community energy policy objectives attracted 2 200 million ECU in 1987. Loans promoting efficient use of energy accounted for 863 million ECU of this (393 million ECU for smaller-scale investment and 470 million ECU for district heating or for electricity grid interconnections). Import diversification projects and those furthering the use of natural gas (Italy, Denmark, a gasline in Austria benefiting the Community), coal (to fuel power stations at Brindisi in Italy and Kilroot in Northern Ireland) or lignite (Greece) were funded with loans totalling 696 million ECU. A further 668 million ECU helped Member

<sup>1</sup> Of this total 213 million ECU went to small and medium-sized infrastructure projects in regional development areas.

<sup>2</sup> Beneficiaries of credit from EIB own resources: over 10 000 small firms (300 million ECU); beneficiaries of NCI credit (9 200 small firms (2 400 million ECU). Key data: rational use of energy — 584 projects (530 million ECU); advanced technology — 35 projects (114 million ECU); protection of the environment — 50 projects (87 million ECU).

States to harness indigenous resources, namely crude oil, natural gas and hydro-electric energy in the United Kingdom, Italy, Spain and France, and to develop nuclear power.

When operational, projects financed in 1987 should reduce the Community's dependence on oil imports by some 13.5 million tonnes of oil equivalent (toe) per annum. The cut-back in oil imports achieved by virtue of projects funded by the EIB since 1983 amounts to some 55 million toe, 12 million toe of this realized by dint of more rational use of energy; the overall saving corresponds to some 14% of projected Community oil imports in 1995.

Schemes aimed at developing Community transport infrastructure claimed 655 million ECU in 1987, notably for air transport via loans for airports in the United Kingdom, Italy and France and acquisition of aircraft, notably in Italy, to bolster existing fleets, especially those operating between Member States. The Bank also financed numerous road and motorway sections in Italy, France, Ireland, Spain, Portugal and the United Kingdom, harbours in Italy and the United Kingdom, a tanker in Luxembourg for the conveyance of petrochemical products and improvements to rail links in Spain and Greece.

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Marking a key stage along the road to greater economic and social cohesion within the Community, the entry into force of the Single Act<sup>1</sup> on 1 July 1987 gave added prominence to the part played by the Bank in building a Europe founded on reduction of regional disparities, establishment of the internal market, development of industry through the promotion of advanced technology, enhancement and expansion of Community infrastructure, and protection of the environment. These various priorities highlighted by the Single Act are the basic sectors of EIB activity.

### Lending outside the Community

#### *ACP States and OCTs*

2.4.50. During 1987 the EIB stepped up considerably its financing operations under

the third Lomé Convention activated the previous year. Similar impetus was accorded to parallel aid specifically earmarked for the overseas countries and territories. A total of 161.2 million ECU was made available from the Bank's own resources<sup>2</sup> and 188.2 million ECU from risk capital resources, making 349.4 million ECU in all, in contrast to 209.7 million ECU in 1986. Loans were advanced in 33 separate ACP States and two OCTs, while 19 ACP States also benefited from finance for broad-based regional projects in West and East Africa. Angola and Mozambique became beneficiaries of Bank lending for the first time after joining the ranks of the ACP countries when the third Lomé Convention came into force.

As in previous years, funding by the EIB in 1987 went mainly to industry and to the agricultural-processing sector (27% for fairly large projects and 31% for smaller firms via national or regional development banks). Next in line, with the emphasis on making the most of indigenous resources, came the energy sector (22%), followed by telecommunications (9%), water supply (7%) and port infrastructure (3%). Some two thirds of industrial projects financed under individual loans or global loans (115 smaller ventures attracting 32 million ECU) were designed first and foremost to exploit domestic resources, to promote local import-substitution activities or to develop exports.

The EIB continued its lending for the rehabilitation of industry and infrastructure either by assisting firms faced with economic difficulties to modernize or restructure, or by contributing to bolstering the finances of companies managing public utilities and to ensuring the smooth working of local water and electricity supplies. In addition, assistance was given to improving telecommunications, water supply, and

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<sup>1</sup> OJ L 169, 29.6.1987; Bull. EC 6-1987, point 2.4.5.

<sup>2</sup> These loans carried a maximum interest subsidy of 3%, drawn from the resources of the European Development Fund, so that the actual rate of interest borne by the borrower amounted to 5%.

electricity generation and distribution with a view to bettering living conditions, creating a more favourable economic climate for business and helping countries to redress their balance of payments, especially by reducing oil imports.

Aggregate capital investment co-financed totalled 1 175 million ECU. As in previous years, there was a high incidence of co-financing operations in which EIB credit was made available in tandem with bilateral aid from the Member States, multilateral aid from international organizations and finance provided by the Commission of the European Communities (European Development Fund) and other banks.

#### *Mediterranean Financial Protocols*

2.4.51. With activity tending to be focused

on negotiating and concluding the new generation of Financial Protocols between the Community and most of the Mediterranean countries (i.e. the Maghreb and Mashreq countries, Israel and Yugoslavia), the Bank continued to deploy the balance of funds still available under earlier protocols, while programming and studying projects to be mounted under the new ones scheduled to enter into effect during 1988. Lending during the year thus took the form of the commitment of 42.8 million ECU in residual funds (27.7 million ECU drawn from the EIB's own resources and 15.1 million ECU from budgetary resources). Of this total, 22 million ECU went to Algeria, 10.6 million ECU to Turkey, 3.1 million ECU to Jordan, 3 million ECU to Malta, 2.6 million ECU to Cyprus and 1.5 million ECU to Tunisia.

Table 6 — *Geographical breakdown of financing provided*

	1987			1986		
		NCI component	%		NCI component	%
Within the Community	7 450.4		100	7 071.1		100
EIB own resources	7 003.4			6 678.1		
NCI resources	446.9			393.0		
Italy	3 112.2	196.2	41.8	3 024.0	111.4	42.8
United Kingdom	1 133.7	14.0	15.3	1 371.5	16.3	19.4
France	1 006.5	76.8	13.5	623.4	58.4	8.8
Spain	707.4	113.7	9.5	409.3	69.0	5.8
Portugal	389.9	9.9	5.2	190.3	29.9	2.7
Denmark	315.3	31.8	4.2	258.2	59.9	3.7
Germany	276.5	—	3.7	441.8	—	6.2
Ireland	178.6	—	2.4	262.1	47.8	3.7
Greece	164.8	4.6	2.2	253.0	—	3.6
Belgium	37.1	—	0.5	46.1	—	0.7
Netherlands	18.0	—	0.2	98.2	—	1.4
Luxembourg	1.6	—	0.1	18.2	—	0.3
Other <sup>1</sup>	108.7	—	1.5	75.0	—	1.1
Outside the Community	392.1			473.7		
EIB own resources	188.9			381.8		
budgetary resources	203.2			91.9		
ACP States	349.3			209.7		
Mediterranean region	42.8			264.0		
Grand total	7 842.5			7 544.8		

<sup>1</sup> Project of direct benefit to the Community but located outside the Member States' territories.

