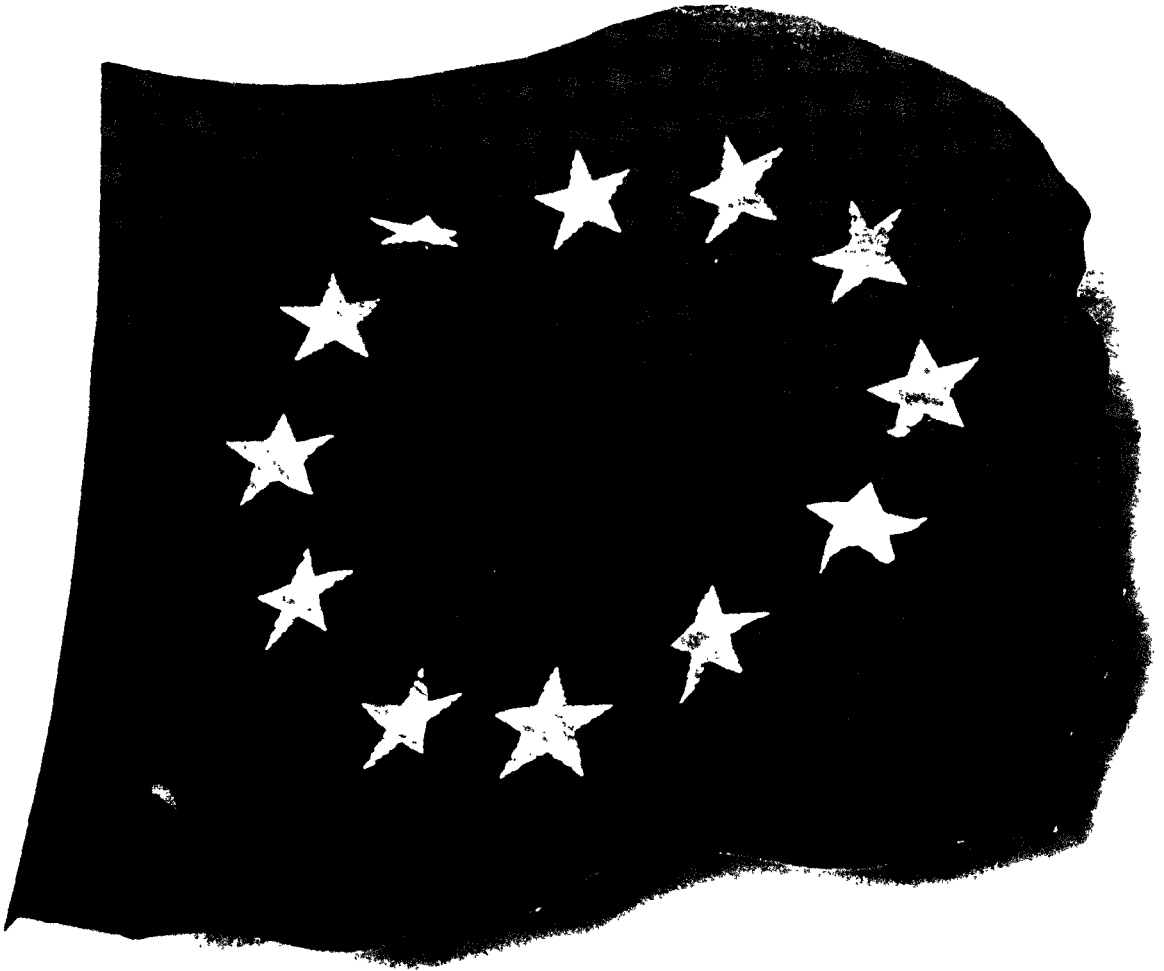


# **Bulletin of the European Communities**

Commission



No 2 1988 Volume 21

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# **Bulletin of the European Communities**

Commission

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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

## Supplements 1988

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\* In preparation





**PART ONE**

**SPECIAL FEATURES**

# 1. Brussels European Council

1.1.1. The European Council, attended by the Heads of State or Government of the Twelve, met in Brussels from 11 to 13 February, with Chancellor Kohl in the chair. The outcome was an agreement on all the conclusions relating to the dossier 'The Single Act: A new frontier for Europe'.<sup>1</sup> Then came agreement at the Council meeting of Foreign Ministers on 22 February, on the points referred to it by the European Council.

The success of this European Council is of crucial importance for the Community. The decisions pave the way for completion of the large frontier-free market and for implementation of the flanking policies. And the Community is making sure that it has the necessary resources. The successive compromises worked out by the Presidency helped bring about an agreement which preserves the coherence of the Commission's package of proposals in the following areas: level of the Community's resources; budgetary discipline and budget management; own resources system; flanking policies (including reform of the structural Funds); reform of the common agricultural policy; and correction of budgetary imbalances.

## Consolidated conclusions of the European Council (edited extracts)

### *Budgetary discipline and budget management*

#### Introduction

1. Budgetary discipline shall be applied in conformity with the conclusions of the Brussels European Council (29 and 30 June 1987).<sup>2</sup>

#### Ceilings

2. The Decision on the system of the Communities' own resources shall lay down, for payment appropriations, a new overall own resources ceiling ...

It shall also lay down a ceiling for commitment appropriations in 1992 and determine an orderly evolution for them, maintaining a strict relationship between commitment appropriations and payment appropriations ...

The Communities' annual budgets for the financial years 1988 to 1992 shall be kept within those ceilings.

### Agricultural expenditure

#### *Reference framework*

3. The annual growth rate of EAGGF Guarantee expenditure ... shall not exceed 74% of the annual growth rate of the Community GNP.

4. The expenditure of EAGGF Guarantee shall be that chargeable to Section III, Part B, Titles 1 and 2 (EAGGF Guarantee) of the budget, less amounts corresponding to the disposal of ACP sugar, food-aid refunds, sugar and isoglucose levy payments by producers, and any other revenue raised from the agricultural sector in the future.

For the financial years 1988 to 1992, systematic depreciation costs for newly formed stocks, commencing at the time they are established, shall also be financed from the above allocation.

The Council shall enter each year in its draft budget the necessary appropriations to finance the costs of stock depreciation. Furthermore, Council Regulation 1883/78 is to be modified so as to create a legal obligation to proceed to stock depreciation over the period in question so as to arrive at a normal stock situation by 1992.

The Commission undertakes to make use of the appropriations in question in the early months of the budget year.

Costs connected with depreciation of existing excess agricultural stocks shall be kept outside the agricultural reference framework. The following amounts will be inscribed in Title 8 of the budget for depreciation of existing excessive stocks (1988 prices):

1988	1 200 million ECU
1989-92	1 400 million ECU per year

Spain and Portugal will be treated, as far as their financial participation in the depreciation of these

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

<sup>2</sup> Bull. EC 6-1987, points 1.1.1 to 1.1.9.

stocks is concerned, as if this depreciation had been entirely financed by the Community in 1987; an appropriate restitution will be entered in Title 8 of the budget for this purpose.

5. The reference basis for the definition of the annual allocations for EAGGF Guarantee expenditure shall be the 1988 expenditure figure of 27 500 million ECU (1988 prices), adjusted in accordance with point 4, paragraph 1.

6. The annual maximum allocation for the EAGGF Guarantee Section for a given year after 1988 shall be the reference basis set out in point 5 increased by 74% of the growth rate of GNP between 1988 and the year in question (adjusted in accordance with point 4, paragraph 1).

### **Agricultural stabilizers**

7. New agricultural stabilizers will be introduced according to the decisions set out under 'Agriculture' below, supplementing the existing agricultural stabilizers.

### **Management of agricultural budget**

8. Budgetary management of the EAGGF Guarantee expenditure shall be strengthened with a view to enabling the Commission to operate an efficient 'early warning system' concerning the development of expenditure of the individual EAGGF expenditure chapters. Before the beginning of each budget year the Commission shall define expenditure profiles for each budget chapter based on a comparison of monthly expenditure with the profile of the expenditure over the three preceding years. The Commission shall submit monthly reports thereafter on the development of actual expenditure against profiles. Where the Commission finds, thanks to the early warning system, that the rate of development of real expenditure is exceeding the forecast profile, or risks doing so, it shall use the management measures at its disposal, including those which it has under the stabilizing measures, to remedy the situation. If these measures are insufficient, the Commission shall examine the functioning of the agricultural stabilizers in the relevant sector and, if necessary, shall present proposals to the Council calculated to strengthen their action. The Council shall act within a period of two months in order to remedy the situation.

9. So as to enable the Council and the Commission to put the above rules into application, measures shall be taken to accelerate the transmission and treatment of data supplied by the

Member States on agricultural expenditure within each marketing organization so as to ensure that the rate at which appropriations in each chapter are used is known with precision one month after expenditure has taken place. Present agriculture legislation will be adapted to ensure this. The special provisions concerning the financing of the CAP decided for 1987 (switch) shall continue to apply; however the delay of the advances by the Commission to Member States shall be extended from two to two and a half months. The present system for payments of interest will be continued.

Payment of Community advances is subject to Member States complying with their obligation to make available to the Commission the information set out above justifying Community payment.

The Commission declares that prudent management necessitates that payment of monthly advances by the Commission be executed only on the basis of the above information and to the extent that, as under the budgetary procedure for other compulsory expenditure, the availability of credits is established by chapter, i.e. by common market organization.

Where credits are not available, the Commission will propose corresponding transfers to the budget authority.

A realistic schedule shall be established for the clearance of EAGGF accounts.

### **Fixing of agricultural prices**

10. The Commission's price proposals shall be consistent with the limits laid down by the agricultural reference framework.

If the Commission considers that the outcome of the Council's discussions on these price proposals is likely to exceed the costs put forward in its original proposal, the final decision shall be referred to a special meeting of the Council attended by the Ministers for Finance and the Ministers for Agriculture which shall have the sole power to adopt a decision.

11. The agricultural allocation shall be respected each year.

### **Monetary reserve**

12. The level of EAGGF Guarantee expenditure may be influenced by movements in the dollar/ECU market rate. To cover developments caused by significant and unforeseen movements in the dollar/ECU market rate compared to the rate used in the budget, a monetary reserve of 1 000 million

ECU shall be entered each year in the budget in the form of provisional appropriations.

The reserve shall function in the following way:

(i) A report will be prepared by the Commission to the budget authority in October each year on the impact of movements in the dollar/ECU market rate on EAGGF Guarantee expenditure.

(ii) Savings or additional costs resulting from movements in the rate shall be treated in a symmetrical fashion. Where favourable changes take place in the dollar/ECU rate compared to the budget rate, the savings in the Guarantee Section of up to 1 000 million ECU shall be transferred to the monetary reserve. Where additional budgetary costs are engendered by a fall in the dollar against the ECU compared with the budget rate, transfers shall be made from the reserve to the EAGGF Guarantee lines in question.

(iii) There shall be a franchise of 400 million ECU. Savings or additional costs below this amount will not necessitate transfers to or from the monetary reserve. Savings or additional costs above this amount will be paid into or met from the monetary reserve.

(iv) The revenue corresponding to the monetary reserve will only be called up from the Member States if it is actually required, i.e. not until a transfer proposal from the reserve has been approved by the budget authority. The amount paid over by the Member States will be limited to the amount of the approved transfers.

(v) Any amount remaining at year-end in the monetary reserve will be cancelled and thus contribute to a budgetary surplus which is counted as a revenue item in succeeding budgets.

(vi) The monetary reserve shall not be included in the EAGGF Guarantee expenditure guideline.

### Other compulsory expenditure

13. The Council shall adopt each year the reference framework for the other compulsory expenditure (commitment appropriations and payment appropriations) with due regard for the Community's legal obligations.

### Non-compulsory expenditure

14. Budget discipline in this field will be applied in conformity with the principles set out in the conclusions of the Brussels European Council as follows:

'Budgetary discipline must be applied to all the Community's expenditure, both to payment

appropriations and to commitment appropriations. It must be binding on all the institutions, which will be associated with its implementation.'

The Council, for its part, shall apply the provisions of Article 203(9) of the Treaty in such a way that the two following guidelines will be respected:

(a) progression of the NCE which has been the subject of a multiannual financing decision by the Council for the period 1988-92 (structural Funds, IMPs, research) ensuring that such decisions will be honoured;

(b) progression of NCE other than that referred to in (a) above equal to the maximum rate of increase communicated by the Commission.

The procedure laid down in Article 9 of the Council conclusions on budgetary discipline will continue to apply for these expenditures.

Member States will, within the framework of Article 203(9) of the Treaty, consider the result of these two guidelines as a maximum during the entire budget procedure.

### Interinstitutional agreement

15. The Council will aim to agree with the European Parliament an understanding on the implementation of the decisions of the European Council covering the whole period up to 1992.

The Council decisions to implement the decisions of the European Council in this field will be adopted in the light of the outcome of the discussions with the European Parliament and in conformity with the principles set out in point 14, paragraph 1 above and at the same time as the new own resources Decision.

### Strengthening of budgetary management

16. In the interests of better budgetary management, carryovers of differentiated appropriations shall no longer be automatic; certain carryovers justified by technical reasons may be decided by the Commission on the basis of specific criteria laid down in the Financial Regulation.

The restoration of certain appropriations following decommitments shall only be possible by decision of the Commission on the basis of specific criteria laid down in the rules for implementation of the Financial Regulation; decommitted appropriations shall otherwise be automatically cancelled.

The strengthening of these principles of annuality cannot call into question the achievement of the objectives fixed for Community policies.

17. The size of any future negative reserves in the budget shall be limited to 200 million ECU.

18. All the elements set out above are legally binding decisions on the general principles of budgetary discipline. Corresponding legal texts will be adopted to replace the 1984 Decision and will remain in force for the duration of the own resources Decision. Moreover:

- (i) point 2 will be incorporated in the own resources Decision;
- (ii) the stabilizers referred to in point 7 will be incorporated into the agricultural market organizations;
- (iii) points 9, 16 and 17 will be implemented by a revision of the existing Financial Regulation.

A general revision of the Financial Regulation will be carried out before the end of 1988.

### *Flanking policy*

### **Reform of the structural Funds**

The Member States share the broad outlines of the Commission's general approach on the reform of the Funds: they confirm the conclusions of the European Council in Brussels as regards rationalization of the Funds' objectives, concentration of their measures in accordance with Community criteria, account being taken of the backwardness of certain regions or of regions in industrial decline, and recourse to the programme method.

### *Objectives*

1. Community operations under the structural Funds, the European Investment Bank and the other financial instruments shall support the achievement of the general objectives set out in Articles 130a and 130c of the Treaty by contributing to the attainment of five priority objectives:

- (i) promoting the development and structural adjustment of the less-developed regions ('Objective No 1');
- (ii) converting the regions, border regions, or part regions (including employment areas and urban communities) seriously affected by industrial decline ('Objective' No 2');
- (iii) combating long-term unemployment ('Objective No 3');
- (iv) facilitating the occupational integration of young people ('Objective No 4');

(v) with a view to reform of the common agricultural policy, speeding up the adjustment of agricultural structures and promoting the development of rural areas ('Objective No 5').

### *Method for selecting regions concerned by Objectives 1 and 2*

2. The Council shall fix the list of the structurally less-developed regions concerned by Objective No 1 in the comprehensive regulation.

The following regions shall be included in the list:

- (i) regions<sup>1</sup> whose per capita GDP is lower than 75% of the Community average, taking the figure for the three last years;
- (ii) Northern Ireland and the French overseas departments;
- (iii) other regions whose per capita GDP is close to that of regions mentioned in (i) above and for which particular reasons exist for their inclusion on the list.

The list of regions shall be valid for five years. On expiry of the five-year period the Council, acting by qualified majority on a Commission proposal, shall decide on a new list.

3. The Council shall fix in the comprehensive regulation the socio-economic criteria governing the choice of regions, border regions, employment areas and urban communities concerned by Objective No 2. The criteria may be revised by the Council acting by qualified majority on a proposal of the Commission after three years.

The Commission shall, under the advisory, committee procedure, draw up the list of such regions, border regions or part regions (including employment areas and urban communities).

### **Role of the three Funds**

4. The structural Funds shall contribute, each according to the specific provisions governing its operations, to the attainment of Objectives Nos 1 to 5 on the basis of the breakdown given below:

- (i) Objective No 1: ERDF, ESF, EAGGF Guidance Section,
- (ii) Objective No 2: ERDF, ESF,
- (iii) Objective No 3: ESF,
- (iv) Objective No 4: ESF,

<sup>1</sup> Administrative level NUTS II.

(v) Objective No 5: EAGGF Guidance Section, ESF, ERDF.

Operations falling outside the primary missions of the ERDF (to promote Objectives 1 and 2), the ESF (to promote throughout the Community Objectives 3 and 4 and the EAGGF Guidance Section (to promote throughout the Community Objective 5) shall be guided by criteria to be laid down by the Council in the comprehensive regulation.

### *Geographical concentration and level of funding*

5. Commitment appropriations for the structural Funds will be doubled in 1993 by comparison with 1987. In addition to the resources earmarked for the financial year 1988 (7 400 million ECU), commitment appropriations will increase by 400 million ECU in 1988, by 1 300 million ECU each year from 1989 to 1992, representing 13 000 million ECU in 1992 (in 1988 prices). These amounts include 100 million ECU annually for the special programme for industrial development in Portugal (Pedip). This amount will be the subject of a special budgetary line independent of the structural Funds ... The effort will be continued in 1993 in order to achieve doubling.

The contributions of the structural Funds to the regions covered by Objective No 1 will be doubled by 1992.

The Commission shall ensure that in the framework of the additional resources for the regions covered by Objective No 1, a special effort will be undertaken for the least prosperous regions.

The Commission shall, in the annual reports which it submits under Article 15, demonstrate in particular what progress has been made towards achieving the objectives set out above; it may, to ensure progress in achieving these objectives, make any appropriate proposals that it considers necessary.