## Borrowings

2.4.52. In 1987 the EIB raised a total of 5 593 million ECU, compared with 6 786 million ECU during the previous year. Of this, 3 769 million ECU was tapped by means of public loan issues, 996 million ECU through private placings, 456 million ECU via interbank operations, 352 million ECU under a US dollar medium-term notes programme and 20 million ECU by allocating to third parties participations in loans, guaranteed by the EIB.

A striking feature of the financial year was that borrowings were raised mainly in marks, whereas the dollar had traditionally headed the list of currencies tapped in the past. As in previous years, the ECU occupied second place, followed by the dollar,

the Italian lira and the yen. Again reflecting the trend of recent years, the EIB also raised appreciable amounts in French, Swiss and Belgian francs, guilders and pounds sterling (see Table 7). Swap operations totalled 326 million ECU, bringing in the equivalent of 193 million ECU in floating-rate US dollars plus 133 million in fixed-rate ECUs.

A relative fall in demand from its borrowers for floating-rate funds prompted the EIB to slacken the pace of its calls on this market, where it raised 393 million ECU as against 541 million in 1986. The Bank concluded two issues (together worth 200 million ECU) in floating-rate lire, one being the first of its kind on the Eurolira market. The balance of 193 million ECU raised in floating-rate dollars has already been mentioned under the heading of swap operations.

Table 7 — *Principal currencies raised*

	1987		1986	
	<i>million ECU</i>			
1. Marks	1 153	(20.6%)	879	(13.0%)
2. ECUs	807	(14.4%)	897	(13.2%)
3. US dollars	722	(12.9%)	1 760	(25.9%)
4. Lire	639	(11.4%)	594	(8.7%)
5. Yen	517	(9.2%)	514	(7.6%)
6. French francs	464	(8.3%)	413	(6.1%)
7. Swiss francs	370	(6.6%)	510	(7.5%)
8. Guilders	338	(6.0%)	515	(7.6%)
9. Belgian francs	302	(5.4%)	263	(3.9%)
10. Pounds sterling	142	(2.5%)	304	(4.5%)

In 1987 the EIB also raised the equivalent of 79 million ECU in Luxembourg francs, 38 million in Danish kroner and 21 million in Austrian schillings.

The trend towards a fall in the relative importance of the dollar in relation to aggregate borrowings gained considerable momentum in 1987, while calls on the mark market showed a steep upturn. Similarly, again in response to demand from borrowers, the ECU continued to occupy second place among currencies tapped.

Hence, the EIB confirmed its prime role on the market for the Community currency, where it is the leading operator on both the borrowing and lending fronts. The main countries in which loans were wholly or partly disbursed in ECUs in 1987 were Italy (360 million), Denmark (261 million), Spain (107 million), (France 83 million), Ireland (79 million), Portugal (68 million), Greece (16 million) and Belgium (14 million).

A general facet of the 1987 financial year was the marked rise in issues on national



markets and the sharp dip in operations in non-Community currencies, which slipped

back from 41.8% of the total in 1986 to 35.1% last year.

## 5. Statistics

### General

#### Combined Nomenclature

2.5.1. Since 1 January a new nomenclature — the Harmonized Commodity Description and Coding System — has been in use throughout the world for tariff and statistical purposes. The changeover from the Customs Cooperation Council Nomenclature to the Harmonized System (HS) involved much drafting and adaptation work, in which the United States, Canada, Japan and the EFTA countries also took part, culminating in the conclusion of an international convention.<sup>1</sup>

The originality of the new classification system lies, however, in its general design: it caters for the needs not only of customs administrations, but also of compilers of external trade statistics, while lending itself to other uses (for example, the establishment of freight tariffs or the provision of a reference framework for nomenclature used in production statistics). The HS thus has a key role to play in transforming the general system of international economic nomenclatures.

In common with the other parties to the international convention, the Community and its Member States have fulfilled their obligation to bring their customs tariff and nomenclature for external trade statistics into line with the HS by introducing the Combined Nomenclature (CN),<sup>2</sup> which all Member States have had to apply from 1 January. From the beginning of this year, then, data relating to the Community's

external trade and to trade between Member States will be supplied to users on the basis of the CN.

The Statistical Office of the European Communities (Eurostat) has published a guide for users.<sup>3</sup>

#### Statistical cooperation

2.5.2. In the course of the month Eurostat staff visited Algeria to carry out preparatory work for a programme of statistical cooperation (in agriculture, external trade and regional statistics) to be financed under the EEC-Algeria Protocol. A Eurostat mission to Trinidad and Tobago should make it possible to finance support over a two-year period for improving the use of statistical data for planning purposes. Lastly, the statistical modules for external trade (program for processing external trade statistics) developed by Eurostat have been used in Niger and Togo.

### Data

#### General economic situation

2.5.3. At the end of January Eurostat published figures concerning gross domestic product in the Community during the third

<sup>1</sup> OJ L 198, 20.7.1987; Bull. EC 4-1987, point 2.1.49.

<sup>2</sup> OJ L 256, 7.9.1987; Bull. EC 7/8-1987, point 2.1.80; Bull. EC 5-1987, point 2.1.58.

<sup>3</sup> Theme 6 — External trade; Series E — Methods. Nomenclature of goods — Correlation between Nimesex 1987 and the CN 1988 (3 vols).

quarter of 1987.<sup>1</sup> Seasonally adjusted GDP in the Community grew at an annual rate of 5.4%. This figure, which is an improvement on the Eurostat forecasts at the beginning of the month, suggests that the forecasts for economic activity for the full year may be revised upwards slightly.

Apart from buoyant domestic demand, a further reason for upward revision is the positive trend in Community exports, whose recovery in the third quarter of 1987 continued into October.

Industrial production in the Community is also rising at an increasingly steady pace, partly because of the recent upturn in the production of investment goods. The industrial production index for the Community in 1987 will probably show an increase of 2% on 1986, as compared with probable increases of between 3 and 3.5% in the United States and between 2.5 and 3% in Japan. By Member State, production was down some 3.5% in Denmark, 2.5% in Greece and 1% in Luxembourg; there was virtually no change in Germany and an increase of 0.5% in Belgium and 1% in the Netherlands; the index rose by 2.0% in France and 3% in Italy and the United Kingdom; the greatest increases were in Portugal (3.5%), Spain (5.0%) and Ireland (nearly 9%).