### *Differentiation of the Community contribution*

6. Community assistance from the Funds under the different objectives set out in Article 1 of the Commission's proposal will be subject to the following limits:

(i) maximum 75% of total cost and as a general rule; minimum 50% of public expenditure for measures applied in the regions defined for action under Objective No 1;

(ii) maximum 50% of total cost and as a general rule; minimum 25% of public expenditure for measures applied in other regions.

The Commission will take full account of the requirements of the action in question, including the ability of the Member State concerned to provide its share of the necessary finance.

Preparatory studies and technical assistance measures will be subject to special rules to be fixed in the comprehensive regulation; the minimum intervention rates referred to in the first paragraph above will not apply to income-generating investments.

### *Breakdown of the appropriations among Member States*

7. The comprehensive regulation will contain provisions regarding indicative shares of commitment appropriations under the ERDF in order to facilitate the Member States' programming of operations falling under the ERDF.

### *Procedure*

8. The Council shall adopt the comprehensive regulation in accordance with the principles set out above before 31 May 1988.

### *System of own resources*

1. The own resources Decision will be established in conformity with the conclusions of the European Council in Brussels (29 and 30 June 1987).

### *Level of resources*

2. The overall ceiling on own resources shall be fixed at 1.20% of the Community's total GNP for payment appropriations. An overall ceiling of 1.30% of total Community GNP shall be fixed for commitment appropriations. The total amount of own resources assigned to the Communities may not exceed for each year during the period 1988-92 a given percentage of the Community's total GNP for that year...

Before the end of 1991, the Commission shall present a report on the operation of the own resources system and the application of budgetary discipline.

The EDF will continue to be financed outside the budget.

The correction of budgetary imbalances will be carried out in such a way that the amount of own resources available for Community policies is not affected.

### Origin of own resources

3. Revenue from the following shall constitute own resources entered in the budget of the European Communities:

- (i) agricultural levies and sugar and isoglucose duties less 10% to be withheld by Member States as collection costs;
- (ii) CCT customs duties and custom duties on products coming under the ECSC Treaty less 10% to be withheld by Member States as collection costs;
- (iii) the application of a rate of 1.4% valid for all Member States to the assessment base for value-added tax which is determined in a uniform manner for Member States according to Community rules; the assessment base for value-added tax may not exceed 55% of the gross national product at market prices of each Member State;
- (iv) the application of a rate to be determined under the budgetary procedure in the light of the total of all other revenue to an additional base representing the sum of the gross national product at market prices.

It is assumed that the United Kingdom's compensatory payments will be dealt with in accordance with the present method (by means of VAT).

4. The above provisions must be embodied in a legal decision ready for submission to the parliaments of the Member States for ratification, which must be finally adopted by the Council before 31 May 1988, in order for it to be finally approved (after ratification by the national parliaments) before the end of 1988, with retroactive effect from 1 January 1988.

5. The Commission will introduce a directive on the application of the rules governing the establishment of the gross national product at market prices guaranteeing the comparability and uniformity of national statistics used for the purpose as well as the verification of these statistics and providing for a procedure of revision.

The Commission report referred to in point 2 above shall also assess what progress has been made towards taking greater account of the proportionality of contributions in accordance with the relative prosperity of Member States.

6. In order to cover the 1988 budget requirements and guarantee the Community's normal activities, the European Council agrees that until the new own resources Decision enters into force, Member States will make available any funds that are required in excess of the existing ceiling on own resources, in the form of non-repayable advances on payments due after entry into force of the own resources Decision. This will be brought about according to the appropriate national procedures.

### Correction of budgetary imbalances

The European Council conclusions of 25 and 26 June 1984 on the correction of budgetary imbalances remain applicable for as long as the new Decision on own resources remains in force.

The mechanism decided at Fontainebleau was based on the difference between the United Kingdom's VAT share and its share in allocated expenditure, multiplied by allocated expenditure. The compensation represented 66%.

The following modifications are to be made:

- (i) the VAT share shall be replaced by the United Kingdom's share of payments under the third and fourth resources;
- (ii) the effect on the United Kingdom in respect of a given year of the introduction of the fourth resource, which is not compensated by the change under (i) above, will be offset by an adjustment to the compensation in respect of that year;
- (iii) the compensation to the United Kingdom will be financed by the 11 other Member States on the basis of a GNP key; however, the contribution of Germany is reduced by a third and those of Spain and Portugal are reduced in accordance with the abatement provided for in Articles 187 and 374 of the Act of Accession.

The review of the British compensation will be carried out in the framework of the Commission report on the system of own resources.

### Agriculture

1. Existing stabilization mechanisms will be reinforced and extended to other production sectors as set out in Annex I. They will take effect from the marketing year 1988/89. These measures should be accompanied by reinforced quality criteria.

2. Measures aimed at limiting supply directly by encouragement of temporary abandonment of land (set-aside) will be introduced in accordance with the principles set out in Annex II.

3. In view of the impact of such measures on farmers' income the measures can be accompanied by direct aids to income. Furthermore, optional Community arrangements for promoting the cessation of farming (early retirement) will be introduced (see Annex III).

4. Coordination between the different structural Funds and between the Community and the Member States will aim at preserving the equilibrium of the rural world. The Commission is invited to submit specific proposals to the Council as soon as possible.

5. Community legislation to implement the agricultural stabilization mechanisms will be adopted immediately. The measure under point 2 will enter into force at the same time as the stabilization measures for cereals.

6. The statements given in Annex IV are adopted.

### *Special budgetary provisions*

Two special budgetary headings will be created:

#### *(a) Set-aside and aids to income*

For these two forms of Community aid a ceiling of 600 million ECU will be set in 1992, 150 million ECU of which will be borne by the EAGGF Guarantee Section.

#### *(b) Programme for the modernization of Portuguese industry*

Together with the Portuguese authorities, the Commission has drawn up a modernization programme covering a period of five years from 1988 for a total amount of 1 000 million ECU. A special heading will be created for the additional part of this programme, i.e. 100 million ECU per year for five years (see the passage on the structural Funds above).

## *Annex I*

### **Stabilization measures**

#### *1. Arable crops*

##### **General guidelines**

The Council agrees that the production of arable crops should be adjusted to the needs of the market.

Whereas the overall area under cultivation is more or less stable, production continues to increase largely due to increases in productivity.

As the crops are interchangeable, the Council agrees that a coherent support policy for all crops consistent with budgetary discipline must be pursued, bearing in mind that budgetary costs per hectare vary as between different crops.

In order to stabilize production as well as to ensure budgetary discipline, the Council agrees to introduce set-aside measures to supplement the stabilizing measures and other market policy measures.

In setting the guarantee thresholds for each three-year period the Council will be guided by the principles set out above.

#### *2. Cereals*

(a) For the marketing years 1988/89, 1989/90, 1990/91 and 1991/92 the guarantee threshold will be set at 160 million tonnes.

(b) At the beginning of each marketing year an additional co-responsibility levy (CL) of 3% maximum will provisionally be charged in order to keep expenditure on market management within the budgetary limits.

(c) If at the end of the marketing year the guarantee threshold proves not to have been overshot or to have been overshot by less than 3%, the provisional CL will be entirely or partially reimbursed.

(d) If the guarantee threshold has been overshot, at the beginning of the next marketing year the intervention price will be reduced by 3% per year.

(e) The basic CL (currently 3%) and the additional CL will be paid by the first buyer.

(f) Small producers will be exempted from the basic and from the additional CL, in accordance with implementing provisions to be adopted by the Council on a proposal from the Commission as part of the 1988/89 farm price package.

(g) The Council agrees that intervention for Italy, Spain, Greece and Portugal will open from 1 August and for the other Member States from 1 October.

Specific measures concerning intervention ('B' intervention) may be taken to allow for early harvests in the southern Community countries.

(h) The Council notes the intention of the Commission to submit, in the framework of its price proposals for the 1988/89 marketing year, proposals on quality criteria for durum wheat.

(i) The European Council requests the Commission to re-examine the operation of the inter-



vention system and to submit an operational report to the Council. It takes note that the Commission intends to propose appropriate adjustments to the amount of the monthly cereals increases as part of its next farm price proposals.

(j) The Council requests the Commission to examine what measures could be introduced for the utilization of cereals in compound feedingstuffs and to submit appropriate proposals in the context of the 1988/89 price-fixing.

### 3. *Oilseeds and protein products*

(a) The annual guarantee thresholds for the marketing years 1988/89, 1988/90 and 1990/91 will be fixed as follows:

colza: 4.5 million tonnes (Community of Ten);<sup>1</sup>

sunflower seed: 2.0 million tonnes (Community of Ten);<sup>1</sup>

soya: 1.3 million tonnes (Community of Twelve);

protein products: 3.5 million tonnes (Community of Twelve).

(b) To keep expenditure on market management within the budgetary limits, where the maximum quantity is exceeded, the institutional prices<sup>2</sup> for the current marketing year will be reduced by 0.45% for each 1% overshoot for the first marketing year 1988/89 and, if production exceeds the figures in (a), by 0.5% for each 1% overshoot for the following marketing years, at the latest by:

31 August for colza;

30 September for sunflower seed;

31 October for soya;

31 August for protein products.

Aid will be paid provisionally until it is established whether the maximum quantity has been exceeded.

(c) The Council asks the Commission to examine the possibility of introducing, in the oilseeds sector, a standard rate of aid to replace the present aid, and to report back to it.

### 4. *Olive oil*

Existing stabilizers will be maintained.

### 5. *Cotton*

Existing stabilizers will be maintained.

### 6. *Sugar*

Acceptance of the Commission proposals on stabilizers.

### 7. *Wine*

(a) The Council agrees to make the compulsory distillation price truly deterrent in order to encourage application of the scheme set out under (c) below and undertakes to act as soon as possible on the Commission proposals along these lines.

The Council requests the Commission to examine the question of scales in greater detail.

(b) The Council notes the Commission's intention to discontinue recourse to re-storage aid and gradually to reduce the volume of wine eligible for the special price support guarantee for long-term storage contract holders, with a view to phasing out the guarantee.

(c) Regarding the reduction of production potential, the Council will implement the conclusions of the Dublin European Council in the following manner:

(i) by introducing, in the framework of the voluntary abandonment arrangements, a direct link on the level of each producer between the reduction in wine-producing potential (by means of areas according to yields) and distillation measures;

(ii) this link will materialize as partial or total exemption from compulsory distillation depending on reduction in wine-producing potential, without reducing the total volume of compulsory distillation to be accomplished.

The Council, acting on a proposal from the Commission, will adopt arrangements for applying the principles set out above.

In parallel, the present arrangements for grubbing-up will be amended by eliminating the constraints which restrict their efficiency. To this effect:

(i) the arrangements will apply to all areas and will not lead to limitations on replanting rights on residual areas;

(ii) the administrative provisions relating to the payment of premiums will be strengthened.

<sup>1</sup> A corresponding adjustment in the guarantee thresholds for colza and sunflower seed is provided for in the case of Spain and Portugal.

<sup>2</sup> For colza, rape and sunflower seed: guide price. For soya beans: target price. For peas and field beans: target price.

This set of measures will replace the proposal on restriction of replanting rights.

## 8. *Fruit and vegetables*

(a) The Council agrees that thresholds for quantities of fruit and vegetables eligible for intervention should be introduced; if the threshold is overrun, the basic and buying-in prices for the following marketing year will be reduced.

Decisions on the introduction of these thresholds will be taken by the Council on the basis of a proposal from the Commission, according to the situation on the markets concerned.

(b) The Council points out that stabilization mechanisms have already been decided on for a number of products, firstly for tomatoes and most recently for satsumas, mandarins, clementines and nectarines.

(c) Agreement on the Commission's policies on processed fruit and vegetables.

## 9. *Tobacco*

(a) Within a maximum quantity of 385 000 tonnes fixed for a period of three marketing years, specific thresholds will be fixed for each of the varieties or groups of varieties listed in Annex IV to the annual regulation fixing prices and premiums; these thresholds will be determined on the basis of criteria proposed by the Commission in its communication concerning the implementation of agricultural stabilizers.

(b) If these specific thresholds are overrun, penalties will be as follows: within the limit of a cut-off of 5% for the first and 15% for the second and third marketing years, the intervention price and the premiums will be reduced by 1% for each 1% production overrun.

(c) The Council asks the Commission to submit a study of the possible means of encouraging a contractual policy, accompanied, if appropriate, by suitable proposals.

## 10. *Milk*

(a) Extension of the quota system for a period of three years until 31 March 1992.

(b) Consequently, restrictions in the intervention arrangements<sup>1</sup> concerning skimmed-milk powder and butter will be extended for the same period, i.e. until 31 March 1992. Article 4a of Council Regulation (EEC) No 857/84 of 31 March 1984<sup>2</sup> will also remain in force for the same period.

(c) The suspension arrangements (5.5%) will remain in force until 31 March 1992, and compensation is fixed as follows:

10 ECU for 1987/88,

10 ECU for 1988/89,

8 ECU for 1989/90,

7 ECU for 1990/91,

6 ECU for 1991/92.

(d) The Commission will submit a report on the operation of the quota system to the Council before the end of the 1990/91 marketing year.

## 11. *Sheepmeat and goatmeat*

(a) A guarantee threshold corresponding to the number of ewes in the Community in 1987<sup>3</sup> will be fixed, and a specific guarantee threshold will be fixed for Great Britain,<sup>4</sup> linked with the application of the variable premium arrangements.

(b) If the threshold is overrun, the basic price will be reduced by 1% for each 1% overrun, with a corresponding reduction in the derived prices.

(c) External aspect: The Council takes note of the following points, submitted by the Commission, which should be taken into consideration when drawing up the brief:

(i) for non-member countries:

- respecting import prices discipline;
- effective restriction of import volumes;
- commitments in particular on presentation, especially for refrigerated products;

(ii) for the Community:

- an additional reduction of the residual tariff (currently 10%);
- commitments on the effects of our reforms of the system, for example budgetary stabilizers;
- progressive increase in flexibility of the arrangements for sensitive areas.

The Council asks the Commission to submit, on that basis, draft terms of reference for negotiations with non-member countries as soon as possible.

(d) The Council will re-examine the stabilization mechanism referred to above when adjusting the common organization of the market in this sector,

<sup>1</sup> Council Regulations (EEC) No 773/87 and No 777/87 of 16 March 1987 (OJ L 78, 20.3.1987); Bull. EC 3-1987, point 2.1.150.

<sup>2</sup> OJ L 90, 1.4.1984; Bull. EC 3-1984, point 1.2.4 *et seq.*

<sup>3</sup> 44 million ewes.

<sup>4</sup> 18 million ewes.

and will also consider the external aspects and take market requirements into account.

At the same time, the Commission proposal to restrict the premium to a specified number of ewes will also be examined in this context.

## ***Annex II***

### **Withdrawal of land (set-aside)**

The European Council agrees to adopt provisions to limit supply by withdrawing agricultural land from production.

The set-aside programme will be designed as follows:

1. The measures will be devised as a complement to market policy measures.
2. They will be compulsory for the Member State but optional for producers.
3. Regional exceptions to compulsory application will be possible for certain regions in which natural conditions or the danger of depopulation militate against a reduction in production. In the case of Spain, the exceptions may also relate on the basis of objective criteria to specific socio-economic circumstances, pursuant to the relevant Community procedures. In Portugal application of the set-aside arrangements will be optional during the transitional period.
4. The set-aside period is to be at least five years. Farmers will be given the possibility of termination after a minimum period of three years.
5. The set-aside is to be at least 20% of arable land used for cultivating products covered by a common market organization.
6. The premiums per hectare for areas set aside should compensate for the income lost by farmers.
7. The minimum level of the premium will be 100 ECU/ha and the maximum level 600 ECU/ha. With the Commission's agreement this premium may amount to 700 ECU/ha in exceptional cases.
8. Farmers setting aside 30% of their land will, in addition to the premium, be exempted from the basic and additional co-responsibility levy for 20 tonnes of cereals marketed.
9. The Community contribution to the premiums will be as follows:  
for the first 200 ECU: 50%,  
from 200 to 400 ECU: 25%,  
from 400 to 600 ECU: 15%.

10. Member States may allow farmers the possibility of:

- (i) using the areas set aside in the form of fallow grazing by means of extensive cattle farming, and
- (ii) converting production to lentils, chick peas and vetch;

the conditions for both measures have yet to be laid down.

The premiums will amount to approximately 50% of the amount granted for complete set-aside. The Community contribution to the premiums will be as follows:

- for the first 100 ECU: 50%,
- from 100 to 200 ECU: 25%,
- from 200 to 300 ECU: 15%.

The possibility of allowing fallow grazing and conversion will be introduced on a trial basis for three years. Within that time the Commission will report to the Council and submit any appropriate proposals.

11. The Community contribution will be financed 50% from the EAGGF Guarantee Section and 50% from the EAGGF Guidance Section.

## ***Annex III***

### **Cessation of farming (early retirement) and aids to incomes**

1. The European Council agrees to introduce optional Community arrangements for promoting the cessation of farming (early retirement). It calls on the Council to take the necessary decisions on the basis of the Commission proposals together with the decisions on stabilizers and on set-aside by 1 April 1988.

2. As regards aids to incomes, the European Council refers to its conclusions of June 1987 and calls on the Council to take a decision on the matter by 1 July 1988.

## ***Annex IV***

### **A. Declaration of the European Council concerning Portugal**

The European Council recognizes the special nature of the problems of Portuguese agriculture, which was acknowledged in the Act of Accession,

and agrees that the application of the stabilization mechanisms will have to make allowance for this.

The European Council recognizes that the adjustments of the CAP which are in progress are going to create unforeseen difficulties which will make it necessary to strengthen the transitional arrangements contained in the Act of Accession, notably with regard to time limits, support and modernization.

The European Council asks the Commission to submit proposals which take the special nature of those problems into consideration and ensure that applying the stabilization mechanisms does not give rise to difficulties in achieving the harmonious integration of Portuguese agriculture into the Community as a whole, as provided for in the Act of Accession.

The Council will decide on the basis of Commission proposals before 1 April 1988.

## **B. Utilization of agricultural commodities in the non-food sector**

The European Council requests the Commission to investigate all possibilities of increasing the utilization of agricultural commodities in the non-food sector and to submit proposals to that effect. The Commission will set priorities in this respect.

## **C. Trade policy aspects**

The European Council requests the Commission to ensure, in the context of the Uruguay Round and having regard to the provisions of the GATT, that the Community's measures with respect to prices and quantities are taken into due consideration, and to insist that an appropriate solution should be found to problems arising in connection with imports of cereal substitutes, oilseeds and protein plants into the Community.

## **D. Interprofessional cooperation**

The European Council takes note of the Commission's intention to draw up a report on interprofessional cooperation and to submit conclusions to the Council before 1 July 1988.

## **Annex V**

### **Statement by the European Council**

The European Council recalls the conclusions adopted by the OECD<sup>1</sup> and the Venice Summit<sup>2</sup>

on the need for a better adjustment of supply to demand through measures to enable the market to play a greater role.

It considers that the arrangements in force since 1984, and those it is adopting to control agricultural production and expenditure, meet these commitments and will achieve their full effect only if other world producers apply equivalent discipline.

It confirms in this respect the negotiating brief adopted by the Community under the Uruguay Round.

If this discipline were not shared, or if a non-member country failed to meet its international commitments and this caused serious repercussions on world markets, this situation would be regarded by the Council, on a proposal from the Commission, as justifying recourse to the provisions of the Treaty and in particular Articles 43, 113 and 203.

## **Statements concerning European Council conclusions**

1.1.2. The Commission and certain Member States made statements designed respectively to clarify and qualify certain conclusions of the European Council.

### *Commission statements*

#### **Structural Funds**

1.1.3. The Commission declares that national per capita GNP is a criterion which must be considered along with regional GNP in determining the least prosperous regions for which a special effort is to be made, and that Ireland will be included in the list.

#### **Agricultural stabilizers**

##### *Annex I, point 2(f)*

1.1.4. The Commission declares that it is considering exactly how the measure in favour of small producers referred to at (f) should be implemented.

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<sup>1</sup> Bull. EC 5-1987, point 2.2.42.

<sup>2</sup> Bull. EC 6-1987, points 1.2.1 to 1.2.10 and 3.7.1 to 3.7.39.

*Annex I, point 2(i)*

1.1.5. The Commission declares that its proposal will mean a price reduction of about 2%.

*Set-aside*

1.1.6. Acting within its terms of reference, the Commission will ensure that the appropriations for financing the set-aside programme are increased as necessary within the ceiling.

**Price stabilizers for oils and fats**

1.1.7. As provided in the Act of Accession of Spain and Portugal, the Commission has presented the Council with proposals to amend the existing legislation in the oils and fats sector, including that on price stabilizers.

As requested by the Council on 30 June 1987,<sup>1</sup> this last proposal<sup>2</sup> has been studied further and the Community's principal trading partners have been consulted.<sup>3</sup>

The Commission will continue to study:

- (i) the connection between this proposal and any repercussions at international level, particularly in GATT;
- (ii) the adjustment of all the common market organizations for vegetable oils and fats.

If necessary, it will present suitable proposals in the light of its findings.

*Statement by national delegations***Annexes I (point 2), IV (B to D) and V**

1.1.8. The Italian, Netherlands and United Kingdom delegations declare that they will not be bound by a protectionist interpretation of this text.

**Joint statement by the Commission and Parliament**

1.1.9. On 13 February, at the close of the European Council, the Commission and the European Parliament issued a joint statement appraising the outcome:

'The President of Parliament, Lord Plumb, and the Chairmen of the political groups today met President Jacques Delors and several Members of the Commission in order to appraise the results of the Brussels European Council.

They welcomed the success of this summit meeting, which is due in large part to the close collaboration between the Commission and Parliament.

They stressed the positive points in the conclusions reached by the Heads of State or Government, in particular the massive boost for the structural Funds and the balanced 'agricultural package'.

The Commission confirmed that Parliament would be asked to debate finalization of an interinstitutional agreement to cover future expenditure under the Community budget.

The Commission would lend its efforts to facilitating a constructive dialogue between the two arms of the budgetary authority.

The Commission and Parliament declared they were ready to act upon the European Council's conclusions at once.'

**A new boost for the Community**

1.1.10. This joint endorsement by the Commission and Parliament of the agreement reached by the European Council stems from their conviction that it was achieved without watering down or impairing the coherence of the Commission's proposals as a whole.

<sup>1</sup> Bull. EC 6-1987, point 1.3.1.

<sup>2</sup> OJ C 89, 3.4.1987; Bull. EC 2-1987, points 1.2.14 and 1.2.15.

<sup>3</sup> Bull. EC 11-1987, point 2.1.183.

Table 1 — *Comparison between the Commission's proposals and the European Council's conclusions*

Commission's proposals <sup>1</sup>	European Council's conclusions
<b>A. Common agricultural policy</b>	
<b>1. Adapting the CAP to the world context</b>	
(a) Production stabilizers to adapt supply to demand.	Stabilizers principle fully adopted. Close approximation both on penalties and on quantitative levels.
(b) Price adjustments to farmers based on production levels.	Principle of automatic price adjustment adopted. European Council adopted cumulative price reductions for cereals where Commission proposed non-cumulative reductions.
(c) Overall ceiling on costs. Level: 27 000 million ECU with 2 months for payment of advances (with oils and fats tax). Slope: 100% of GNP growth including stock depreciation.	27 500 million ECU with 2½ months for payment of advances (no oils and fats tax in 1988/89).  80% of GNP growth without stock depreciation, but including part of set-aside programme. Thus 74% effectively.
(d) Depreciation of both old and newly formed stocks; inside guideline.	Adopted. Old stocks 6 800 million ECU outside guideline over 5 years. New stocks inside guideline.
(e) Monetary reserve.	Adopted as modified by the Commission.
<b>2. Maintaining rural development and small farming</b>	
(a) Income support for small farmers.	Adopted with financial provisions (Council Regulation before 1 July 1988).
(b) Substantial growth in EAGGF Guidance.	Adopted (see structural Funds below).
(c) Set-aside programme.	Adopted in addition to initial Commission proposals.
<b>B. Structural Funds with real economic impact</b>	
1. Rationalization of operations targeted to five major objectives.	Adopted.
2. Concentration on less favoured regions.	Adopted and reinforced.
3. Change from nationally administered projects to programmes based on a partnership between Commission, Member States and regions.	Adopted.
4. Doubling of funding 1987 to 1992.	Adopted but extended to 1993.

Commission's proposals <sup>1</sup>	European Council's conclusions
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## C. Sufficient, stable and guaranteed finance

1. Overall ceiling: 1.4% of GNP for commitments implying 1.3% of GNP for payments including UK abatement and EDF (0.11% of GNP).	1.3% of GNP for commitments, 1.2% of GNP for payments without UK abatement and EDF, i.e. comparable to proposal.
2. Structure of revenue: 1.0% VAT + non-VAT part of GNP (additional base) (→ point 1.1.11).	1.4% VAT + full GNP, i.e. same principle of proportionality with relative wealth but less redistributive effect. Special provisions for high-consumption, low-income Member States (→ point 1.1.11).
3. Abolition of 10% collection costs for traditional own resources.	Rejected, but collection costs deducted from revenue, meaning they will not affect expenditure ceiling.

## D. Budgetary discipline and budget management

1. Agricultural guideline with solid instruments to implement it.	Adopted.
2. Improving the budget procedure (a) Annual ceilings (b) Financial perspectives (c) Interinstitutional agreement.	Adoption of financial perspectives. Choice between: (i) Council-Parliament agreement on budgetary discipline and financial perspectives covering annual expenditure for five years; and (ii) unilateral Council decision on budgetary discipline with annual ceiling.
3. General revision of budget management rules.	Adopted. Reinforced principle of annuality (limited carry-overs from year to year). Agreement to revise the Financial Regulation before year-end.
4. Improving budget execution.	Commission's responsibility.

## E. Budgetary imbalance

1. UK compensation General equivalence based on green key taking account of fourth resource.	Equivalence based on modified Fontainebleau mechanism taking account of fourth resource.
2. Finance key According to relative prosperity.	According to GNP with special provisions for Germany, Spain and Portugal.

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

1.1.11. The present structure of resources and the changes proposed by the Com-

mission and adopted by the European Council are shown in Table 2.

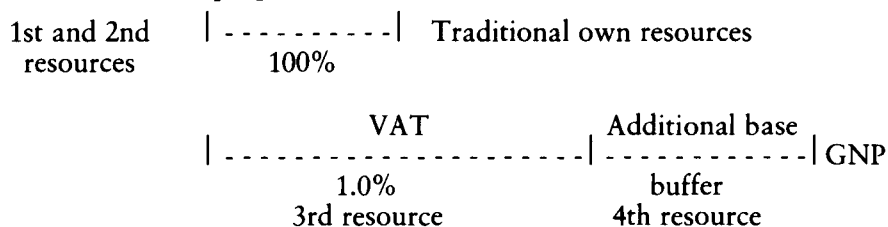
Table 2 — *Changes to structure of resources*

Present system (VAT ceiling)	Commission proposal (GNP ceiling)	European Council's conclusions (GNP ceiling)
<p>(a) Traditional own resources (about one third of total resources)</p> <p>(i) agricultural levies</p> <p>(ii) customs duties</p> <p>(b) VAT: Nominally 1.4% but effectively about 1.25% because UK abatement is financed within the VAT ceiling. Revenue depressive in that high-consumption, low-income Member States pay relatively more</p>	<p>(a) Traditional own resources</p> <p>(b) 1% VAT effectively</p> <p>(c) Additional base equal to difference between GNP and VAT Similar to proportional revenue structure in that when the call-in rate on the additional base approaches 1% the third and fourth resources taken together become GNP finance</p>	<p>(a) Traditional own resources (less 10% collection costs)</p> <p>(b) 1.4% VAT, but including UK abatement; hence effective rate of about 1.25% VAT</p> <p>(c) GNP: This implies less proportionality than the Commission's proposal in that VAT is included twice (first as VAT, second as a component of GNP). Therefore:</p> <p>(d) Special provision for high-consumption, low-income Member States. For those Member States whose VAT constitutes more than 55% of GNP, the VAT base is reduced to 55% of GNP and the uniform VAT rate is applied to the reduced base only. The effect of the special provision is to limit the impact of the VAT resource at Community level and consequently to increase the impact of the GNP resource</p>

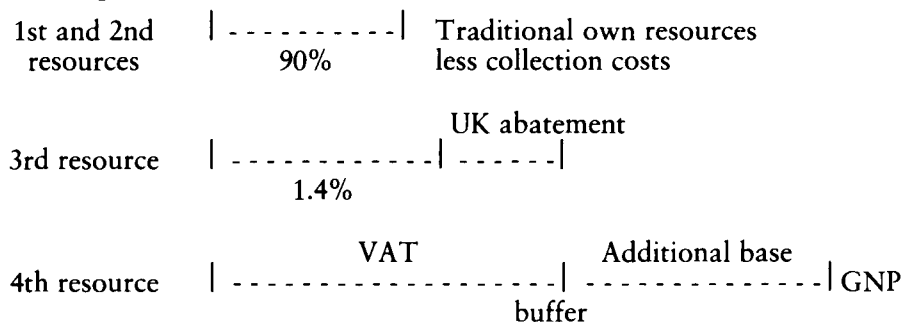


The new structure can also be illustrated as follows:

1. Commission's proposal

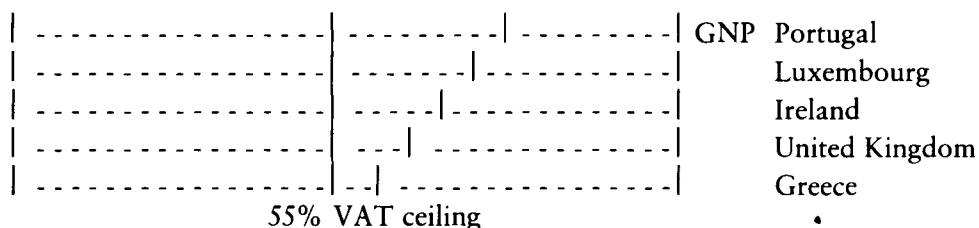


2. European Council's conclusions



Special provision (55% ceiling on VAT) for high-consumption, low-income Member States

3rd resource:



NB

The benefit to the UK of imposing the ceiling will be reflected in a reduction in the UK abatement. The net effect will be zero.

The reduction in revenue from the 3rd resource (VAT) to the Community will increase the total contribution from the 4th resource (GNP).

## 2. The social dimension of the internal market

### Guidelines

1.2.1. On 24 February the Commission laid down the broad lines of its social policy for the years ahead, the political implications of which were explained by Mr Marin. The aim is to complete the internal market in a way that enables a balance to be struck between economic and social considerations and a clear answer to be given in response to the legitimate concern expressed by the trade unions regarding the potential social consequences of the single market, which nevertheless enjoys trade union support.

With a view to rapid implementation of Article 118a of the Treaty (as amended by the Single Act), which provides for the Council to act by a qualified majority, the Commission has adopted a number of specific proposals relating to safety and health at work.

1.2.2. In giving due consideration to the social dimension of the internal market, the Commission will focus on three areas:

- (i) real freedom of movement for persons;
- (ii) the social aspects of measures to bring about the large market;
- (iii) the social changes that will be introduced or speeded up by completion of the internal market.

To deal with these areas, the Commission has adopted five guiding principles:

- (i) it will encourage improvements in living and working conditions;
- (ii) it will make sure that conditions are right for freedom of movement;
- (iii) it will prepare the ground for the adjustments that need to be made;
- (iv) it will strengthen economic and social cohesion; and
- (v) it will promote dialogue between employers and workers.

### First series of proposals

1.2.3. The Commission adopted a first series of proposals for the specific

implementation of the second programme of action on safety and health at work (1983-88).<sup>1</sup> The package consists of a proposal for a framework Directive to encourage improvements in the safety and health of workers at the workplace, together with five proposals for individual Directives based on the framework Directive and a Commission Decision providing for the improvement of information in this field.

The framework Directive and the individual Directives are of general application to all firms without exception. However, in accordance with Article 118a of the Treaty, special attention is paid to the situation of small businesses in order to safeguard their competitiveness. The fact that the cost of safety measures could prove to be too much of a burden for such businesses in certain circumstances is taken into account and special arrangements are envisaged. Also, stricter safety measures are planned for certain industries, such as the building industry, where risks are the greatest.

### *Improvement in the safety and health of workers at the workplace*

1.2.4. The purpose of the proposed framework Directive<sup>2</sup> is to improve health and safety at the workplace by laying down provisions relating to consultation between employers and workers as a means of increasing the prevention of industrial risks. The proposal defines the respective roles and obligations of employers and workers in attaining the objectives, but certain details regarding implementation are left to national regulations.

As stipulated in Article 118a of the Treaty, the proposal contains minimum requirements. The framework Directive is intended to cover the safety side of minimum requirements in this field, while the Council Directive of 27 November 1980 on the protection of workers from the risks related to

<sup>1</sup> OJ C 67, 8.3.1984; Bull. EC 2-1984, point 2.1.79.

<sup>2</sup> COM(88) 73 final.

exposure to chemical, physical and biological agents at work<sup>1</sup> relates more specifically to the health aspects.

## *Minimum requirements*

### **Workplace**

1.2.5. The first proposal<sup>2</sup> lays down minimum requirements for the workplace as a means of promoting fair competition within the single market. It distinguishes between new workplaces, which must conform to a number of minimum conditions once the Directive takes effect, modified or converted workplaces, which must satisfy the minimum requirements for new workplaces as far as reasonably practicable, and existing workplaces, which must be brought into line with specific minimum requirements within five years of the Directive taking effect.

The minimum requirements concern in particular doors and windows, lighting and ventilation, sanitary equipment, first-aid installations, fire detection and fire-fighting equipment, etc.

### **Work equipment**

1.2.6. The second proposal<sup>3</sup> lays down minimum requirements for the use of work equipment (machines, tools and installations) and adds a social element to the Directives that deal with, or will be dealing with, work equipment.<sup>4</sup>

It contains guidelines to enable a proper choice to be made from the equipment available on the market and lays down minimum compulsory health and safety requirements for equipment already in use or bought second-hand.

### **Personal protective equipment**

1.2.7. The third proposal<sup>5</sup> is designed to ensure the selection of personal protective equipment most appropriate to the risks present and to improve the conditions in which the equipment is used. It accords first priority to collective means of protection,

regarding personal protective equipment as a second line of defence in the protection of health and safety at work. It is the social counterpart to the technical harmonization Directive being prepared with a view to completing the internal market for personal protective equipment.

### **Visual display units**

1.2.8. The fourth proposal<sup>6</sup> gives guidelines concerning the characteristics of the VDU equipment to be used in order to optimize working conditions from the point of view of safety and health, these conditions being affected, for very many workers in the Community, by the increasing use of VDUs and new office-automation technology.

### **Handling of heavy loads**

1.2.9. The fifth proposal<sup>7</sup> is aimed at reducing the manual handling of heavy loads as far as possible and the risk of back injury where such handling cannot be avoided. Back injuries are one of the main causes of unfitness for work in the Community.

The proposal therefore contains provisions for changes in working methods and for better organization of work with the participation of the workers, who are required to be given training.

### *Improvement of information*

1.2.10. The purpose of the Commission Decision is to obtain information on any draft texts and regulations in the Member States relating to safety, hygiene and health at work in order to harmonize existing conditions in this area up to the most advanced level. The Commission will be assisted by an advisory committee.

<sup>1</sup> OJ L 337, 3.12.1980; Bull. EC 11-1980, point 2.1.38.

<sup>2</sup> COM(88) 74 final.

<sup>3</sup> COM(88) 75 final.

<sup>4</sup> OJ C 29, 3.2.1988; Bull. EC 11-1987, point 2.1.21.

<sup>5</sup> COM(88) 76 final.

<sup>6</sup> COM(88) 77 final.

<sup>7</sup> COM(88) 78 final.