The levelling-off of unemployment since spring 1987 produced the first, albeit small,

drop (12 000) in the number of registered unemployed in the Community in 14 years. This is largely due to the excellent results in Belgium, the Netherlands and, above all, the United Kingdom. In all other Member States the annual average has shown at least some increase.

The year ended on a good note for inflation in the Community: for the second year running the consumer price index showed no more than a moderate increase (3.2%), and for the first time since 1979 the inflation rate was lower than in the United States (4.4%).

The relatively favourable economic trends in the Community are, however, clouded by the stock market collapse in late 1987 and the ensuing sharp fall in the dollar.

## Publications

### Agricultural statistics

2.5.4. The 1988 Statistical Yearbook for Agriculture was published this month.<sup>2</sup>

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<sup>1</sup> 'Eurostatistics — Data for short-term economic analysis' No 1/1988.

<sup>2</sup> Available from the Office for Official Publications of the European Communities, L-2985 Luxembourg.

FOR THE

**DOCUMENTATION**

# 1. ECU

## Values in national currencies of one ECU

29 January 1988<sup>1</sup>

Belgian franc and Luxembourg franc (convertible)	43.1559
Belgian franc and Luxembourg franc (financial)	43.2483
Danish krone	7.90910
German mark	2.06518
Greek drachma	164.547
Portuguese escudo	168.801
French franc	6.96232
Dutch guilder	2.31930
Irish pound	0.776770
Italian lira	1 520.82
Spanish peseta	140.170
Pound sterling	0.695975
United States dollar	1.23118
Swiss franc	1.68241
Swedish krona	7.41663
Norwegian krone	7.84877
Canadian dollar	1.57062
Austrian schilling	14.5218
Finnish mark	5.01152
Japanese yen	157.554
Australian dollar	1.73186
New Zealand dollar	1.84585

<sup>1</sup> O J C 25, 30.1.1988.

NB: Explanatory notes on the ECU and 'green' rates can be found in Bull. EC 7/8-1982, points 3.1.1 to 3.1.3, and Bull. EC 10-1984, point 3.1.1.

## Representative rates ('green' rates)

Conversion rates into national currencies for the ECU used in connection with the common agricultural policy

January 1988	
National currency	Value in national currency of one ECU
Belgian franc and Luxembourg franc	47.3310 <sup>1</sup>
	48.0467 <sup>2</sup>
	48.0658 <sup>3</sup>
Danish krone	8.58163 <sup>1</sup>
	8.88697 <sup>4</sup>
	8.75497 <sup>5</sup>
German mark	2.41047 <sup>6</sup>
	2.39792 <sup>7</sup>
	2.38516 <sup>5</sup>
Greek drachma	133.321 <sup>4</sup>
	124.840 <sup>5</sup>
	137.262 <sup>8</sup>
	150.275 <sup>1</sup>
	134.174 <sup>7, 9, 10, 11</sup>
128.340 <sup>12, 13</sup>	
Portuguese escudo	181.888 <sup>1, 8</sup>
	173.609 <sup>14</sup>
	171.725 <sup>5, 11</sup>
French franc	7.47587 <sup>6, 3, 11</sup>
	7.69553 <sup>15</sup>
	7.54539 <sup>1</sup>
	7.45826 <sup>2</sup>
	7.43671 <sup>10</sup>
	7.73579 <sup>4</sup>
Dutch guilder	2.70230 <sup>6</sup>
	2.68801 <sup>7</sup>
	2.68749 <sup>1</sup>
	2.67387 <sup>5</sup>
Irish pound	0.832119 <sup>2</sup>
	0.831375 <sup>3</sup>
	0.844177 <sup>15</sup>
	0.843427 <sup>4</sup>
	0.817756 <sup>1</sup>
Italian lira	1 629.00 <sup>16</sup>
	1 613.00 <sup>5</sup>
	1 654.00 <sup>4</sup>
	1 554.00 <sup>1</sup>
	1 597.00 <sup>7, 17</sup>
	1 603.00 <sup>10</sup>

January 1988	
National currency	Value in national currency of one ECU
Spanish peseta	151.806 <sup>1</sup>
	155.786 <sup>2</sup>
	154.213 <sup>3, 10, 11</sup>
	155.643 <sup>4</sup>
Pound sterling	0.694266 <sup>4</sup>
	0.710546 <sup>15</sup>
	0.652575 <sup>1</sup>
	0.665557 <sup>2</sup>
	0.656148 <sup>3</sup>

- <sup>1</sup> For sheepmeat and goatmeat.
- <sup>2</sup> For other livestock products.
- <sup>3</sup> For crop products.
- <sup>4</sup> For pigmeat.
- <sup>5</sup> For other products.
- <sup>6</sup> For milk and milk products.
- <sup>7</sup> For cereals.
- <sup>8</sup> Amounts not related to the fixing of prices.
- <sup>9</sup> For sugar and tobacco.
- <sup>10</sup> For wine.
- <sup>11</sup> For olive oil.
- <sup>12</sup> For other crop products.
- <sup>13</sup> For eggs and poultrymeat.
- <sup>14</sup> For fishery products.
- <sup>15</sup> For beef/veal.
- <sup>16</sup> For fruit and vegetables and tobacco.
- <sup>17</sup> For 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 7/8-1987**

#### *Point 2.1.153*

Commission Decision of 15 July 1987 approving an integrated Mediterranean programme for the Ardèche region

OJ L 21, 27.1.1988

Commission Decision of 15 July 1987 approving an integrated Mediterranean programme for Corsica and for the Drôme

OJ L 32, 4.2.1988.