### 3. News in brief

#### Economic outlook for 1988

Growth in the Community will slow down, though there are no signs of recession. If more jobs are to be created, the Community itself must make a major contribution to growth (→ point 2.1.2).

#### Thermonuclear fusion

The Council gave the go-ahead to Euratom's participation in the International Thermonuclear Experimental Reactor conceptual design activities being conducted under IAEA auspices in conjunction with the United States, the Soviet Union and Japan (→ point 2.1.38).

#### Environment and quality of life

Protection of the ozone layer: measures to underpin and implement the Vienna Convention and the Montreal Protocol: proposal for a Decision (→ point 2.1.104).

Reduction of pollution caused by private motor vehicles with a small engine capacity: proposal for Directive (→ point 2.1.103).

More stringent standards for the incineration of municipal waste: two proposals for Directives (→ point 2.1.102).

#### EEC-EFTA ministerial meeting

New specific measures agreed to bring about a 'European economic space' encompassing the Community and the EFTA countries. Priority given to achievement of the 1992 target and Community cohesion (→ point 2.2.18).

#### Letter of amendment No 2/1988 and Council meetings

To give effect to the conclusions of the Brussels European Council of 11 to 13 February, the Commission adopted letter of amendment No 2 to the 1988 preliminary draft budget. The principal changes concern the EAGGF Guarantee Section on the expenditure side, and VAT and customs duties on the revenue side. The Council meeting of Budget Ministers on 23 and 24 February failed to reach agreement owing to diverging opinions on how to finance the correction of the budgetary imbalances. However, the Council meeting of 7 March on economic and financial affairs did produce an agreement enabling the draft budget to be sent to Parliament (→ points 2.3.2 and 2.3.3).

# **PART TWO**

**ACTIVITIES  
IN FEBRUARY  
1988**

# 1. Building the Community

## Economic and monetary policy

### Council

2.1.1. At its economic and financial affairs meeting on 9 February the Council, acting on the basis of two interim reports from the Chairman of the Monetary Committee and the Chairman of the Committee of Governors of the Central Banks, examined in detail a number of policy issues arising in connection with complete liberalization of capital movements in the Community. It called on the two Committees to submit their final reports in time for its April meeting.

### Economic situation

2.1.2. On 25 February the Commission, acting in accordance with Article 2 of the Council Decision of 18 February 1974 on convergence,<sup>1</sup> transmitted to the Council a communication on the economic situation and outlook for 1988 entitled 'Overcoming the uncertainties'.<sup>2</sup>

A paper of this kind is sent to the Council at the same time each year for the purpose of establishing whether the economic data and guidelines produced by the Council the previous year<sup>3</sup> need to be adjusted to changes in the economic situation since then.

This year's communication takes account of events on international financial markets since October 1987 and highlights three factors: growth in the Community will slow down by half a percentage point, though there are no signs of recession; the process of adjusting international imbalances is under way but moving slowly; and, without faster growth, the number of people out of work in the Community (16 million) will not show any significant fall. The Commission underscores the need for the Community itself to make a major contribution to growth and employment by completing the internal market and strengthening economic and social cohesion in accordance

with the guidelines set by the February European Council, primarily through a doubling of the resources of the structural Funds between now and 1993.

In order to correct the international payments imbalances and overcome the damaging structural effects of persistently low growth (some 2%) while 16 million are unemployed, internal demand in the Community would not only need to expand more rapidly but also be channelled into productive investment. Since monetary policy cannot simultaneously keep inflation down, stabilize exchange rates and underpin demand, budgetary policies must leave maximum room for the operation of the 'automatic stabilizers'. Tax reliefs and extra public spending should allow the absorption of liquidity by higher non-inflationary growth.

Lastly, the Commission stresses that the Community must make its voice heard at international gatherings if it is to contribute to the freedom of world trade, notably in the context of the Uruguay Round,<sup>4</sup> to the resolution of the problems of the developing countries and to the protection of economic and monetary cooperation.

## Internal market

### Completing the internal market

#### Council

2.1.3. The Council met on 2 February and resumed discussion of the Community Patent Convention,<sup>5</sup> focusing on the questions of the Convention's entry into force, the possible convening of a third and final

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<sup>1</sup> OJ L 63, 5.3.1974.

<sup>2</sup> COM(88) 54 final.

<sup>3</sup> OJ L 394, 31.12.1987; Bull. EC 10-1987, points 1.4.1 to 1.4.5.

<sup>4</sup> Bull. EC 9-1986, point 1.4.1 *et seq.*

<sup>5</sup> OJ L 17, 26.1.1976.

Intergovernmental Conference<sup>1</sup> and the conditions for amending the financial scale. The Council found itself unable to reach overall agreement at this stage. It therefore asked the Presidency and the Commission to clarify the technical issues still outstanding and submit a proposal to resolve them at the next meeting. Settling the technical problems would make it easier to resolve the other problems.

The Council discussed the proposal for a Regulation on the Community trade mark<sup>2</sup> and the proposal for a Directive on the approximation of national legislation relating to trade marks.<sup>3</sup> It concluded that a number of technical points should be referred to the Permanent Representatives Committee, which was to report back at a forthcoming meeting.

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2.1.4. On 12 February Parliament adopted three resolutions on the completion of the internal market and safety and health protection at work<sup>4</sup> (→ point 2.4.14).

## **A people's Europe**

2.1.5. On 9 February Parliament adopted a resolution on the revival of racism and Fascism in Europe<sup>4</sup> (→ point 2.4.14).

## **Freedom of movement of persons and freedom to provide services**

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

#### **Veterinary surgeons**

2.1.6. The Advisory Committee on Veterinary Training held its annual meeting on 9 and 10 February to discuss its pilot scheme for study visits to veterinary schools in the Member States. The visits are based on a self-evaluation report drawn up by the school to be visited. The visits already conducted have been evaluated and the visits

planned for 1988 and 1989 have been prepared and approved.

The Committee adopted a report on the post-initial training of veterinary surgeons; it was also decided that a study would be conducted of veterinary specialities in the Member States.

## **Free movement of goods**

### *Standardization, certification and tests*

#### **Technical standards and regulations**

2.1.7. On 10 February Parliament approved,<sup>4</sup> on second reading, the Council's common position<sup>5</sup> on the proposal for a Directive<sup>6</sup> amending the Directive of March 1983 laying down a procedure for the provision of information in the field of technical standards and regulations.<sup>7</sup>

2.1.8. On 25 February the Economic and Social Committee delivered an opinion on the proposal for a Directive relating to construction products<sup>8</sup> (→ point 2.4.22).

### *Removal of barriers to trade*

#### **Foodstuffs**

2.1.9. On 4 March the Commission transmitted to the Council an amended version<sup>9</sup> of its proposal for a Directive on the official

<sup>1</sup> Ninth General Report, point 113, Bull. EC 12-1985, point 2.1.22.

<sup>2</sup> OJ C 351, 31.12.1980; Supplement 5/80 — Bull. EC, Bull. EC 11-1980, point 1.5.1 *et seq.*; OJ C 230, 31.8.1984, Bull. EC 7/8-1984, point 2.1.21.

<sup>3</sup> OJ C 351, 31.12.1980; Supplement 5/80 — Bull. EC; Bull. EC 11-1980, point 1.5.1 *et seq.*; OJ C 351, 31.12.1985; Bull. EC 12-1985, point 2.1.24.

<sup>4</sup> OJ C 68, 14.3.1988.

<sup>5</sup> Bull. EC 11-1987, point 2.1.20.

<sup>6</sup> OJ C 71, 19.3.1987; Bull. EC 2-1987, point 2.1.8; OJ C 3, 7.1.1988; Bull. EC 11-1987, point 2.1.8.

<sup>7</sup> OJ L 109, 26.4.1983; Bull. EC 3-1983, point 2.1.8.

<sup>8</sup> OJ C 93, 6.4.1987; Bull. EC 12-1986, point 2.1.22.

<sup>9</sup> OJ C 88, 5.4.1988; COM(88) 88 final.

inspection of foodstuffs,<sup>1</sup> incorporating certain amendments called for by Parliament<sup>2</sup> whereby inspection may be extended to products to be exported outside the Community and firms may have an independent check carried out by a recognized body if they wish.

2.1.10. On 10 February Parliament adopted a decision,<sup>3</sup> on second reading, proposing amendments to the Council's common position<sup>4</sup> on the proposal for a Directive on extraction solvents used in the production of foodstuffs and food ingredients.<sup>5</sup>

2.1.11. On 25 February the Economic and Social Committee delivered an opinion on the proposal for a Regulation on indications or marks identifying the lot to which a foodstuff belongs<sup>6</sup> (→ point 2.4.23).

2.1.12. In accordance with the Council Directive of 15 July 1980 on the exploitation and marketing of natural mineral waters,<sup>7</sup> the United Kingdom notified the Commission of the addition of two mineral waters, one from Devon and one from Lebanon, to the list of mineral waters recognized in the United Kingdom.<sup>8</sup>

## Fertilizers

2.1.13. On 10 February Parliament approved,<sup>3</sup> on second reading, the Council's common position<sup>9</sup> on the proposal for a Directive<sup>10</sup> amending the Directive of December 1975 relating to liquid fertilizers.<sup>11</sup>

## Businesses

### Small business action programme

#### *Interim report*

2.1.14. On 24 February<sup>12</sup> the Commission approved, for transmission to the Council, Parliament and the Economic and Social Committee, the second report on the

implementation of the objectives of the action programme for small and medium-sized enterprises<sup>13</sup> in conformity with the Council resolution of 20 October 1986.<sup>14</sup>

This report discusses the measures taken to improve the business environment and to promote the setting-up and development of small firms, and reviews progress with regard to cooperation between the Commission and business organizations. It identifies areas for future action to assist small businesses, noting the important developments that have occurred in a number of sectors, such as the benefits to businesses resulting from progress towards completion of the internal market; proposals on company law and taxation; implementation of the pilot phase of the Euro-Info-Centres,<sup>15</sup> and development of the BC-Net project; participation by small firms in Community programmes to promote research and development and vocational training; recognition of the special role of small firms in the plans to reform the structural Funds<sup>16</sup> and to develop financial engineering techniques.<sup>17</sup>

### Improving the business environment

#### *Intellectual property*

2.1.15. At an internal market meeting on 2 February, the Council resumed discussion

<sup>1</sup> OJ C 20, 27.1.1987; Bull. EC 12-1986, point 2.1.28.

<sup>2</sup> OJ C 345, 21.12.1987; Bull. EC 11-1987, point 2.1.26.

<sup>3</sup> OJ C 68, 14.3.1988.

<sup>4</sup> Bull. EC 10-1987, point 2.1.11.

<sup>5</sup> OJ C 312, 17.11.1983; Bull. EC 10-1983, point 2.1.16;

OJ C 77, 23.3.1985; Bull. EC 3-1985, point 2.1.11.

<sup>6</sup> OJ C 310, 20.11.1987; Bull. EC 11-1987, point 2.1.24.

<sup>7</sup> OJ L 229, 30.8.1980; Bull. EC 7/8-1980, point 2.1.15.

<sup>8</sup> OJ C 48, 20.2.1988.

<sup>9</sup> Bull. EC 11-1987, point 2.1.11.

<sup>10</sup> OJ C 12, 16.1.1987; Bull. EC 12-1986, point 2.1.23.

<sup>11</sup> OJ L 24, 30.1.1976.

<sup>12</sup> COM(88) 64 final.

<sup>13</sup> Bull. EC 5-1987, point 2.1.21.

<sup>14</sup> OJ C 287, 14.11.1986; Bull. EC 10-1986, point 1.3.1.

<sup>15</sup> Bull. EC 4-1987, point 2.1.18; Bull. EC 7/8-1987, point 2.1.23.

<sup>16</sup> OJ C 245, 12.9.1987; Bull. EC 7/8-1987, points 1.1.1 and 1.1.2.

<sup>17</sup> OJ C 80, 27.3.1987; Bull. EC 12-1986, point 2.1.6; OJ C 40, 12.2.1988; Bull. EC 1-1988, point 2.1.2.



of the Community Patent Convention,<sup>1</sup> notably its entry into force, and concluded that there was no possibility of overall agreement at this stage.

2.1.16. At the same meeting the Council discussed the proposal for a Regulation on the Community trade mark<sup>2</sup> and the proposal for a Directive on the approximation of national trade mark legislation<sup>3</sup> (→ point 2.1.3).

### **Topographies of semiconductor products**

2.1.17. On 24 February the Commission sent the Council a proposal<sup>4</sup> to extend to persons from certain other countries or territories<sup>5</sup> the right to protection under the Directive of 16 December 1986 on the legal protection of topographies of semiconductor products.<sup>6</sup>

### **Public procurement**

2.1.18. For public information the Commission published a communication<sup>7</sup> on the entry into force on 14 February of the Protocol amending the GATT Agreement on Government Procurement<sup>8</sup> which adapts and supplements the previous provisions transposed into Community law by the Directive of 22 July 1980.<sup>9</sup> Under the Council Decision of 16 November 1987<sup>8</sup> Member States are required to introduce the measures necessary to implement the Protocol on its entry into force.

2.1.19. The Commission also published an amendment<sup>7</sup> to a notification concerning the date of entry into force of the new threshold in ECUs applicable to public contracts subject to the GATT Agreement,<sup>10</sup> changing this to 14 February.

2.1.20. On 11 February the Commission sent the Council a revised proposal<sup>11</sup> amending the Council Directive of 21 December 1976<sup>12</sup> coordinating procedures for the award of public supply contracts and deleting certain provisions of the Directive of 22 July 1980.<sup>13</sup> The Commission has

based this proposal largely on the common position adopted by the Council on 5 October 1987<sup>14</sup> and most of the amendments adopted by Parliament at its second reading on 15 December 1987.<sup>15</sup>

## **Business services**

### **Euro-Info-Centres**

#### *Activities*

2.1.21. Of the 39 Euro-Info-Centres selected for the pilot phase,<sup>16</sup> 38 were already in operation at the end of February, 37 Centres having been officially inaugurated (13 of them by a Member of the Commission). This attracted widespread media attention in all cases, rapidly creating awareness of these new bodies among businesses and trade associations.

The requests for information reaching the Euro-Info-Centres come from small businesses with fewer than 50 employees, from medium-sized businesses in certain industrial regions and from business advisers or universities. The requests chiefly concern specific aspects of the drive towards the full internal market: standardization and freedom of movement and establishment,

<sup>1</sup> OJ L 17, 26.1.1976.

<sup>2</sup> OJ C 351, 31.12.1980; Supplement 5/80 — Bull. EC; OJ C 230, 31.8.1986; Bull. EC 7/8-1986, point 2.1.21.

<sup>3</sup> OJ C 351, 31.12.1980; Supplement 5/80 — Bull. EC; OJ C 351, 31.12.1985; Bull. EC 12-1985, point 2.1.24.

<sup>4</sup> COM(88) 60 final.

<sup>5</sup> Previous extension: OJ L 24, 27.1.1987; Bull. EC 12-1986, point 2.1.33.

<sup>6</sup> OJ L 24, 27.1.1987; Bull. EC 12-1986, point 2.1.33.

<sup>7</sup> OJ C 25, 30.1.1988; OJ S 22, 2.2.1988.

<sup>8</sup> OJ L 345, 9.12.1987; Bull. EC 11-1987, point 2.2.71.

<sup>9</sup> OJ L 215, 18.8.1980.

<sup>10</sup> OJ S 242, 10.12.1987.

<sup>11</sup> OJ C 65, 10.3.1988; COM(88) 42 final/2. Earlier versions: OJ C 173, 11.7.1986; Bull. EC 6-1986, points 1.2.1 to 1.2.6; OJ C 161, 19.6.1987; Bull. EC 6-1987, point 2.1.18; OJ C 303, 13.11.1987; Bull. EC 10-1987, point 2.1.18.

<sup>12</sup> OJ L 13, 15.1.1977.

<sup>13</sup> OJ L 215, 18.8.1980; Bull. EC 7/8-1980, point 2.1.20.

<sup>14</sup> Bull. EC 10-1987, point 2.1.18.

<sup>15</sup> OJ C 13, 18.1.1988; Bull. EC 12-1987, point 2.1.22.

<sup>16</sup> Bull. EC 4-1987, point 2.1.18; Bull. EC 7/8-1987, point 2.1.23.

the various Community financial aid schemes available for businesses (particularly regional and social aid, and support granted under the research programmes).

In their everyday operation, the Euro-Info-Centres have already made intensive use of the facility for interrogating the central unit in Brussels.

At the same time, the Centres have frequently entered into contact with each other in order to communicate full and rapid replies to questions on national provisions, thus creating a real European network capable of offering a new type of service in this field. The Euro-Info-Centres have also undertaken various initiatives to assume a more active information role, such as organizing meetings and exhibitions and participating in regional events. The 1992 deadline is the major theme of these activities.

## Industrial strategy and services

### Steel

#### *The Community steel industry*

#### Market management

##### *Transitional measures*

#### Production quotas

2.1.22. On 9 February the Commission approved the 28 individual ECSC Decisions notifying the steel undertakings which are still subject to the quota arrangements of their production and delivery quotas for the first quarter of 1988, as provided for by the Decision of 6 January to extend the quota system for certain products.<sup>1</sup> The quotas are the result of the application of the abatement rates laid down by the Commission<sup>2</sup> to the reference levels of each undertaking and of the changes in the rates of abatement (→ point 2.1.25).

The quotas, which exceed by more than 1.2 million tonnes the volume adopted at the end of 1987 for the categories of products still subject to quotas (hot-rolled wide strip, cold-rolled sheet, heavy plate and heavy sections),<sup>3</sup> reflect the fairly good short-term market trends, especially in exports.

2.1.23. The Commission also notified the firms involved of the decisions taken in response to applications to transfer production reference figures in respect of products taken out of the system on 1 January (merchant bars and wire rod)<sup>1</sup> to category III (heavy sections), which is still within the system. This operation, which was provided for in the Decision adopted on 27 November 1985,<sup>4</sup> entails a substantial increase of the reference figures of certain firms in category III but should not have much impact on the arrangements still applying.

2.1.24. On 1 February the Commission adopted the definitive rates of abatement for the first quarter of 1988,<sup>5</sup> which had been provisionally adopted on 11 January<sup>2</sup> (Table 3).

Table 3 — *Definitive rates of abatement for establishing the production quotas for the first quarter of 1988*

Products	Production	%
		Proportion of the quotas which may be delivered in the common market
Ia Hot-rolled strip and sheet	38	51
Ib Cold-rolled sheet	43	49
II Reversing-mill plate	36	54
III Heavy sections	45	—

<sup>1</sup> OJ L 25, 29.1.1988; Bull. EC 1-1988, point 2.1.14.

<sup>2</sup> OJ L 24, 29.1.1988; Bull. EC 1-1988, point 2.1.15.

<sup>3</sup> Bull. EC 11-1987, point 2.1.35; Bull. EC 12-1987, point 2.1.28.

<sup>4</sup> OJ L 340, 18.12.1985; Bull. EC 11-1985, points 2.1.23 to 2.1.25.

<sup>5</sup> OJ L 30, 2.2.1988.

2.1.25. On 22 February the Commission also adopted the provisional rates of abatement for establishing the production quotas for the second quarter of 1988.<sup>1</sup> The proportion of quotas which may be delivered in the common market has been set at a level 2% above the estimated level of demand, in line with the Decision of 6 January extending the system of quotas.<sup>2</sup>

2.1.26. Finally, the Commission decided<sup>3</sup> on 10 February on the conditions and criteria for applying Article 7 of the Decision of 6 January 1988 extending the system of monitoring and quotas.<sup>2</sup> The aim of this Article is to limit to 1% the loss of relativity suffered during two consecutive quarters by an undertaking not benefiting or benefiting relatively less than Community undertakings as a whole from additional quotas granted in parallel under Articles 14 and 14a of the Decision.

#### *Market situation*

2.1.27. The forecasts of the OECD Steel Committee indicate that steel demand and production should be slightly lower than in 1987. However, the improvement in economic performance, which is due in particular to better adaptation of supply to demand, could continue on condition that the restructuring process is pursued with vigour.

#### *Aid to restructuring and conversion*

2.1.28. Following the agreement reached by Industry Ministers on 22 December 1987,<sup>4</sup> the Council formally adopted<sup>5</sup> on 2 February, on a proposal from the Commission,<sup>6</sup> the Regulation establishing a Community programme to assist the conversion of steel areas (Resider programme) (→ point 2.1.92).

## **Research and technology**

### **Community R&TD policy**

#### *Joint Research Centre*

2.1.29. As part of its pilot project on remote sensing applied to agricultural statistics,

the JRC published a call for proposals for one of the activities involved concerning monitoring of vegetation and yield indicators by means of meteorological satellite data.<sup>7</sup>

#### *Coordination of national policies*

2.1.30. At a meeting in Brussels on 11 and 12 February the Scientific and Technical Research Committee (Crest) held a detailed discussion on the Commission communication concerning Community action in the field of forecasting and assessment in science and technology (FAST).<sup>8</sup> It stressed the need for proper dissemination of the results of the first two programmes and for the new programme to take account of the conclusions of the evaluation report on the previous ones.

The Committee was in favour of future Community activity to stimulate economic science, but asked for the priorities of the various research subjects in the programme to be established.

Crest concluded its examination of the Commission proposals regarding the application of information technology and telecommunications to road transport (Drive), health (AIM) and learning (Delta).<sup>9</sup> It felt that the proposals were an important extension of Community IT activities and that they fitted in well with the objectives of the 1987-91 framework programme.<sup>10</sup> However, it expressed concern regarding the continuation of the activities in view of the timetable proposed in the framework programme.

<sup>1</sup> OJ L 49, 23.2.1980.

<sup>2</sup> OJ L 25, 29.1.1988; Bull. EC 1-1988, point 2.1.14.

<sup>3</sup> OJ L 38, 11.2.1988.

<sup>4</sup> Bull. EC 12-1987, point 2.1.30.

<sup>5</sup> OJ L 33, 5.2.1988.

<sup>6</sup> OJ C 272, 10.10.1987; Bull. EC 7/8-1987, points 2.1.25 and 2.1.146; Bull. EC 12-1987, point 2.1.162.

<sup>7</sup> OJ C 51, 23.2.1988; OJ S 37, 23.2.1988.

<sup>8</sup> OJ C 39, 11.2.1988; Bull. EC 10-1987, point 2.1.53.

<sup>9</sup> Bull. EC 1-1988, point 2.1.22.

<sup>10</sup> OJ L 302, 24.10.1987; Bull. EC 9-1987, point 2.1.32.

The Commission informed the Committee of the contents of its proposal for an R&TD programme in the agro-industrial field (Eclair).<sup>1</sup> The Committee expressed interest in this activity, which forms part of the framework programme and should help to promote the integration of industry and agriculture.

### *International cooperation*

#### **Agreements with EFTA countries**

2.1.31. On 10 February the Commission sent the Council a proposal<sup>2</sup> for a Decision concerning the conclusion of a cooperation agreement between the Community and Austria on research related to advanced materials (Euram).<sup>3</sup>

2.1.32. On 11 February the Commission presented a proposal<sup>4</sup> for a Decision concerning the conclusion of a cooperation agreement between the Community and Sweden on research in the field of wood, including cork, as a renewable raw material.<sup>5</sup>

#### **COST cooperation**

2.1.33. On 25 February the Netherlands signed the Memorandum of Understanding regarding COST Project 309 (Road meteorology and maintenance conditions).

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

#### *Quality of life*

##### **Radiation protection**

2.1.34. From 23 to 25 February the Commission organized a workshop in Brussels within the framework of its radiation protection programme (1985-89)<sup>6</sup> on technical and physical parameters for quality assurance in medical diagnosis by means of radiology, covering tolerances, thresholds and methods of measurement. The meeting

enabled radiologists, X-ray technicians, radiation protection scientists and representatives of industry, the public authorities and regulatory bodies to consider the methods of measurement and the instrumentation of measurement techniques required for quality control of the parameters that have the greatest impact on image quality and patient exposure. The conclusions were that comparison of the various quality control measures and the definition of acceptable variations for the parameters selected could go a long way towards helping to produce X-ray photographs that did not entail unnecessary exposure of the patient.

### *Industrial technologies*

#### **Brite programme**

2.1.35. Parliament having approved at second reading<sup>7</sup> the Council's common position<sup>8</sup> regarding the revision of the Brite programme (1985-88),<sup>9</sup> the Council on 29 February adopted the Decision<sup>9</sup> amending its Decision of 12 March 1985 concerning a multiannual R&D programme in the fields of basic technological research and the application of new technologies. This increases the amount allotted to the programme from 125 to 185 million ECU, thus enabling 66 cross-frontier research projects to be funded, and opens up the programme to organizations in the EFTA countries.

#### **Materials**

2.1.36. On 3 February Mr Narjes, Vice-President of the Commission, invited Professor Alex Müller (Switzerland) and Pro-

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<sup>1</sup> Bull. EC 12-1987, point 2.1.58.

<sup>2</sup> OJ C 56, 27.2.1988; COM(88) 24 final.

<sup>3</sup> OJ L 159, 14.6.1986; Bull. EC 6-1986, point 2.1.65.

<sup>4</sup> OJ C 51, 23.2.1988; COM(88) 22 final.

<sup>5</sup> OJ L 83, 25.3.1985; Bull. EC 12-1984, points 1.7.1 and 1.7.2.

<sup>6</sup> OJ C 68, 14.3.1988.

<sup>7</sup> Bull. EC 12-1987, point 2.1.51.

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

<sup>9</sup> OJ L 59, 4.3.1988.

fessor Georg Bednorz (Federal Republic of Germany), winners of the 1987 Nobel Prize in Physics for their work in the field of superconductivity,<sup>1</sup> to a meeting of top European scientists chaired by Professor Pierre Aigrain (France). The meeting will serve to prepare the ground for genuine European cooperation in an area which looks like being one of the most important technological developments of the century. The United States has embarked upon a very ambitious programme, and Japan will be starting on specific work in the immediate future, while research in Europe is fragmented among small university-based groups which have little interest in the practical applications of superconductivity.

#### Scientific standards and reference materials and methods

2.1.37. In response to the opinion delivered by Parliament,<sup>2</sup> the Commission transmitted to the Council an amendment<sup>3</sup> to its proposal for a Regulation for an R&D programme in the field of applied metrology and chemical analyses (1988-92).<sup>4</sup>

### Energy

#### Nuclear fusion energy

2.1.38. On 8 February the Council adopted, on a proposal from the Commission,<sup>5</sup> a Decision authorizing the Commission to conclude the agreement on Euratom's participation in the International Thermonuclear Experimental Reactor (ITER) conceptual design activities, which are being conducted under the auspices of the International Atomic Energy Agency together with the United States, the Soviet Union and Japan.

On 26 February the Commission sent the IAEA Director-General its reply to his letter inviting the four parties concerned to take part in ITER activities in accordance with the terms of reference agreed, thereby committing the Community.

The conceptual design activities are due to begin in May at the Plasma Physics Institute at Garching, in Germany, which is associated with Euratom under the fusion programme; there will be four teams of 10 scientists from each of the parties.

#### Nuclear fission energy

2.1.39. From 15 to 18 February the Commission, in conjunction with the IAEA and the OECD, held a conference in Tokyo on the man/machine interface in the nuclear industry. Some 600 experts, including 150 from Europe, took part.

### Biological resources

#### Biotechnology

2.1.40. Meeting in Brussels on 16 and 17 January, the Management and Coordination Committee for Biotechnology approved the 1987 annual report on the Community research and training programme in biotechnology (1985-89).<sup>6</sup> The Committee noted the benefit being gained from the setting-up under the programme, in a growing number of sectors, of the flexible cooperation and exchange structures known as 'European laboratories without walls'.

The Committee resumed its discussion on the broad outline of the future Community biotechnology research programme (Bridge), which is intended to extend and broaden the activities being conducted as part of the current programme.

It also considered the broad lines of the Commission's concertation activities in the biotechnology field and, together with representatives of the Standing Committee on Agricultural Research associated with the

<sup>1</sup> Bull. EC 7/8-1987, point 2.1.60; Bull. EC 9-1987, point 2.1.42.

<sup>2</sup> OJ C 13, 18.1.1987; Bull. EC 12-1987, point 2.1.59.

<sup>3</sup> OJ C 66, 11.3.1988; COM(88)79 final.

<sup>4</sup> OJ C 304, 14.11.1987; Bull. EC 9-1987, point 2.1.43.

<sup>5</sup> Bull. EC 12-1987, point 2.1.56.

<sup>6</sup> OJ L 83, 25.3.1985; Bull. EC 3-1985, point 2.1.141.

Management and Coordination Committee for the purpose, discussed the technological objectives and details of the future Eclair programme for biotechnology-based agro-industrial research.<sup>1</sup>

### *European scientific and technological cooperation*

#### **Researchers' Europe**

2.1.41. On 10 February Parliament delivered an opinion (first reading)<sup>2</sup> on the proposal for a Regulation adopting a plan to stimulate the international cooperation and interchange needed by European research scientists (1988-92) (Science).<sup>3</sup> The proposal received a very warm welcome and its importance and usefulness were stressed. The Commission accepted all of the minor amendments called for by Parliament.

2.1.42. Meeting in Brussels on 9 February, the Committee for the European Development of Science and Technology (Codest) recommended to the Commission six new research projects for immediate funding under the plan to stimulate European scientific and technical cooperation and interchange (1985-88),<sup>4</sup> ten other proposals being approved for funding at a later date. The Committee also continued to discuss the Commission's plan to set up a 'European Scientific Assembly' and held an initial discussion on the topics that might be on the agenda at the Codest conference later in the year.

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

### **Telecommunications**

#### **Green Paper**

2.1.43. In June 1987 the Commission sent the other institutions a Green Paper on the

development of the common market for telecommunications services and equipment.<sup>5</sup>

In a communication transmitted to the Council on 11 February,<sup>6</sup> the Commission set out a programme of action embodying the operational conclusions drawn from a wide-ranging public debate sparked off by the Green Paper. The aim of this programme is to ensure the gradual achievement of a competitive Community market by 1992, and it covers the following main areas:

- (i) rapid and full opening of the terminal equipment market to competition, by December 1990 at the latest;
- (ii) phased opening of the telecommunications services market to competition from 1989;
- (iii) full opening of receive-only satellite (ROS) antennas, as long as they are not connected to the public network, by 31 December 1989;
- (iv) gradual implementation of the general principle that telecommunications tariffs should follow overall cost trends;
- (v) establishment of a European Telecommunications Standards Institute by April 1988;
- (vi) rapid introduction of full mutual recognition of type-approval for terminal equipment;
- (vii) ensuring fair conditions of competition;
- (viii) ensuring the independence of purchasing procedures and the opening-up of access to public procurement.

Starting in March, the Commission will be laying before the Council a set of appropriate measures for the implementation of this programme.

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<sup>1</sup> Bull. EC 12-1987, point 2.1.58.

<sup>2</sup> OJ C 68, 14.3.1988.

<sup>3</sup> OJ C 14, 19.1.1988; Bull. EC 9-1987, point 2.1.51.

<sup>4</sup> OJ L 83, 25.3.1985; Bull. EC 12-1984, points 1.7.1 and 1.7.2.

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

<sup>6</sup> COM(88) 48 final.

## Information technology

### Esprit programme

2.1.44. On 10 February Parliament adopted<sup>1</sup> a decision amending the common position adopted by the Council last December<sup>2</sup> on the proposal for a Regulation concerning the European strategic programme for research and development in information technologies (Esprit).<sup>3</sup>

2.1.45. On 25 February the Commission adopted, for transmittal to the Council, a revised proposal for a Decision concerning Esprit,<sup>4</sup> based on the Council's common position and the changes called for by Parliament.

### Standards

2.1.46. The Council Decision of 22 December 1986 on standardization in the field of information technology and telecommunications<sup>5</sup> entered into force on 7 February. Its main impact is on the public procurement sector. This Decision requires Member States to ensure that reference is made to international and European standards in the public procurement orders relating to information technology so that these standards are used as a basis for the exchange of information and data.

In order to help public procurement officials to implement IT standards more efficiently and to provide a better understanding of their benefits, the Commission has produced a guide explaining how to interpret the existing texts, in particular the Council Decision of December 1986. The guide covers important aspects relating to the scope of the Decision, the types of public procurement and the requirements laid down in the Council Directive of 21 December 1976 on public supply contracts,<sup>6</sup> which is currently being revised to bring the approach of the two instruments into line. This guide will be available in March from the Commission (DG XIII-E-4) and from the representatives of each of

the Member States on the public procurement subcommittee on IT.

2.1.47. The Commission has decided to exhibit the CTS (Conformance Testing Service) programme at the Enterprise Network Event (ENE) in Baltimore in June 1988. Most of the CTS projects are relevant to the objective of the ENE, which is to demonstrate how ISO protocols, more specifically MAP/TOP 3.0, can solve firms' communications problems.

The presence of the CTS programme will demonstrate to the United States the Community's lead in conformance testing technology and promote the marketing of European test services and technology.

## Innovation

### Sprint programme

2.1.48. After three years of operation<sup>7</sup> the Sprint network for the development of a supporting infrastructure for innovation and technology transfer—which has 170 contractors and over 100 technical agreements between firms to its credit—met in Luxembourg on 1 and 2 February together with a number of experts for an evaluation session to prepare the main phase of the Sprint programme (1989-93).

Developing an effective infrastructure for innovation and technology transfer support to firms across the Community has been a prime objective of Sprint. The progress made, the difficulties encountered and the problems remaining to be tackled were critically reviewed in discussions on 'best practice' models and methods for innovation and technology transfer support, marketing

<sup>1</sup> OJ C 68, 14.3.1988.

<sup>2</sup> Bull. EC 12-1987, point 2.1.72.

<sup>3</sup> OJ C 283, 21.10.1987; Bull. EC 7/8-1987, point 2.1.65; OJ C 10, 15.1.1988; Bull. EC 12-1987, point 2.1.73.

<sup>4</sup> OJ C 88, 5.4.1988; COM(88) 102 final.

<sup>5</sup> OJ L 36, 7.2.1987; Bull. EC 12-1986, point 2.1.76.

<sup>6</sup> OJ L 13, 15.1.1977.

<sup>7</sup> OJ L 353, 15.12.1983; Bull. EC 10-1983, point 2.1.32.

techniques for innovative products and marketing support services to firms.

### *European Design Prize*

2.1.49. At a ceremony in Brussels on 15 February, Mr Narjes, Vice-President of the Commission, presented the first European Community Design Prize.<sup>1</sup> It was awarded to three companies chosen from among 32 entrants from nine Member States, nominated by national design organizations. The award, for achievement in product, communications and environment design, went to L. Goof (Denmark), a firm specializing in dentistry equipment, Lamy (Germany), a manufacturer of writing implements, and Tecno (Italy), a furniture manufacturer. The jury gave honourable mentions to two firms—Gori (Denmark), which manufactures wood stains, and Italdesign (Italy), consultants on motor car design—for their role in the utilization of design concepts and the development of the design profession respectively. All participants received a special certificate for being selected for the event.

The purpose of this initiative, which was organized in close cooperation with several European design organizations (notably the Danish Design Council), is to highlight the economic benefits of good design. It also aims to demonstrate the different ways in which design can be used as a management tool by industry, especially in the areas where innovation and design converge. The European Community Design Prize is a reward to small and medium-sized companies that have incorporated design concepts in their products and thus project an image of quality worth emulating.

The prize-winning companies were selected not for one but for a number of accomplishments, including their design management skills. Most of the companies concerned have consistently made use of the talents of some of Europe's most renowned designers. Their activities also demonstrate that good design is a means of achieving excellence and economic benefits, regardless of a company's size.