### **Bull. EC 10-1987**

#### *Points 1.1.1 to 1.1.6*

Proposal for a Council Directive for the implementation of Article 67 of the Treaty — Liberalization of capital movements

Proposal for a Council Directive amending Directive 72/156/EEC on regulating international capital flows and neutralizing their undesirable effects on domestic liquidity

Proposal for a Council Regulation (EEC) establishing a single facility providing medium-term financial support for Member States' balances of payments

OJ C 26, 1.2.1988

#### *Point 2.1.39*

Proposal for a Council Decision revising the multi-annual research action programme for the European Economic Community in the field of biotechnology (1985 to 1989)

OJ C 15, 20.1.1988

#### *Point 2.1.93*

Commission communication on its programme concerning safety, hygiene and health at work

OJ C 28, 3.2.1988

### **Bull. EC 11-1987**

#### *Point 2.1.15*

Proposal for a Council Directive, amending Directives 75/362/EEC, 77/452/EEC, 78/686/EEC, 78/1026/EEC and 80/154/EEC relating to the mutual recognition of diplomas, certificates and other evidence of formal qualifications as doctor, nurse responsible for general care, dental practitioner, veterinary surgeon and midwife, together with Directives 75/363/EEC, 78/1027/EEC and 80/155/EEC concerning the coordination of provisions laid down by law, regulation or administrative action relating to the activities of doctors, veterinary surgeons and midwives

OJ C 353, 30.12.1987

#### *Point 2.1.21*

Proposal for a Council Directive on the approximation of the laws of the Member States relating to machinery

OJ C 29, 3.2.1988

#### *Point 2.1.31*

Guide to the Community rules on open government procurement

OJ C 358, 31.12.1987

#### *Points 2.4.35 to 2.4.47*

Opinions adopted by the Economic and Social Committee during its session on 18 and 19 November 1987

OJ C 356, 31.12.1987

# 3. Infringement procedures

## Initiation of proceedings

3.3.1. In January 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

Council Directive of 1 October 1985<sup>1</sup> amending for the sixth time (PCBs/PCTs) the Council Directive of 27 July 1976 on the approximation of the laws, regulations and administrative provisions of the Member States relating to restrictions on the marketing and use of certain dangerous substances and preparations<sup>2</sup> (Greece).

### Agriculture

Council Directive of 28 July 1986<sup>3</sup> amending the Annexes to the Council Directive of 23 November 1970 concerning additives in feedingstuffs<sup>4</sup> (Belgium).

Council Directive of 16 July 1985<sup>5</sup> supplementing the Council Directive of 13 July 1981 concerning the prohibition of certain substances having a hormonal action and of substances having a thyrostatic action<sup>6</sup> (Germany, Greece, Italy, United Kingdom).

Council Directive of 18 November 1985 introducing Community measures for the control of foot-and-mouth disease<sup>7</sup> (Belgium, Denmark, Greece, France, Italy).

### Transport

Council Directive of 24 July 1986<sup>8</sup> relating to proof of compliance of vehicles with the Council Directive of 19 December 1984 on the weights, dimension and certain other technical characteristics of certain road vehicles<sup>9</sup> (Germany, Greece, Ireland, Luxembourg).

### Reasoned opinions

3.3.2. The Commission delivered reasoned opinions for failure to inform it of national measures to give effect to the following directives:

### Agriculture

Council Directive of 7 February 1983<sup>10</sup> amending the Council Directive of 26 June 1964 on health

problems affecting intra-Community trade in fresh meat<sup>11</sup> (Ireland).

Council Directive of 11 December 1984<sup>12</sup> amending the Council Directive of 26 June 1964<sup>11</sup> as regards brucellosis in respect of the buffered brucella antigen test, the micro-agglutination test and the milk ring test as applied to samples of milk (Italy).

Council Directive of 12 June 1985<sup>13</sup> amending the Council Directive of 26 June 1964<sup>11</sup> as regards certain measures relating to classical swine fever and African swine fever (Italy).

Council Directive of 12 June 1985<sup>13</sup> amending the Council Directive of 22 January 1980<sup>14</sup> as regards certain measures relating to African swine fever (Belgium, Italy).

Council Directive of 12 June 1985<sup>13</sup> amending the Council Directive of 12 December 1972<sup>15</sup> as regards certain measures relating to classical swine fever and African swine fever (Italy).

Council Directive of 12 June 1985<sup>13</sup> amending the Council Directive of 26 June 1964 on health problems affecting intra-Community trade in fresh meat<sup>11</sup> (Belgium, Ireland, Italy).

Council Directive of 12 June 1985<sup>13</sup> amending the Council Directive of 15 February 1971 on health problems affecting trade in fresh poultrymeat<sup>16</sup> (Belgium, Ireland, Italy).

Council Directive of 12 June 1985<sup>13</sup> amending the Council Directive of 21 December 1976 on health problems affecting intra-Community trade in meat products<sup>17</sup> (Belgium, Ireland, Italy).

Council Directive of 12 June 1985<sup>13</sup> amending the Council Directive of 21 December 1976 on health problems affecting intra-Community trade in meat products<sup>17</sup> (Belgium, Italy).

<sup>1</sup> OJ L 269, 11.10.1985

<sup>2</sup> OJ L 262, 27.9.1976.

<sup>3</sup> OJ L 233, 20.8.1986

<sup>4</sup> OJ L 270, 14.12.1970.

<sup>5</sup> OJ L 191, 23.7.1985.

<sup>6</sup> OJ L 222, 7.8.1981.

<sup>7</sup> OJ L 315, 26.11.1985.

<sup>8</sup> OJ L 221, 7.8.1986

<sup>9</sup> OJ L 2, 3.1.1985.

<sup>10</sup> OJ L 59, 5.3.1983.

<sup>11</sup> OJ L 121, 29.7.1964

<sup>12</sup> OJ L 339, 27.12.1984.

<sup>13</sup> OJ L 168, 28.6.1985.

<sup>14</sup> OJ L 47, 21.2.1980.

<sup>15</sup> OJ L 302, 31.12.1972.

<sup>16</sup> OJ L 55, 8.3.1971.

<sup>17</sup> OJ L 26, 31.1.1977.

### Environment and consumer protection

Council Directive of 20 March 1985 on the approximation of the laws of the Member States concerning the lead content of petrol<sup>1</sup> (Greece).

Council Directive of 17 September 1984 on the approximation of the laws of the Member States relating to the permissible sound power level of compressors<sup>2</sup> (Luxembourg).

Council Directive of 17 September 1984 on the approximation of the laws of the Member States relating to the permissible sound power level of tower cranes<sup>2</sup> (Luxembourg).

Council Directive of 17 September 1984 on the approximation of the laws of the Member States relating to the permissible sound power level of welding generators<sup>2</sup> (Luxembourg).

Council Directive of 17 September 1984 on the approximation of the laws of the Member States relating to the permissible sound power level of power generators<sup>2</sup> (Luxembourg).

Council Directive of 17 September 1984 on the approximation of the laws of the Member States relating to the permissible sound power level of powered hand-held concrete-breakers and picks<sup>2</sup> (Luxembourg).

Commission Directive of 11 July 1985<sup>3</sup> adapting to technical progress the Council Directive of 17 September 1984 on the approximation of the laws of the Member States relating to the permissible sound power level of compressors<sup>2</sup> (Luxembourg).

Commission Directive of 11 July 1985<sup>3</sup> adapting to technical progress the Council Directive of 17 September 1984 on the approximation of the laws of the Member States relating to the permissible sound power level of welding generators<sup>2</sup> (Luxembourg).