## **Customs union and indirect taxation**

### **Customs union**

#### *General legislation*

#### **Customs debt**

2.1.50. On 10 February Parliament adopted a decision<sup>2</sup> (second reading) approving the Council's common position<sup>3</sup> regarding the proposal for a Regulation determining the persons liable for payment of a customs debt,<sup>4</sup> designed to supplement the Council Regulation of 13 July 1987 on customs debt.<sup>5</sup>

#### *Origin*

2.1.51. On 29 February the Commission approved a Regulation on the concept of 'originating products' in the application of generalized tariff preferences granted by the Community to certain products from developing countries. The Regulation lays down new origin rules to be applied by the Community under the Harmonized Commodity Description and Coding System.

### **Indirect taxation**

#### *Tax exemptions*

2.1.52. On 25 February the Economic and Social Committee adopted an opinion endorsing the proposal to update the exemptions from turnover tax and excise duty on imports in international travel<sup>6</sup> (→ point 2.4.24).

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<sup>1</sup> Bull. EC 2-1987, point 2.1.42; Bull. EC 6-1987, point 2.1.57.

<sup>2</sup> OJ C 68, 14.3.1988.

<sup>3</sup> Bull. EC 11-1987, point 2.1.78.

<sup>4</sup> OJ C 340, 28.12.1982; Bull. EC 12-1982, point 2.1.32; OJ C 189, 17.7.1984; Bull. EC 6-1984, point 2.1.30.

<sup>5</sup> OJ L 201, 22.7.1987; Bull. EC 7/8-1987, point 2.1.73.

<sup>6</sup> Bull. EC 12-1987, point 2.1.93.



## Competition

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

#### **Mergers**

##### *United Engineering Steels/F.H. Lloyd*

2.1.53. On 19 February the Commission authorized the acquisition of F.H. Lloyd & Co. Ltd by United Engineering Steels Ltd, the United Kingdom's biggest producer of engineering steels and tube rounds. Although UES's share of UK production of tube rounds would be considerably increased by the merger, the Commission found that because of the substantial quantity of imports the acquisition would not give the company sufficient market power to determine prices, control or restrict production or distribution or prevent effective competition. The transaction was therefore authorizable under Article 66(2) of the ECSC Treaty.

#### **State aid**

##### **General schemes**

##### *Aid for marketing*

##### **Ireland**

2.1.54. On 3 February the Commission approved proposals by the Irish Government to extend the 10% rate of corporation tax to special trading houses that undertook the marketing of products for companies employing less than 200 people. It accepted that the current 50% tax rate on trading houses put small firms at a disadvantage *vis-à-vis* large companies which carried out their own marketing.

##### **United Kingdom**

2.1.55. The same day the Commission approved a five-year scheme costing 14.4 million ECU to improve marketing by small and medium-sized companies in Northern Ireland, one of the most disadvantaged areas of the Community. The scheme would provide grants principally for market research, test marketing, attendance at trade fairs and market consultancy.

##### *Aid to stimulate employment*

##### **Italy**

2.1.56. On 17 February the Commission cleared a package of measures to stimulate the employment of young people and specific unemployed groups in Friuli-Venezia Giulia.

The schemes run by the regional government provide grants for job creation and for setting up worker cooperatives and self-employed businesses.

The Commission was influenced in its decision by the extremely high level of unemployment in the area, especially among particular disadvantaged groups.

##### *Aid for R&D*

##### **Germany**

2.1.57. On 3 February the Commission approved a German scheme to support research in aerospace and related technologies. Introduced in 1986, the scheme is to run for four years with an annual budget of approximately 100 million ECU, half of which is for companies in the aerospace and components industries. The aid takes the form of grants and is available for both basic and applied research.

The Commission's approval was based on the EEC Treaty's Article 92(3)(c) 'gateway' for State aid.

### Belgium

2.1.58. Under its powers conferred by Article 93(1) of the EEC Treaty to review existing aid schemes, the Commission on 17 February approved the funding of scientific research by the Belgian Institute for the Promotion of Scientific Research in Industry and Agriculture (Irsia). The Institute has an annual budget for the whole country of 20 million ECU for agriculture and 40 million ECU for industry.

The Commission considered that the funding of agricultural research, very little of which went to commercial organizations and which was subject to mandatory publication of results, benefited the whole of the farming industry and therefore qualified for exemption under Article 92(3)(c). This exemption was also applicable to the funding of industrial research by Irsia, as the levels of aid were within the ceilings laid down in the Community rules for R&D aid. The Commission will continue to monitor the scheme from annual reports submitted by the Belgian Government.

### France

2.1.59. On 3 February the Commission also gave its approval under Article 92(3)(c) for an existing French R&D aid scheme, the Research and Technology Fund. The Fund has been in operation since 1960 with a budget which is renewed annually and in 1987 amounted to some 100 million ECU. The Fund supports national research programmes, model projects and schemes organized by central government. It finances all types of research by firms from any industry.

### Italy

2.1.60. Also on 3 February the Commission approved the Italian national space research plan, a scheme for funding national research projects, mostly as part of international space collaboration arrangements.

The plan is administered by the National Research Council, which places research

contracts with universities and companies in the aerospace and electronics industries. The 1988 budget of 534 million ECU includes Italian participation in the European Space Agency.

2.1.61. On 17 February clearance was also given for a scheme to support the setting-up of joint research associations by small firms and public-sector bodies. The scheme, with an annual budget of 2.6 million ECU, awards grants of up to 30% of eligible costs for both applied research and development, with a limit of 0.2 million ECU per project.

The Commission considered the scheme to be consistent with the Community rules for State aid for R&D and unlikely to have an adverse effect on trade. It therefore qualified for exemption under Article 92(3)(c).

### United Kingdom

2.1.62. On 3 February the Commission approved a British scheme to aid energy conservation research, the Energy Efficiency Scheme. The scheme, with an annual budget of around 3 million ECU for both 1986 and 1987, funds both basic and applied research.

The ordinary rate of grant is 25% of eligible costs; 10% of the budget is, however, allocated to shared-cost projects with grants covering 50%.

The Commission considered that the scheme had the necessary element of additionality in that it encouraged firms to carry out investments they would not otherwise have undertaken and was in line with Community policy on energy conservation. It was therefore authorizable under Article 92(3)(c).

### Regional schemes

#### *France*

2.1.63. On 17 February the Commission dropped the Article 93(2) proceedings against aid to the job-creation subsidiaries of the Usinor-Sacilor steel group, which had been set up to attract alternative employ-

ment to areas hit by steel plant closures. The companies had received FF 574 million (84.4 million ECU) between 1982 and 1985, most of which had been provided to companies investing in the areas as low-interest loans.

The Commission also approved the allocation of a further FF 230 million (33 million ECU) to the job-creation companies for 1987.

### Greece

2.1.64. On 3 February the Commission terminated the Article 93(2) proceedings it had opened in November 1986<sup>1</sup> against Greece for its failure to inform the Commission of its arrangements for compliance with the rules on the notification of aid packages in which regional assistance is combined with other types of aid.<sup>2</sup>

The Greek Government had assured the Commission that it applied the technical guidelines for calculating the aid intensity of such packages which the Commission had circulated to the Member States on 26 February 1985, but that since the rules came into force on 1 March 1985 there had been no cases requiring notification.

### Industry schemes

#### Cement

##### Greece

2.1.65. On 3 February the Commission decided to commence Article 93(2) proceedings against aid provided in 1986 to the largest Greek cement producer, Herakles. The aid had been provided by the conversion of DR 27 766 million (175 million ECU) of the company's debts into equity by the Business Reconstruction Organization (ORE), a vehicle for recapitalizing ailing companies set up by Act 1386/1983. In October 1987 the Commission had decided not to object to the ORE, on condition that all significant financing operations were notified, that the financing was tied to

restructuring to restore the company's viability, and that it was not used to increase capacity.<sup>3</sup>

In Herakles's case, it appeared that the debt-equity swap unduly strengthened the company's competitive position *vis-à-vis* most other cement producers in the Community and was not linked to restructuring.

#### Shipbuilding

##### Belgium

2.1.66. On 3 February the Commission cleared aid given by the Belgian Government for the rescue and ratification of the Boelwerf shipyard. After running out of work, the yard had been forced to cut its workforce by a third, or 1 350. To help pay the redundancy costs so that the company could stay in business, the Belgian Government decided in January and June 1987 to provide two short- and long-term subsidized loans and to release two amounts of BFR 700 million (16.2 million ECU) and BFR 1 000 million (23.1 million ECU) which had been frozen as collateral. The Commission considered that the subsidized loans represented aid for a partial closure of the yard and were therefore permissible under Article 7 of the sixth shipbuilding aid Directive.<sup>4</sup> The release of the two sums serving as collateral, however, constituted operating aid, and the net grant equivalent of this aid will be counted towards the production aid ceiling for the yard in the years 1987 to 1991.

#### Information technology

##### Belgium

2.1.67. On 3 February the Commission cleared BFR 45.3 million (1 million ECU) of aid towards an investment costing BFR 59 million (12.9 million ECU) by

<sup>1</sup> OJ C 300, 10.11.1987.

<sup>2</sup> OJ C 3, 5.1.1985.

<sup>3</sup> Bull. EC 10-1987, point 2.1.61.

<sup>4</sup> OJ L 69, 12.3.1987; Bull. EC 12-1986, point 2.1.122.

Siemens Software SA to extend a software research centre. As applied research and development of software was a national and Community priority, the proposal could be exempted under Article 92(3)(c).

### *Non-ferrous metals*

#### **France**

2.1.68. Also on 3 February the Commission cleared aid given by the French Government to Pechiney in the form of FF 7 300 million (1 047.5 million ECU) of new capital and participatory loans and a loan from the Industrial Modernization Fund (FIM) to its subsidiary Cegedur. Article 93(2) proceedings had been started in April 1984<sup>1</sup> and December 1985.<sup>2</sup>

In 1983 Pechiney had embarked upon a restructuring programme designed to re-focus the company on its core businesses of non-ferrous metals and new materials, with cutbacks in its aluminium and copper businesses and disposal of steel and chemical interests. A major element of the programme, which was to take until 1989, was the financing of redundancy costs and the creation of alternative jobs in the areas where there were to be heavy job losses.

As conditions of its approval of the aid the Commission has stipulated that no aid may be given to increase capacity in non-ferrous metals before the end of 1990 and that until then it must be informed of any proposal to grant new aid, even under approved schemes.

### *Petrochemicals*

#### **Belgium**

2.1.69. On 8 February the Commission started Article 93(2) proceedings in respect of the Belgian Government's proposal to give BFR 217 million (5 million ECU) of aid for investment in a new BFR 1 390 million (32.1 million ECU) laboratory being built by Belgian Shell.

In view of the tight competitive conditions in the petrochemical industry, the Commission considered that the aid could have an unduly distorting effect on intra-Community trade.

### *Telecommunications*

#### **Portugal**

2.1.70. On 3 February the Commission approved a 20 million ECU scheme to stimulate supply of and demand for advanced telecommunications services in Portugal.

The scheme, called Sisat, has been introduced under the Community STAR programme to assist development of telecommunications in the Community's more disadvantaged regions.<sup>3</sup> It will improve the access of small and medium-sized firms to telecommunications services and will not adversely affect trade.

### *Textiles, glass containers and steel*

#### **Belgium**

2.1.71. On 17 February the Commission terminated the Article 93(2) proceedings in respect of the Belgian Government's proposal to grant tax relief on sums allocated by public-sector companies for repurchasing non-voting stock in their companies which had previously been acquired by Belgian State investment corporations.<sup>4</sup> After the dissolution of Parliament in late 1987, the Belgian Government had informed the Commission that it was withdrawing the proposal.

### *Commercial vehicles*

#### **Spain**

2.1.72. On 17 February the Commission commenced Article 93(2) proceedings in

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<sup>1</sup> OJ C 183, 10.7.1984.

<sup>2</sup> OJ C 144, 11.6.1986; Bull. EC 12-1985, point 2.1.71.

<sup>3</sup> OJ L 305, 31.10.1986; Bull. EC 10-1986, point 2.1.107.

<sup>4</sup> OJ C 312, 6.12.1986; Bull. EC 9-1986, points 2.1.53 and 2.1.54.

respect of the Spanish Government's proposal to inject PTA 96 000 million (694.2 million ECU) of new capital into the truck and bus manufacturer Enasa. The new capital was for financial and physical restructuring intended to restore the company's viability over the period 1987-91.

The Commission felt the aid could affect intra-Community trade in the sensitive commercial vehicles sector, which was suffering from overcapacity, and that it did not have enough information to justify applying any of the possible exemptions from the State aid rules under Article 92(3).

## Financial institutions and company law

### Financial institutions

#### *Insurance*

2.1.73. On 9 February the Council adopted a common position on the proposal for a second coordination Directive concerning direct non-life insurance,<sup>1</sup> on which it had reached agreement on 18 December.<sup>2</sup>

#### *Stock exchanges and securities*

2.1.74. On 10 February Parliament adopted a decision (second reading)<sup>3</sup> approving the Council's common position<sup>4</sup> on a proposal for a Directive<sup>5</sup> amending, as far as concerns the investment policy of certain undertakings for collective investment in transferable securities (Ucits), the limits laid down in Article 22 of the Directive of 20 December 1985 on Ucits.<sup>6</sup>

2.1.75. On 11 February it adopted a resolution on takeover bids (→ point 2.4.14).<sup>3</sup>

## Employment, education and social policy<sup>7</sup>

### Social policy guidelines

2.1.76. On 24 February the Commission laid down the broad lines of the social policy it intends to pursue in the years ahead (→ point 1.2.1 *et seq.*).

### Employment

#### Employment and labour market

##### *Survey of labour costs*

2.1.77. On 10 February the Commission sent the Council a proposal<sup>8</sup> for a Regulation relating to the organization of a new Community survey of labour costs in industry, wholesale and retail distribution, banking and insurance.<sup>9</sup> The survey is intended to update the information available to the Commission to assist it in performing the tasks entrusted to it under the Treaty.

2.1.78. On 25 February the Economic and Social Committee adopted an own-initiative opinion on cross-frontier labour market problems (→ point 2.4.25).

#### Dialogue with the two sides of industry

2.1.79. The Working Party on Macroeconomics set up following the meeting at Val Duchesse on 12 November 1985<sup>10</sup> met on 16 February under the chairmanship of Mr Schmidhuber, Member of the Com-

<sup>1</sup> OJ C 32, 12.2.1976.

<sup>2</sup> Bull. EC 12-1987, point 2.1.134.

<sup>3</sup> OJ C 68, 14.3.1988.

<sup>4</sup> Bull. EC 11-1987, point 2.1.108.

<sup>5</sup> OJ C 155, 21.6.1986; Bull. EC 5-1986, point 2.1.61.

<sup>6</sup> OJ L 375, 31.12.1985; Bull. EC 12-1985, point 2.1.82.

<sup>7</sup> Seminars, colloquia, meetings of *ad hoc* working parties and the like will no longer be reported in this section.

<sup>8</sup> COM(88) 28 final.

<sup>9</sup> Previous survey: OJ L 309, 10.11.1983; Bull. EC 11-1983, point 2.1.79.

<sup>10</sup> Bull. EC 11-1985, point 2.5.15.

mission with special responsibility for economic and financial affairs.

On the basis of a Commission staff paper, the working party exchanged views on the Community's economic situation and prospects. After voicing their disappointment about economic developments, the participants emphasized the need to restimulate investment and restore business confidence. They confirmed their willingness to discuss the social aspects of the internal market. In this context, the representatives of the European Trade Union Confederation wished to consider the relationship between protection of the environment and job creation, part-time work, and the financing and operations of the structural Funds. The representatives of the Union of Industries of the European Community proposed discussing the competitiveness and adaptability of the labour market.

## **Education and vocational training**

### **New technologies**

#### *Comett programme*

2.1.80. On 15 February the Commission sent the Council and Parliament for their information the annual report for 1987<sup>1</sup> of the Comett programme established by Council Decision of 24 July 1986 setting up the Community programme for cooperation between universities and industry in education and training for technology.<sup>2</sup> The report covers the period from 24 July 1986 to 31 December 1987 and also outlines the programme's future prospects.

Under the two Comett rounds in 1987, 618 projects were selected. The overall budget for the year/13 million ECU initially and an additional 3 million ECU—was allocated as follows: 25% for the European network of 108 university/enterprise training partnerships (UETPs), 20% for 1 067 transnational training courses, 4% for fellowships, 32% for 135 continuous joint training projects in technological fields, 19% for 62 multilateral

initiatives for the development of multimedia training systems.

## **Living and working conditions and social protection**

### **Social integration of disabled persons**

2.1.81. On 11 February Parliament's intergroup for the disabled was informed, at its request, of the consequences of the Council failing to adopt the second Community action programme<sup>3</sup> for disabled persons before the expiry of the first programme.<sup>4</sup> The Council Decision extending the first programme until the adoption of the next did not ensure continuity of activities as envisaged by the Council. The intergroup was particularly concerned about the adverse effects on disabled persons and pressed for the swift adoption of the second action programme.

### **Equal opportunities for men and women**

2.1.82. On 25 February the Economic and Social Committee adopted an opinion on the proposal for a Directive completing the implementation of the principle of equal treatment for men and women in statutory and occupational social security schemes<sup>5</sup> (→ point 2.4.26).

### **Free movement of migrant workers**

2.1.83. On 9 February Parliament adopted a resolution on the revival of racism and Fascism in Europe (→ point 2.4.14).

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<sup>1</sup> COM(88) 36 final.

<sup>2</sup> OJ L 222, 8.8.1986; Bull. EC 7/8-1986, point 2.1.95.

<sup>3</sup> OJ C 257, 28.9.1987; Bull. EC 7/8-1987, point 2.1.141.

<sup>4</sup> OJ C 80, 9.7.1974; OJ C 347, 31.12.1981; Bull. EC 12-1981, point 2.1.64.

<sup>5</sup> OJ C 309, 19.11.1987; Bull. EC 10-1987, point 2.1.85.

## Paul Finet Foundation

2.1.84. At its meeting on 22 January the Executive Committee of the Paul Finet Foundation examined 311 applications for scholarships. It granted financial aid in 273 cases for a total of BFR 5 469 256.

## Health and safety

### Public health

#### Cancer

2.1.85. On 11 February Parliament delivered an opinion (first reading)<sup>1</sup> on the proposal for a Decision adopting an action plan (1987-89) on informing the general public and training of the health professions in the context of the programme 'Europe against cancer',<sup>2</sup> which the Council and the Ministers for Health had approved in principle.<sup>3</sup> After making a number of amendments, Parliament endorsed the proposal and asked to be notified and consulted again should the Council intend to depart from the approved text.

2.1.86. On the same day Parliament passed a resolution on stepping up action against smoking<sup>1</sup> (→ point 2.4.14).

#### Drugs

2.1.87. At the meeting of the UN Commission on Narcotic Drugs held in Vienna on 8 to 19 February the Commission representative announced that the Community wished to participate in the new International Convention on Illicit Trafficking in Narcotic Drugs and Psychotropic Substances (→ point 2.2.55).

### Health and safety at work

2.1.88. On 24 February the Commission adopted, for transmittal to the Council, a proposal for a framework Directive on the improvement of health and safety at work, together with five proposals for individual Directives and a Commission Decision on

the provision of greater information in this field<sup>4</sup> (→ points 1.2.3 to 1.2.10).

2.1.89. On 12 February Parliament adopted four resolutions on the completion of the internal market by 1992 and safety and health protection at work (→ point 2.4.14).

## Culture

### European architectural heritage

2.1.90. In a notice published on 26 February<sup>5</sup> the Commission called for the submission of pilot projects for the protection of monuments and sites of European renown which illustrate some aspect of the regional or national architectural heritage of the Community.<sup>6</sup> The closing date for applications was 15 April. The decisions on their eligibility will be taken by 15 May and the Commission's decision on which projects will receive financial support is scheduled for no later than 31 July.

### Music in the Community

2.1.91. On 10 February Parliament passed a resolution on the teaching and promotion of music in the Community<sup>1</sup> (→ point 2.4.14).

## Regional policy

### Financial instruments

#### *European Regional Development Fund*

#### Programme preparation

2.1.92. On 2 February the Council formally adopted,<sup>7</sup> on a proposal from the

<sup>1</sup> OJ C 68, 14.3.1988.

<sup>2</sup> OJ C 50, 26.2.1987; Bull. EC 12-1986, point 1.4.1 *et seq.*

<sup>3</sup> Bull. EC 5-1987, point 2.1.121.

<sup>4</sup> COM(88) 73, 74, 75, 76, 77 and 78 final.

<sup>5</sup> OJ C 55, 26.2.1988.

<sup>6</sup> OJ C 320, 13.12.1986, Bull. EC 11-1986, point 2.1.128.

<sup>7</sup> OJ L 33, 5.2.1988.

Commission,<sup>1</sup> the Regulation instituting a Community programme to assist the conversion of steel areas (Resider programme). Covering a period of five years (1988-92), the programme is intended to provide support for the efforts to restructure the steel industry in certain areas which are highly dependent on that industry. By promoting the establishment of new economic activities, it will help to create alternative sources of employment in those Community areas most affected by job losses in the steel industry.

The areas in question will be determined by the Commission on the basis of sectoral and socio-economic criteria. A number of areas in Spain will be able to participate in the programme as soon as it has entered into force. It is estimated that the ERDF's contribution will amount to 300 million ECU; this will be concentrated on the first three years of the programme (1988-90) and will subsequently be reviewed. Assistance will be allocated on the basis of job losses between 1 January 1986 and 31 December 1989.

This Regulation constitutes the framework within which the Commission will determine, on the basis of regional socio-economic circumstances, the areas to benefit under the programme; the Member States in question will then draw up aid programmes to be approved by the Commission. The Community contribution may reach the highest rate provided for in the ERDF Regulation, namely 55% of total public expenditure (70% in the case of Portugal).

### ERDF grants

#### Projects

2.1.93. On 16 February the Commission approved the first and second allocations of grants for 1988 from the European Regional Development Fund (Table 4).

<sup>1</sup> OJ C 272, 10.10.1987; Bull. EC 7/8-1987, point 2.1.146; Bull. EC 12-1987, points 2.1.161 and 2.1.163.

Table 4 — ERDF grants: first and second 1988 allocations

	Number of grant decisions	Number of investment projects	Investment assisted (million ECU) <sup>1</sup>	Assistance granted (million ECU) <sup>1</sup>
Belgium	—	—	—	—
Denmark	—	—	—	—
Germany (FR)	2	2	77.12	5.47
Greece	7	7	182.39	88.41
Spain	10	14	271.21	134.30
France	14	16	69.09	32.01
Ireland	2	5	12.47	6.11
Italy	18	37	351.84	173.36
Luxembourg	—	—	—	—
Netherlands	2	2	14.14	4.24
Portugal	5	5	47.25	17.01
United Kingdom	5	6	181.17	61.15
Total	65	94	1 207.49	522.24

<sup>1</sup> Converted at February 1988 rates.



The total of 522.24 million ECU breaks down as follows:

- (i) 5.47 million ECU to help finance two projects in industry, craft industries or the service sector;
- (ii) 516.77 million ECU to help finance 92 infrastructure projects.

Altogether, these grants will directly help to create 339 new jobs.

### *Aid for disaster victims*

2.1.94. On 11 February Parliament adopted a resolution on the flooding in Brittany and in Nord/Pas-de-Calais (→ point 2.4.14).<sup>1</sup>

## Coordination of structural instruments

### Reform of structural Funds

2.1.95. In its conclusions regarding the structural Funds, the European Council of 11, 12 and 13 February confirmed the guidelines which it had adopted on 29 and 30 June 1987.<sup>2</sup> It indicated in particular that the commitment appropriations for the Funds would be doubled between 1987 and 1993 (→ points 1.1.1, 1.1.3 and 1.1.10).

### Integrated Mediterranean programmes

2.1.96. On 17 February the Commission adopted a draft IMP for Umbria in Italy which seeks to integrate the less-favoured areas more closely in the region's economic development and to stimulate and develop the network of small firms and craft businesses. Three development priorities have been established: strengthening agriculture, primarily in the inland areas; encouraging the development of small firms capable of

exploiting the new technologies and responding effectively to market changes; boosting the region's tourist potential.

The cost of the IMP for the period 1986-92 is put at some 204.5 million ECU, of which around 63 million ECU (31%) will come from the Community budget. This will be supplemented by loans from the European Investment Bank (EIB).

2.1.97. On 24 January the Commission adopted a draft IMP for Emilia-Romagna in Italy which seeks to integrate the inland areas more closely in the region's economic development and to stimulate and develop the network of small firms and craft businesses. The draft IMP is geared to three development priorities: agricultural and forestry to encourage people to remain in areas of depopulation; development of non-traditional forms of tourism that exploit the complementary attractions of the sea and the mountains; consolidation of craft and manufacturing industries in the Apennines, which are very dependent on the markets in the lowland areas.

The cost of the IMP for the period 1986-92 is put at some 154 million ECU, of which around 47 million ECU (30.5%) will come from the Community budget. The EIB will also have to provide finance.

## Environment and consumers

### Environment

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

2.1.98. The Commission's action programme for the European Year of the

<sup>1</sup> OJ C 68, 14.3.1988.

<sup>2</sup> Bull. EC 6-1987, point 1.1.4 (paragraph 2).

Environment included several competitions.<sup>1</sup>

The panel of judges for the better environment awards for industry met in London on 11 February to award prizes in four categories: clean technology, green product design, good environmental management and export of appropriate environmental technologies.

In turn, the judges for the high-quality environment for Europe award for local authorities met in Paris on 23 February. This too has four categories: clean towns, urban architectural heritage and twin districts plus the Conservation Foundation prize. The prize-giving ceremony will take place in Brussels on 17 March.

### *Environment and employment*

2.1.99. On 1 March the Commission put to the Council an amendment<sup>2</sup> to its proposal for a Decision establishing a five-year Community-wide programme of projects illustrating how actions in the environmental field can also contribute to employment creation.<sup>3</sup> This amended proposal incorporates most of the changes called for by Parliament in November 1987,<sup>4</sup> which tend to reinforce the underlying spirit of the Commission's proposal and provide further particulars on a number of points.

### *Prevention and reduction of pollution and nuisance*

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

##### *Chromium discharges*

2.1.100. On 3 February the Commission sent the Council a proposal<sup>5</sup> amending, in response to Parliament's opinion,<sup>6</sup> its earlier proposal for a Council Directive on water quality objectives for chromium and concentration limits for chromium in water.<sup>7</sup> The idea is to include industrial

discharges in the programmes for reducing pollution by chromium, to include total chromium in the types of chromium covered, to redefine the rules on sample conformity, to simplify the quality objectives for fresh water, to give figures for the quality objectives for sediments and, finally, to apply the Directive of 4 May 1976<sup>8</sup> in order to reduce chromium pollution levels in the Community's waters.

##### *Protection of the Rhine*

2.1.101. Some of the working parties set up by the International Commission for the Protection of the Rhine against Pollution met in Koblenz from 9 to 11 February to work on the action programme agreed at the ministerial conference in October 1987.<sup>9</sup>

The first phase, until spring 1989, will survey the most common discharges and the national plans to reduce them. Proposals for harmonizing these programmes on the basis of the best available technology will follow in early 1989.

#### **Air pollution**

##### *Municipal waste*

2.1.102. On 24 February the Commission adopted two proposals for Directives for transmittal to the Council — one on the prevention of air pollution from new municipal waste incineration plants, the other on the reduction of pollution from existing municipal waste incinerators.<sup>10</sup>

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<sup>1</sup> Bull. EC 3-1987, point 1.3.1.

<sup>2</sup> OJ C 88, 5.4.1988; COM(88) 93 final.

<sup>3</sup> OJ C 141, 27.5.1987; Bull. EC 2-1987, point 2.1.83.

<sup>4</sup> OJ C 345, 21.12.1987; Bull. EC 11-1987, point 2.1.151.

<sup>5</sup> OJ C 29, 16.2.1988; COM(88) 29 final.

<sup>6</sup> OJ C 190, 20.7.1987; Bull. EC 6-1987, point 2.1.127.

<sup>7</sup> OJ C 351, 31.12.1985; Bull. EC 12-1985, point 2.1.141.

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

<sup>9</sup> Bull. EC 10-1987, point 2.1.122.

<sup>10</sup> COM(88) 71 final.

The proposal on new incinerators lays down limits for dust, heavy metals, chlorine, fluorine and SO<sub>2</sub> emissions into the air and minimum combustion conditions (temperature, residence time, etc.) to end all emissions of organic micropollutants.

The other proposal calls for existing plants to be brought up to the standards for new incinerators over a 10-year period divided into two stages, the first of which expires at the end of June 1994. Any installations still below these standards after this date will have to be retrofitted or else decommissioned.

### *Motor vehicle emissions*

2.1.103. On 15 February the Commission sent the Council a proposal for a Directive which will more than halve pollution from small cars with an engine capacity of less than 1.4 litres.<sup>1</sup> The new maxima proposed are 30 grams per test for carbon monoxide and 8 grams per test for hydrocarbons and oxides of nitrogen combined. The new standards will apply to all new models from 1 October 1992 on and to all new vehicles after 1 October 1993. These measures will supplement the rules adopted by the Council on 3 December 1987 for cars with a higher engine capacity.<sup>2</sup>

### **Control of chemicals, industrial hazards and biotechnology**

#### *Chlorofluorocarbons*

2.1.104. On 17 February the Commission adopted for transmittal to the Council a proposal<sup>3</sup> for a Decision concluding and implementing the Vienna Convention for the protection of the ozone layer<sup>4</sup> and the Montreal Protocol on substances that deplete the ozone layer.<sup>5</sup> Both these international agreements, concluded under the United Nations Environment Programme, aim at initiating joint action by every coun-

try in the world to protect the ozone layer from the threat of depletion which could seriously affect human health and the environment. The proposal provides for the Community and the Member States to ratify the two agreements simultaneously in time for the Protocol to enter into force on 1 January 1989. The Protocol can only enter into force by this date if the Vienna Convention has done so by then. For this to happen, 20 countries must ratify the Convention by 1 October 1988.

The Commission also adopted a proposal for a Council Regulation laying down common rules applicable to certain products which deplete the ozone layer,<sup>3</sup> based on the rules laid down in the Montreal Protocol.

### *Major accident hazards*

2.1.105. The Commission represented the Community at the OECD conference on accidents involving hazardous substances, at which two proposed OECD Council decisions were approved, one on the exchange of information concerning accidents capable of causing transfrontier damage, the other on the provision of information to the public. In addition, the conference highlighted the importance of controlling the risks inherent in exporting dangerous technologies to developing countries.

## **Consumers**

### *Consumer information, education and representation*

#### **Price indication**

2.1.106. On 2 February the Council adopted a common position to be sent to

<sup>1</sup> OJ C 56, 27.2.1988; COM(87) 706 final.

<sup>2</sup> OJ L 36, 9.2.1988; Bull. EC 9-1987, point 2.1.111.

<sup>3</sup> COM(88) 58 final.

<sup>4</sup> Bull. EC 3-1985, point 2.1.73.

<sup>5</sup> Bull. EC 9-1987, point 2.1.114.

Parliament on two proposals for Directives relating to the indication of prices of food-stuffs<sup>1</sup> and non-food products.<sup>2</sup>

## Agriculture

### Continuing reform of the CAP

2.1.107. The European Council, meeting in Brussels from 11 to 13 February, agreed to the Commission's proposals on the introduction of 'agricultural stabilizers' for a number of products and on the set-aside scheme (→ points 1.1.1, 1.1.4, 1.1.5, 1.1.6, 1.1.7, 1.1.8 and 1.1.10). Agreement was also reached on the reform of the Community structural Funds (→ points 1.1.1, 1.1.3 and 1.1.10).

2.1.108. On 23<sup>3</sup> and 25<sup>4</sup> February respectively, following the conclusions of the European Council (→ point 1.1.1 *et seq.*), the Commission sent the Council 18 proposals for Regulations supplementing its original proposals on agricultural stabilizers<sup>5</sup> and the set-aside of agricultural land.<sup>6</sup>

2.1.109. On 10 February Parliament adopted a resolution embodying its general guidelines on set-aside (→ point 2.4.11).<sup>7</sup>

2.1.110. On 25 February the Economic and Social Committee adopted an opinion on the proposal for a Regulation<sup>8</sup> amending the Regulations of 12 March 1985<sup>9</sup> and 15 June 1987<sup>9</sup> as regards the set-aside of agricultural land and the extensification and conversion of production (→ point 2.4.27).

### Council

2.1.111. The Council met on 8 and 9 February to discuss routine business, in particular import quotas for beef/veal<sup>10</sup> and production aids for olive oil.

As regards beef/veal, the Council adopted the estimates for young male bovine animals for fattening (164 000 head) and for beef/veal for processing (12 000 tonnes, of which 8 500 tonnes free of levy and 3 500 tonnes at a reduced levy). Agreement in principle was also reached, subject to Parliament's opinion, on the opening in 1988 of a special quota for Hilton beef.

The Council had a wide-ranging discussion on aid for the production of olive oil, but decided that certain technical points needed to be examined in more detail.

The Council took a favourable view of the proposal for a Regulation<sup>11</sup> aimed at tightening the effectiveness of the additional milk levy arrangements at individual producer level.

### Market organizations

#### *Cereals and rice*

2.1.112. Under the Agreement between the Community and the United States,<sup>12</sup> the Commission decided to open an invitation to tender for the levy reduction on sorghum imported from non-member countries.<sup>13</sup> At the same time, the Commission decided to

<sup>1</sup> OJ C 53, 25.2.1984; Bull. EC 1-1984, point 2.1.66; OJ C 205, 14.8.1985; Bull. EC 7/8-1985, point 2.1.134; OJ C 103, 30.4.1986; Bull. EC 3-1986, point 2.1.114; OJ C 121, 7.5.1987; Bull. EC 4-1987, point 2.1.102.

<sup>2</sup> OJ C 8, 13.1.1984; Bull. EC 12-1983, point 2.1.131; OJ C 205, 14.8.1985; Bull. EC 7/8-1985, point 2.1.134; OJ C 103, 30.4.1986; Bull. EC 3-1986, point 2.1.114; OJ C 121, 7.5.1987; Bull. EC 4-1987, point 2.1.102.

<sup>3</sup> OJ C 84, 31.3.1988; COM(88) 80 final.

<sup>4</sup> OJ C 84, 31.3.1988; COM(88) 84 final.

<sup>5</sup> Bull. EC 9-1987, point 1.5.1.

<sup>6</sup> Bull. EC 1-1988, point 1.3.1 *et seq.*

<sup>7</sup> OJ C 68, 14.3.1988.

<sup>8</sup> OJ L 93, 30.3.1985; Bull. EC 3-1985, point 2.1.111 *et seq.*

<sup>9</sup> OJ L 167, 26.6.1987; Bull. EC 6-1987, point 2.1.180; Bull. EC 3-1987, point 2.1.176.

<sup>10</sup> Bull. EC 12-1987, point 2.1.220.

<sup>11</sup> OJ C 40, 12.2.1988; Bull. EC 1-1988, point 2.1.78.

<sup>12</sup> OJ L 98, 10.4.1987; Bull. EC 1-1987, point 1.2.1 *et seq.*

<sup>13</sup> OJ L 47, 20.2.1988.

open an invitation to tender for the direct purchase of 300 000 tonnes of sorghum on the world market.

2.1.113. Also under the Agreement with the United States, on 15 February the Commission extended<sup>1</sup> until 30 June 1988 the application of its Regulation of 6 November 1987 on the introduction of a measure for Spanish maize consigned to the Community as constituted at 31 December 1985.<sup>2</sup>

### *Eggs and poultrymeat*

#### **Market situation<sup>3</sup>**

2.1.114. Egg production in 1987 in the Community of Twelve was down on 1986. The drop, which occurred in most Member States, is estimated at more than 1%. Since market prices have picked up by 10% from the critical level reached in 1986, the market in 1987 can be considered as being in balance. The improvement of the situation has nevertheless led to a further expansion in the numbers of layer hens, and egg production is likely again to exceed internal and external outlets.