Commission Directive of 11 July 1985<sup>3</sup> adapting to technical progress the Council Directive of 17 September 1984 on the approximation of the laws of the Member States relating to the permissible sound power level of power generators<sup>2</sup> (Luxembourg).

Commission Directive of 11 July 1985<sup>3</sup> adapting to technical progress the Council Directive of 17 September 1984 on the approximation of the laws of the Member States relating to the permissible sound power level of powered hand-held concrete-breakers and picks<sup>2</sup> (Luxembourg).

Commission Directive of 22 July 1985<sup>4</sup> 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 waste<sup>5</sup> (United Kingdom).

Council Directive of 25 November 1983<sup>6</sup> amending the Council Directive of 25 July 1971 on the approximation of the laws of the Member States relating to textile names<sup>7</sup> (France).

Council Directive of 10 September 1984 relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning misleading advertising<sup>8</sup> (Ireland, United Kingdom).

3.3.3. The Commission also delivered reasoned opinions for failure to incorporate correctly the following directives into national law:

### Employment and social policy

Council Directive of 14 February 1977 on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of businesses<sup>9</sup> (Greece).

### Environment and consumer protection

Council Directive of 15 July 1980 relating to the quality of water intended for human consumption<sup>10</sup> (Ireland).

Council Directive of 15 July 1980 on air quality limit values and guide values for sulphur dioxide and suspended particulates<sup>10</sup> (United Kingdom).

Council Directive of 3 December 1982 on a limit value for lead in the air<sup>11</sup> (United Kingdom).

Council Directive of 20 March 1985 on the approximation of the laws of the Member States concerning the lead content of petrol<sup>12</sup> (Germany, Ireland).

Council Directive of 19 June 1979 on consumer protection in the indication of the prices of food-stuffs<sup>13</sup> (Luxembourg).

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<sup>1</sup> OJ L 96, 3.4.1985.

<sup>2</sup> OJ L 300, 19.11.1984.

<sup>3</sup> OJ L 233, 30.8.1985.

<sup>4</sup> OJ L 272, 12.10.1985.

<sup>5</sup> OJ L 326, 13.12.1984.

<sup>6</sup> OJ L 353, 15.12.1983.

<sup>7</sup> OJ L 185, 16.8.1971.

<sup>8</sup> OJ L 250, 19.9.1984.

<sup>9</sup> OJ L 61, 5.3.1977.

<sup>10</sup> OJ L 229, 30.8.1980.

<sup>11</sup> OJ L 378, 31.12.1982.

<sup>12</sup> OJ L 96, 3.4.1985.

<sup>13</sup> OJ L 158, 26.6.1979.



# 4. Statement on Germany's term as Council President

Strasbourg: 20 January 1988<sup>1</sup>

3.4.1. 'The Treaties of Rome have now been in force for 30 years. Today we stand on the firm foundation of a unique historical achievement which makes the process of European unity irreversible. The Community has largely the European Parliament to thank for what it is today. Our generation's responsibility towards Europe is to complete European union.'

The European Parliament has consistently demonstrated its clear vision of the Community's future. Its draft Treaty establishing the European union reminded the parliaments and governments of the Member States of their common historical duty towards Europe. Without the initiative, encouragement and dynamism of the European Parliament, the Single European Act would never have been concluded. Europe is facing great challenges.

In East-West relations, particularly in relations between the two superpowers, a change for the better is taking place. In the Soviet Union itself a process of internal reconstruction has begun which could lead to a lessening of confrontation and eventually fresh impetus in Europe. The West would be well advised to turn this development to constructive ends.

The Washington Summit —the outcome of which is of unique importance— made the breakthrough to genuine disarmament.

This could be the beginning of a new era in international relations. Europe must play its part in shaping these developments. For this we need forward-looking goals, an unmistakable identity and the will to shape our European destiny.

Europe needs partnership with the Third World. War and famine persist in various parts of the world. In 1987 the world population passed the 5 000 million mark. Only by working together can we accomplish the tasks which therefore face us. This too is the only way to achieve lasting peace in the world.

The world economy is faced with great risks but great opportunities too. Breathtaking technological developments and new industrial centres on the one hand, serious imbalances and far-reaching structural changes on the other. The situation is characterized by unstable financial markets, lower growth rates, high structural unemployment and growing indebtedness, and not only in the Third World.

Even the threat to the natural environment in which we live has a worldwide dimension. We

need common European answers to these challenges more urgently than ever.

We must strengthen the Community from inside and fit it to act more effectively in the outside world.

A united and effective Community is in the interests of Europe as a whole: it safeguards our common future. At the same time it constitutes a hope of peace for the entire world. During the German Presidency we will do our utmost to ensure that the Community is given fresh impetus and shoulders its responsibility for peace with freedom and for economic stability and social progress in Europe and throughout the world.

For these purposes we have to rely in the Council on the cooperation of all Member States. I am gratified that we can count on a European Commission which, under Jacques Delors, plays its part with great imagination, dedication and commitment. We hope also for the support and critical assistance of this House.

The Single European Act has pointed the way which we must now follow. The objectives are clear: internally, completion of the internal market by 1992, reform of the agricultural policy and of the financial bases, strengthening of economic and social cohesion in the Community, greater convergence of economic and monetary policies, the European Technological Community, cross-border environmental protection and the realization of the cultural dimension of our Community; outside the Community, strengthening the constructive role of the Community in the world economy and a common European foreign policy.

In the coming weeks and months two major tasks have priority: the Commission proposals known as the Delors package, and the completion of the internal market. Not until the obstacles to the implementation of the Delors package have been removed can the Community concentrate its energies fully on accomplishing the tasks for the future.

This is why Chancellor Kohl suggested in Copenhagen that the European Council continue its discussions on 11 and 12 February. We are being asked: Will you come to a result in Brussels? We simply have no alternative. We must come to a result — to fail to do so would spell disaster for Europe.

<sup>1</sup> Speech in Parliament by Mr Hans-Dietrich Genscher, incoming President of the Council, on Germany's programme for its six-month term.

The European Parliament's opinion on the reform package and its assessments of the Copenhagen results are important guides for the Presidency. The day before yesterday the Agriculture Council began discussing the particularly difficult agriculture section. On Monday and Tuesday the General Affairs Council will be given over entirely to preparation for the European Council. Then, on 1 and 2 February, it will be up to the conclave of Foreign Ministers to put together the essential points of the Delors package, ready for the Heads of State or Government to take a decision.

I would like to make the following comments on individual parts of the Delors package: reform of the agricultural policy is a key factor. We have to bring supply more into line with demand, so that we can stop producing surpluses and stabilize spending on the common agricultural policy.

Agricultural policy has to give a greater role to market forces, but at the same time it has to guarantee the incomes of economically sound family farms. But the family farms must be the very ones at the focus of our agricultural policy.

The European Council in Copenhagen recognized that, besides market and price policy factors, withdrawing land from production is also a necessary stabilizer. What is needed now is to give practical expression to these stabilizers. This is the aim of the Commission's latest proposals. We await the opinion of this House with interest. The structure of the countryside has been undergoing change for years. We are in the midst of a difficult process of change and adjustment. The process is inevitable, but it has to be socially acceptable. In the Community, and nationally too, we have to take the necessary, reasonable steps to see that it is so, and this has to be done in such a way as to comply with the basic principles of the common agricultural policy. Effective budget discipline is as essential for Community spending as it is for national budgets. It has to show the way ahead for reform of the agricultural policy too, acting as a point of reference to which we must be bound. This requires a realistic financial framework, one that will also take account of the depreciation of large stocks by 1992. Reform of the agricultural policy and budget discipline are at the same time the keys to funding for forward-looking areas of the Community.

Strengthening economic and social cohesion within the Community is a decisive investment in the future of the European internal market. If economic disparities within the Community are evened out, it will be easier for some Member States to create an "area without internal frontiers". We must all do our bit to achieve this goal. For this reason the structural Funds will have to be increased substantially and concentrated on the

structurally less developed regions, for which resources will have to be doubled. This House and the Council must work together closely, within the framework of their budgetary powers, to achieve this. However, we must not confine economic and social cohesion to the structural Funds and providing them with resources. It is just as important to improve the coordination of Member States' economic policies. The European internal market must be allowed to develop its growth potential to the full. For the financing, we shall have to find a compromise as part of the total package that will not overburden any Member State.

The new system of financing will have to be based more closely on the relative wealth and economic strength of the Member States. All in all, it will have to be a more just system. The future ceiling on the Community's own resources can only be established in the decision on the total package, as it depends on other parts of the package. The ceiling will have to be such that in the medium term the Community can develop on a sound financial basis.

The question of whatever budgetary imbalances there may be must also be seen in an overall context. Special compensation for one or more Member States should not in fact be necessary. But the more just the system of financing is, the more it is linked to the economic performance of the individual Member States, the less necessary compensation will be. The Community needs decisions on the Delors package in February, otherwise there can be no budget. Under the emergency budget procedure, spending can be funded only until about the middle of the year. A spirit of compromise is required from all parties.

The German Presidency will urge that each country make a fair contribution. He who would have everything will gain nothing and harm everyone including himself.

The second major priority task before us is the achievement of the internal market. The potential of a market with 320 million consumers must, after all, be allowed to develop to the full. The present situation is one of Community self-limitation and shackling. The internal market requires an effort comparable probably only to the launch of the Communities. We need new economic energy in Europe to reduce unemployment and come to grips with the imbalances in the world economy.

The internal market means new potential for economic growth and employment, new opportunities for technological progress and great savings on costs for the economies of the Community. The internal market is not just a huge market for selling goods and services. It also means production wherever the best location is, improvement in pro-

duction structure and, above all, getting together to solve deep-seated structural problems.

As an example, steel workers in the Community want to know how their future prospects look, which jobs are secure. The quota system for steel has recently been extended. This gives the industry a short breathing space. The Resider programme has been decided on. It will help to create alternative jobs. But all this is not enough. It is high time to adhere strictly to the subsidies code. Unprofitable steel undertakings must not be allowed to receive unwarranted subsidies: this jeopardizes the competitive undertakings. This is the only way, in the long run, to have a healthy European steel industry.

Creating new permanent jobs is paramount. For years unemployment has been unacceptably high, particularly among young people. This is an onerous load for many people in the Member States. In view of the structural problems and lower growth rates, the situation could become even worse, particularly in the coal and steel industries, if we do not act. We must improve the basic economic conditions for small and medium-sized undertakings and increase their competitive standing. Their flexibility and capacity to innovate have a key role to play in stimulating growth, in technical progress and the creation of new jobs. We can no longer hesitate really to grasp the opportunities for growth in the European internal market. Estimates put just the annual costs of border checks on goods traffic, various taxes, standards and rules and the compartmentalization of public consumer markets at more than the current volume of the Community budget. Saving these costs alone would give a strong boost to growth.

The abolition of all trade barriers would provide a potential for growth of the very first magnitude, a potential which can only be compared with the recovery of the Western European economy when it was liberated from total regulation after the Second World War. There is widespread consensus on the necessity of the internal market. The experimental period is over; the German Presidency will make every effort to ensure on behalf of the Council that the new procedure runs smoothly and successfully. Under the new cooperation procedure the Council and the Parliament must be mutually dependent if we do not wish once again to bow down under the yoke of the unanimity principle. We need a coalition of common sense on the basis of a qualified majority in the Council and qualified majorities in the European Parliament.

The German Presidency will concentrate on the following aspects on the road towards realization of the internal market: One: Opening up the public consumer markets, particularly in the telecommunications and services sectors. Two: Harmon-

ization of standards. Here, exaggerated perfectionism must not become a stumbling block to progress. Reciprocal recognition of standards and deregulation are to be advanced, where harmonization is not essential. Three: Reciprocal recognition of university degrees and technical diplomas in the context of the right of establishment. Four: Freedom to provide insurance and financial services. Five: Total liberalization of capital movements. Six: The setting up of a company under European law. Seven: The Community Patent Agreement and Community trade mark law. And finally, the difficult task of harmonizing taxation.

The internal market also requires an appropriate extension of the Community's judicial system. The German Presidency will accordingly make every effort to ensure that the court of first instance can be established as rapidly as possible. A fully integrated European internal market worthy of the name is unthinkable without progress towards achieving economic and customs union and particularly an extension of the European Monetary System.

The EMS is one of the great successes of the European unification process. Even those who were initially sceptical have in the mean time become convinced of its crucial importance for the achievement of the goal of economic and monetary union. The conditions for its further development are favourable, perhaps better than at any other time in the history of the Community. In the last few years a broad measure of consensus has arisen among the Member States over the priority of price stability and the need for structural adjustments. Political and economic cooperation between Member States has become closer. This is a major step forward. We must develop the European Monetary System further. In the wake of the important decisions by the Governors of the Central Banks and Finance Ministers at Basle and Nyborg, the question arises as to how much scope there now remains for further progress in strengthening the EMS without new institutional arrangements. Possibly there is only little scope left, so that any objectives over and above this raise the question of institutional responsibilities. Senior figures in business, the Central Banks and the Governments of the Member States are pressing for speedy progress. We must take them seriously. The crisis on the international financial markets has dramatically highlighted the need for closer monetary cooperation within the Community.

It can be said here and now that without the EMS the effects of the recent developments would have been still more serious for us here in Europe. However, if we had already had European monetary union and a European Central Bank, we would have been even more strongly armed.

We must therefore take practical steps to work towards the creation of monetary union and a European Central Bank, which tie in logically with the concept of a European internal market.

It is crucial that this monetary union should lead to a Community of stability. As an area of economic and monetary stability, Europe must contribute fully towards eliminating world economic and monetary disruptions. The new policy areas of research, technology and the environment as enshrined in the European Single Act also set important tasks for us. Faced with competition from the USA and Japan, we must concentrate our research potential in Europe. We cannot afford duplication of effort and misplanning in research projects and capacity. We need a European technology policy, not one primarily adjusted to national requirements: a truly European Technological Community. The large-scale research and technological projects (including the peaceful use of outer space) exceed the research capacity and financial resources of the large Member States. We therefore need cooperation here between the European democracies.

In order to transform the second framework research programme, we must — and this will also help bring about the rapid completion of the internal market — expedite important specific programmes. I am thinking first and foremost of RACE, designed to provide Europe with the most up-to-date telecommunications services and networks, and of still ongoing programmes. The second Esprit programme provides a significant impetus to European information technology, Brite will reinforce the technological basis of our industries, and nuclear fusion in the long term shows the greatest promise of providing a new energy source.

Eureka has proved to be a proper step. The Community should also commit itself more in future to Eureka projects. The European Technological Community and Eureka must complement each other sensibly. Our awareness that our natural living conditions need to be preserved is being constantly sharpened by spectacular disasters. Accordingly, the maintenance of clean air, precautions against disaster and protection of surface water will remain priorities in environmental policy. We will do our utmost to ensure that progress can be made in this area as well.

We shall also be striving to bring about progress for the individual in our Community. We support the European Parliament's intention to create a right of petition for individuals. The work of the Committee on Petitions must be encouraged. Checks on persons at internal borders must finally be dismantled and we intend to do our utmost to see that the Directive on a right of residence for

non-working persons is finally adopted. Health policy cooperation will concentrate on the fight against AIDS and cancer. Drug abuse urgently requires measures on a European scale.

Education policy cooperation in the Community needs to complement European integration policy in many areas. A European dimension in educational content, university cooperation — without all this Europe cannot grow from within. Education policy in the Community needs to complement State policy by means of contributions facilitating young people's transition to working life, making use of new technology and strengthening cooperation between European universities. We need more extensive exchanges of school pupils, students and teaching staff. The teaching of foreign languages needs sustained encouragement. Projects such as Erasmus and YES for Europe are crucial here.

This year the European City of Culture is Berlin. In an unparalleled way it symbolizes the root of cultural Europe and the political situation of the whole of Europe. Berlin needs to be strengthened in its role as a centre of European culture and as a meeting-point between West and East. The cultural dimension is increasingly taking on greater importance beyond the borders of the Community for the whole of Europe as well. Only if we develop it can an awareness of European identity keep growing. The French Government's Blue Book and the Commission proposal provide new impetus for more intensive cooperation in cultural areas. Community provisions on the mutual recognition of higher-education qualifications for admission to professions should be based on the principle of mutual confidence in the quality of national education systems. The Commission has rightly taken that principle as a basis for its draft general Directive on the recognition of higher-education qualifications.

The German Presidency is anxious to see decisive progress in work on that Directive in the next six months.

In social and labour policy the employment programme, the Commission programme for equal treatment for men and women, social dialogue, reform of the Social Fund and employment protection are at the heart of our concerns. The workers look to us to take extensive account of their interests. A high level of social security and employment protection must be ensured in future as well.

The firmer and more solid the European Community is internally, the greater its scope for action in foreign policy. The Community has long been an economic and political reality on the world stage. I sometimes get the impression that its potential is underestimated internally, whilst in its deal-

ings with the outside world it is overestimated. That is true for European foreign policy cooperation and for the European Community's external relations alike.

The House's resolution of 14 October 1987 on the political aspects of a European security strategy draws attention to an area in which there remains a clear gap; integration geared to European union will remain incomplete without extensive security and defence policy cooperation. That is taking place — with an encouraging start — in the Western European union. At a time of increasing dynamism in East-West relations and far-reaching global political changes, progress in bringing a security policy dimension to European unification is urgently necessary.

Security policy is not just defence. Arms control and disarmament as well as striving for dialogue and extensive cooperation between West and East form part and parcel of it. This comprehensive security policy is geared to bringing about just and lasting peace throughout Europe. This is a challenge first and foremost to the European States themselves. We — the Twelve in EPC and the Seven in the WEU — have to face up to that challenge.

I am gratified that in security policy, too, the European Parliament has taken on the role of pacemaker for European integration. The more solid the basis of European-American relations, the more effectively the European Community will be able to fulfil its foreign policy role. For Europe and America close, trusting relations are as vital as ever. We shall continue carefully to keep up the exchange of views and dialogue between the Community and the USA. The Twelve are partners in foreign and security policy matters — equal partners, as President Reagan recently put it.

Together with the USA and Japan, The Community needs to ensure free world trade and resist protectionism. The GATT Uruguay Round is of the greatest possible importance here. We are confident that the USA will abide by the standstill agreement of September 1986, just like the Community. The European internal market will not raise any new barriers at the Community's external borders; on the contrary, it will afford our partners new potential outlets and investment opportunities.

At the World Economic Summit in Toronto this June, too, we shall firmly stand up for the Community's interests. Looking beyond the Community, all of democratic Europe needs to be brought together in schemes designed to shape the future. Accordingly, cooperation with the EFTA States merits our particular attention. With them, the Community must, alongside completion of the

internal market, endeavour to bring about a European economic area. The Conference with the EFTA States in Brussels on 2 February will provide an opportunity for further expansion of cooperation. At the same time we would like to step up even more the close political dialogue between the Twelve and the EFTA States and also the other Council of Europe States.

Important tasks face us in the context of the Community's policy *vis-à-vis* the Mediterranean countries: the reactivation of the Association with Turkey and the negotiation of new Financial Protocols with Malta and Cyprus.

The CSCE follow-up meeting will resume next Friday. Our Presidency, together with our partners in EPC and the Western Alliance, has the important task of making further headway with the Vienna negotiations.

We are striving together to arrive at a swift conclusion in the form of a substantial and balanced final document. We want a result which above all will mean tangible progress for mankind. The Community proposal for an economic conference in the Federal Republic of Germany should give a decided boost to stagnating economic and ecological cooperation. Progress in all areas is possible, indeed essential if relations between East and West are to develop in a climate of trust. The Twelve will therefore also continue to build on the basis of the Stockholm Conference in an effort to work out a further package of confidence and security-building measures. The dialogue and cooperation in the CSCE context are among the major elements conducive to the active shaping of Europe's future and the accomplishment of the great aim of Western policy arising out of the Harmel Report, namely the creation of stable and lasting peace for the whole of Europe.

In relations with the Soviet Union and other Warsaw Pact States it is also our desire to make use of every opportunity for dialogue and cooperation above and beyond the CSCE process. Our objective must be to overcome step by step the division of Europe. The time is ripe for such action. We wish to develop bilateral relations between the Community and the Warsaw Pact States. The European Community and the Council for Mutual Economic Assistance have talked long enough about a Joint Declaration. It is our aim, during this, our period of Presidency, to witness the submission of the Joint Declaration.

Economic cooperation with the East is important economically and politically. It can develop system-opening and, in the process, confidence-building effects. All of this also calls for new thinking in terms of the national influence on East-West economic relations. No responsible Western poli-

tion wishes to jeopardize Western security interests, but the present trade restrictions in the framework of the Coordinating Committee for East-West Trade Policy (Cocom) go beyond the necessary bounds.

These restrictions still bear the clear stamp of past thinking and need to be fundamentally reconsidered and confined to the necessary degree, with an eye to the future. It is also in the interests of the West to overcome the economic and technological division of our continent.

The responsibility for European peace does not lie with Europe alone. The Community must take action worldwide to promote peace and stability in other crisis areas of the world. In the war between Iraq and Iran, our efforts to help to bring about an end to the war as soon as possible will concentrate on the work in the United Nations Security Council, in which four European Community Member States are currently represented. We shall, together with you and on the basis of common positions adopted by the Twelve, explore every avenue in supporting the United Nations Security Council and Secretary-General in their search for a solution.

The recent unrest has brought about a dangerous new situation in the Arab-Israeli conflict, making it more important than ever to come up with a negotiated settlement, as most recently proposed by the Twelve in the declaration of 25 February 1987. The Twelve will pursue their efforts to have an international conference convened. We are maintaining close contacts with all concerned, so as to make our own position clear and to offer our support. After stopping off at a number of Arab countries, I shall be visiting Israel at the weekend. The meeting of the 12 Foreign Ministers with King Hussein on 8 February 1988 will consider the significance of the Arab summit meeting in Amman. Nor will the Europe of the Twelve refuse to help over the issue of supporting and safeguarding a political settlement of the conflict through economic cooperation. This also includes the ratification of the adaptation protocols for Israel and the structuring of Community aid for the occupied territories.

We shall also be paying particular attention during our Presidency to the situation in southern Africa. As before, we shall be pressing for a long-overdue national dialogue in South Africa as the only responsible alternative to the escalation of force. A condition of such dialogue is the release of Nelson Mandela and other political prisoners.

The lifting of the ban on the ANC and the other black majority organizations is a prerequisite for this. This was expressly confirmed by the Foreign Ministers of the Twelve in their resolutions of 10

December 1985 and 16 September 1986. The aim must be to establish equal rights for all citizens of the Republic of South Africa, irrespective of the colour of their skins. The apartheid system cannot be reformed and must be dismantled without further ado.

Security Council resolution 435 must at long last be implemented in Namibia. It is the expression of our determination to ensure that the people of Namibia are able to exercise the right of self-determination. We consider the so-called interim government as null and void, as was made clear on 17 June 1985 by the Italian Presidency, speaking on behalf of the Twelve. The destabilization of the front-line States, in particular Angola and Mozambique, by South Africa must cease. The effective recourse to positive action and adherence to the restrictive measure decided on remain important features of our common policy. Moreover, the situation of the front-line States, in particular Angola and Mozambique, will also merit our special attention. The association of the Community with the 66 African, Caribbean and Pacific States marks a historic success for North-South cooperation. The negotiations should be put in hand in the first half of 1988. We must therefore decide on the Commission's negotiating brief as quickly as possible. The Third World can develop only if we can finally succeed in overcoming hunger and want. This is a major task for us. For this reason the credibility of our North-South policy must and will invariably be judged by what we actually do for the countries of the Third World. The Community's development policy therefore remains a key factor in our common North-South policy.

We are ready and willing to continue and extend our tried and tested cooperation with other regions of the world. The San José IV Conference, which is to be held in Hamburg at ministerial level on 29 February and 1 March, and the Community-Asean Foreign Ministers' meeting in Düsseldorf on 2 and 3 May are clear indications of the acceptance and success of a policy of regional cooperation. The Hamburg Conference will also serve to give a further boost to the peace process in Central America and to provide effective support for the efforts of the Central American countries. We want the peace process in Central America to be successful. We shall also step up and extend our contacts with the other Latin American States. There will therefore be a meeting with the eight Foreign Ministers of the Rio Group on 2 March. Asean again was the European Community's first regional partner. The political dialogue and economic cooperation have been developing well. They have also had positive effects on our cooperation in the political sphere, e.g. on the Kampuchea issue. The Community will strive to bring about progress in

the negotiations on a cooperation agreement with the Gulf States. At the same time we intend to explore all openings towards a reactivation of the Euro-Arab dialogue.

The Twelve's dialogue with regional groupings is complemented by a network of contacts between the Twelve and other countries. These include, alongside the other free democratic States of Europe and the USA and Canada, Japan and China in particular. We intend to ensure, as the Presidency, that this network is used extensively and, where necessary, extended, so that in this way too the Community can take its rightful place in an increasingly multipolar world. The external representations of the Twelve and the Commission will cooperate more closely to this end. We intend to see that every opportunity is taken in order to bring about jointly, particularly in EEC service posts with difficult living conditions, an easing in the situation and to make use of existing institutions.

The Twelve have made major contributions in the UN framework to the worldwide collective fight against international terrorism. We know that much remains to be done. The Community has always placed the highest priority on worldwide respect for human rights — not only in the CSCE framework. The Twelve will continue and intensify their tried and tested cooperation and make it even more effective with the help of the newly created Working Party on Human Rights.

The German Presidency stands in a continuing tradition of cooperation that has responded, in an increasingly comprehensive manner, to all the foreign policy challenges facing the Community, including unforeseen ones. The Twelve must act wherever European co-responsibility for the worldwide preservation of peace and human rights is called for. The Federal Government will face up to this responsibility. We ask for Parliament's support.'









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