There is also a trend towards cyclical surpluses on the Community poultrymeat market, bringing an end to several years of prosperity in certain Member States. However, the situation is not the same throughout the Community, ranging from critical (in Spain and Italy) to still satisfactory (United Kingdom). American subsidies under the export enhancement programme have helped to depress world market prices greatly and are jeopardizing Community exports to a number of traditional markets, particularly in Arab countries, which has made it necessary to introduce differential refunds on certain exports.

### *Fruit and vegetables*

2.1.115. On 10 February, in order to help achieve a balance between supply of and

demand for fruit and vegetables and promote product quality at the marketing stage, the Commission sent the Council a proposal for a Regulation<sup>4</sup> to withdraw authorization to market, except under exceptional circumstances, Class III products as defined by the Regulation of 18 May 1972 on the common organization of the market in fruit and vegetables.<sup>5</sup>

2.1.116. On 3 February, owing to the difficulties experienced during the current marketing year as regards dessert apples and in the light of the forecasts for exports to the Community, especially from the southern hemisphere, the Commission introduced special surveillance of imports of dessert apples through a system of import licences.<sup>6</sup>

### *Wine*

2.1.117. On 8 February the Council, acting on a proposal from the Commission<sup>7</sup> amended<sup>8</sup> the Regulation of 18 February 1980 on collective projects for the restructuring of vineyards.<sup>9</sup> The purpose of the amendment is to extend the period of application of the 1980 Regulation for Spain by seven months under certain conditions which are more restrictive than in the past.

2.1.118. By a Regulation adopted on 3 February the Commission authorized the distillation of 2.2 million hectolitres of table wine.<sup>10</sup> This is in addition to the support distillation operation and is restricted to producers who have concluded delivery contracts for the special price support guarantee distillation of wines they pro-

<sup>1</sup> OJ L 42, 16.2.1988.

<sup>2</sup> OJ L 317, 7.11.1987.

<sup>3</sup> Bull. EC 7/8-1987, point 2.1.205.

<sup>4</sup> COM(88) 32 final.

<sup>5</sup> OJ L 118, 20.5.1972.

<sup>6</sup> OJ L 34, 6.2.1988.

<sup>7</sup> OJ C 325, 4.12.1987; Bull. EC 11-1987, point 2.1.204.

<sup>8</sup> OJ L 39, 12.2.1988.

<sup>9</sup> OJ L 57, 29.2.1980; Bull. EC 2-1980, point 2.1.58.

<sup>10</sup> OJ L 32, 4.2.1988.

duced in the 1986/87 wine year (→ point 2.1.122).

2.1.119. On 17 February the Commission, with the aim of making the detailed rules for applying compulsory distillation more intelligible, replaced<sup>1</sup> its much-amended Regulation of 24 March 1986,<sup>2</sup> which referred to the basic wine Regulation<sup>3</sup> as it was before consolidation.<sup>4</sup> In addition, a number of adjustments were made to clarify certain provisions, in particular those relating to the products to be taken into account in calculating the quantity for compulsory distillation.

2.1.120. By Regulation of 26 February<sup>5</sup> the Commission determined the percentages of table wine production to be delivered for the compulsory distillation opened on 23 December for the 1987/88 wine year by each producer liable.<sup>6</sup>

2.1.121. On 29 February the Commission amended<sup>7</sup> for the ninth time<sup>8</sup> its Regulation of 26 March 1981 laying down detailed rules for the description and presentation of wines and grape musts.<sup>9</sup> A number of additions or corrections were made to the descriptions of wines imported from Austria, Bulgaria, Hungary and the United States.

### Market situation<sup>10</sup>

2.1.122. The forward estimate for the 1987/88 wine year,<sup>11</sup> drawn up by the Commission in December, bore out the concern suggested by the initial estimates that there would be a considerable surplus at the beginning of the year despite a slightly lower harvest than last year's. It shows total availabilities of table wine (production and beginning-of-year stocks) of 199 million hectolitres, against foreseeable normal use of some 108 million hectolitres. The Commission has deployed what management instruments it has available, in particular stringent market stabilization measures. Compulsory distillation<sup>6</sup> of a very large

quantity has been introduced (34 142 000 hl, an increase of 11 million hectolitres on the previous year). This quantity is broken down as follows: Italy — 14 712 000 hl; Spain — 10 615 000 hl; France — 8 744 000 hl; Greece — 71 000 hl. Given the low levels of production in Germany and Luxembourg, producers in those Member States were exempted from compulsory distillation. The quantity to be distilled resulted in the buying-in price for the wine being set at 43.69% of the guide price in the Community of Ten and at 47.47% of the Spanish guide price. This year, the possibility for producers to fulfil their obligations through the delivery of table wine by another person who himself produced it has been restricted to the same region of production. At the same time, support distillation was introduced in respect of 4 million hectolitres of table wine at 82% of the guide price in the case of the Community of Ten and 76% in the case of Spain.<sup>12</sup> Lastly, the Commission availed itself of the opportunity open to it to take any additional measure required by the situation, provided the limit of 6.2 million hectolitres set in respect of the various distillation measures, including support distillation, is not exceeded. It therefore authorized the additional distillation of 2.2 million hectolitres (→ point 2.1.120), restricted to producers who have contracted to deliver wine they produced in 1986/87 for the special price support guarantee distillation on expiry of the storage contract and who have not yet delivered the wine in question.

<sup>1</sup> OJ L 45, 18.2.1988.

<sup>2</sup> OJ L 80, 25.3.1986; Bull. EC 3-1986, point 2.1.132.

<sup>3</sup> OJ L 54, 5.3.1979.

<sup>4</sup> OJ L 84, 27.3.1987; Bull. EC 3-1987, point 2.1.167.

<sup>5</sup> OJ L 53, 27.2.1988.

<sup>6</sup> OJ L 378, 31.12.1987; Bull. EC 12-1978, point 2.1.214.

<sup>7</sup> OJ L 54, 1.3.1988.

<sup>8</sup> OJ L 320, 10.11.1987; Bull. EC 11-1987, point 2.1.206.

<sup>9</sup> OJ L 106, 16.4.1981.

<sup>10</sup> Bull. EC 10-1987, points 2.1.155 and 2.1.156. For further information on the 1987 harvest and the 1986/87 supply balance, see points 2.5.3 and 2.5.4.

<sup>11</sup> OJ C 7, 12.1.1988; Bull. EC 12-1987, point 2.1.213.

<sup>12</sup> OJ L 378, 31.12.1987; OJ L 53, 27.2.1988; Bull. EC 12-1987, point 2.1.215.

Moreover, instead of some or all of the wine held in storage, producers may, without exceeding the quantity authorized, deliver table wines of the same type produced during the current wine year which are of inferior quality. Because of the difference in quality, a lower buying-in price than that set for the special price support guarantee and support distillations has been fixed, namely 80% of the guide price for the Community of Ten and 72.9% of the Spanish guide price. The aim of this measure is to enable the rapid withdrawal from the market of wines of inferior quality to the benefit of more easily marketable wines.

It has also been made possible to conclude long-term private storage contracts.<sup>1</sup>

The Commission has endeavoured to bring all these measures into play as soon as possible, even authorizing producers to deliver wine for compulsory distillation before their individual obligation has been finally determined, to avoid any deterioration in the situation and help the market recover.

### *Milk and milk products*

2.1.123. The Commission decided, by Regulation of 17 February,<sup>2</sup> to recommence from 1 April 1988 selling butter in public storage to non-profit-making institutions and organizations without, however, suspending the possibility of granting aid<sup>3</sup> for the purchase of butter from the market by such institutions.

2.1.124. On 16 February the Commission adopted a Regulation on the sale of butter at reduced prices and the granting of aid for butter and concentrated butter for use in the manufacture of pastry products, ice-cream and other foodstuffs.<sup>4</sup> This Regulation is a consolidated version of the two previous Regulations<sup>5</sup> and includes — in addition to a number of improvements and clarifications — adjustments aimed at widening the scope for access to this measure while tightening up the system for supervising the use of the butter concerned.

2.1.125. On 16 February the Commission made a number of changes<sup>6</sup> to the existing rules<sup>7</sup> for calculating the additional levy where there is an increase in the fat content of the milk. The scope for taking 1984/85 as the reference period for determining the representative fat content as an alternative to 1985/86 was extended. In addition, with retroactive effect from 1 October 1986, the coefficient used as a basis for calculating the additional levy where there has been an increase in the fat content as compared with the reference period was reduced from 0.21% to 0.18% for each 0.1 gram of additional fat per kilogram of milk. Lastly, account was taken of the fact that the current period of application of the additional levy system covers a leap year. The quantities of milk delivered or purchased as against the quotas should be reduced accordingly by one sixtieth of the quantities delivered in February and March 1988.

2.1.126. Still as regards the application of the additional levy, on 23 February the Commission decided to adjust the total guaranteed quantities for deliveries to purchasers and the total quantities for direct sales for consumption for certain Member States.<sup>8</sup> Major structural changes in the mountain and hill areas of France have affected deliveries to purchasers and direct sales for consumption. For this reason, 100 000 tonnes were transferred from direct sales to deliveries for the two 12-month periods beginning respectively on 1 April 1987 and 1 April 1988. A similar adjustment was also needed in Belgium and Germany because of structural changes in these two Member States, and transfers of 4 340 and 33 000 tonnes respectively were made from direct sales to deliveries with an additional transfer of 2 851 tonnes being authorized for Belgium from 1 April 1988.

<sup>1</sup> OJ L 5, 8.1.1988; Bull. EC 1-1988, point 2.1.73.

<sup>2</sup> OJ L 45, 18.2.1988.

<sup>3</sup> OJ L 213, 1.8.1981; Bull. EC 7/8-1981, point 2.1.86.

<sup>4</sup> OJ L 55, 1.3.1988.

<sup>5</sup> OJ L 41, 16.2.1979; OJ L 191, 14.7.1981.

<sup>6</sup> OJ L 44, 17.2.1988.

<sup>7</sup> OJ L 132, 18.5.1984.

<sup>8</sup> OJ L 50, 24.2.1988.

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

2.1.127. The Market trend for the Community as a whole in 1987, as compared with 1986, was as follows: deliveries of milk to dairies, down 5.2%; butter production, down 14.9%; skimmed-milk powder production, down 24.5%; cheese production, up 2.7%.

Milk deliveries in the Community in the period from 1 January to 31 March 1988 need to be cut by 7.5% if the milk quotas allocated for the fourth period of application of the additional levy (1 April 1987 to 31 March 1988) are to be respected.

Intervention stocks (as compared with February 1987) now amount to 615 114 t (1 239 616 t) of butter in public storage, 53 584 t (45 213 t) of butter in private storage, 291 684 t (774 450 t) of skimmed-milk powder and 109 726 t (107 043 t) of cheese.

Initial conclusions show favourable export growth in 1987 as compared with 1986, with the exception of exports of condensed/evaporated milk, which were down 10.7% at 387 000 tonnes. The quantities of other products exported were significantly up on 1986, which was however a particularly poor year as compared with export performances over the past decade. The export figures for the various products were as follows: fresh products—188 800 t (up 3.6%); whole-milk powder—552 500 t (up 18.7%); skimmed-milk powder—282 000 t (up 66.2%); butter—127 100 t (up 59.3%); butteroil—129 000 t (up 42.2%); cheese—405 700 t (up 7.0%); powdered whey—61 700 t (up 122.7%); casein and caseinates—75 400 t (up 35.6%). The figures for milk powder, butter and butteroil relate solely to commercial exports.

## Beef/veal

2.1.128. On 12 February the Commission adopted a Regulation<sup>2</sup> laying down detailed rules for the application of the import arrangements provided for by the Council Regulation of 25 January opening

Community tariff quotas for high-quality beef and for buffalo meat.<sup>3</sup>

## Market situation <sup>4</sup>

2.1.129. In 1987 the beef market continued to be heavily influenced by developments in the dairy sector. Producers responded to more stringent quotas by further slaughterings of female cattle, resulting in around 150 000 tonnes of extra meat coming onto the market in the first six months of the year. Compared with the previous year the number of slaughterings of female animals increased by an estimated 8% while the overall herd size dropped by around 2 million head. Consequently, total production once more reached a very high level, estimated at 8.1 million tonnes.

Consumption, estimated at 7.6 million tonnes, stayed firm, even increasing slightly (by 25 000 t); however, in order to reach a better equilibrium it is necessary for production to decrease, something which should be the case from 1988 onwards with the reduced herd size.

In December 1986 the Council decided to replace the old intervention system (purchase into intervention at the intervention price) by a new system designed to bring the support price closer to market prices.<sup>5</sup>

Buying-in takes place if:

- (i) the Community price is below 91% of the intervention price, and
- (ii) the Member State's price is below 87% of the intervention price.

The buying-in price is the average market price plus 2.5%, with a minimum buying-in price which cannot be lower than the market price in the Member State in the 'intervention club' with the highest price.

<sup>1</sup> Bull. EC 1-1988, point 2.1.77.

<sup>2</sup> OJ L 40, 13.2.1988.

<sup>3</sup> OJ L 24, 29.1.1988; Bull. EC 1-1988, point 2.1.79.

<sup>4</sup> Bull. EC 2-1987, point 2.1.118.

<sup>5</sup> Bull. EC 12-1986, points 2.1.219 to 2.1.221.



This system came into effect on 1 April 1987 for a transitional period ending on 31 December 1988.

While effective budgetary savings have been made under the new system — with a buying-in price of around 85% of the former price — the minimum guaranteed price and 2.5% mark-up have still made intervention an attractive proposition with intake in 1987 at over 536 000 tonnes, i.e. not a huge drop on the 1986 figure of 578 000 tonnes. In 1987 hindquarters were purchased from the beginning of the year to June, followed by forequarters until October. Hindquarters were then purchased again until just before Christmas, when there was a return to forequarter purchase. Another measure of market support which was felt necessary due to declining prices in the middle of the year was the aid for private storage for beef introduced in August.<sup>1</sup> Contracts were made for nearly 157 000 tonnes to be removed from the market during the autumn.

Sales out of public intervention in 1987 reached 333 000 tonnes, of which 70% was exported and total intervention stocks at the end of the year consequently amounted to 775 000 tonnes, up 200 000 from end 1986.

Prices in 1987 for live cattle, which had dropped by some 10 ECU/100 kg liveweight in the previous year, remained relatively stable and, at the close of the year, were over 141 ECU/100 kg liveweight, belying some predictions that the combination of further cuts in milk quotas and the new intervention system would lead to a downward spiral and a collapse of the market. Producers received further direct support at Community level in the form of the suckler cow premium and the specialist beef producers' premium payable for the first 50 adult male animals in the herd.

Exports in 1987 were unable to match the remarkable Community record of 1986 when untypical sales to Brazil and the Soviet Union boosted the figures. However, the final export figure for 1987 of around

900 000 tonnes is still the second best performance ever despite the dollar fall and refund levels which were lower than in the preceding years. Imports for 1987 amounted to around 480 000 tonnes.

Forecasts for 1988 are that prices should remain stable or increase slightly due to a greater equilibrium between production and consumption; overall herd size should be stable (perhaps falling slightly) and production is estimated at around 7 755 000 tonnes, a drop of 4% on 1987. Problems could arise for EEC exports, with certain exporting countries, particularly those in South America, returning onto the world market in 1988 and the continuing uncertain nature of the US dollar.

### *Sheepmeat/goatmeat*

2.1.130. By Regulation of 24 February<sup>2</sup> the Commission decided, in view of the particularly depressed market situation, to grant aid for the private storage of lamb carcasses in region 7 (Spain/Portugal). Storage contracts may be concluded between 25 February and 1 April 1988 for a storage period of between four and seven months, subject to an overall limit of 3 000 tonnes and a minimum aid level of 900 ECU/tonne.

### *Oils and fats*

2.1.131. On 8 February the Council adopted a Decision under the third subparagraph of Article 93(2) of the EEC Treaty authorizing Greece to retain existing national aid measures for table olives until 31 December 1989.

2.1.132. On 2 February the Commission adopted a Regulation on olive oil storage contracts for the 1987/88 marketing year.<sup>3</sup> Abundant olive oil production in 1987/88 has meant that producer prices on the main

<sup>1</sup> OJ L 225, 13.8.1987; Bull. EC 7/8-1987, point 2.1.200.

<sup>2</sup> OJ L 51, 25.2.1988.

<sup>3</sup> OJ L 31, 3.2.1988.

Community markets are below the intervention prices for all qualities of olive oil. Under such circumstances, the Commission felt it appropriate to allow for a system of storage contracts. Under these arrangements, financial aid is granted to producer groups that withdraw oil from the market for renewable 60-day periods until the end of the 1987/88 marketing year.

2.1.133. The Commission determined the quantities of vegetable oils and fats to be released for consumption and imported into Spain in 1988.

An initial Regulation of 12 February 1988 set the relevant quantities for non-fluid oils for human consumption (palm oil, palm-kernel oil, copra oil, etc.) and for oils intended for other purposes.<sup>1</sup>

A second Regulation of 19 February added other oils, particularly sunflower and soya oil.<sup>2</sup> This Regulation authorizes the export of 20 000 tonnes of sunflower oil from Spain with payment of the compensatory aid provided for under Community legislation.

### *Processed fruit and vegetables*

2.1.134. By Regulation of 11 February<sup>3</sup> the Commission carried forward by one month the dates for the conclusion of preliminary contracts in respect of tomatoes for processing,<sup>4</sup> since the Community has not yet determined the new arrangements applicable to such products from the 1988/89 marketing year.

### **Structures**

2.1.135. On 29 February the Council adopted a Regulation on the organization of a series of surveys on the structure of agricultural holdings between 1988 and 1997<sup>5</sup> (→ point 2.5.1).

### **Legislation**

#### **Veterinary and animal husbandry legislation**

2.1.136. On 22 February the Commission sent the Council a proposal for a Regulation laying down health conditions for the marketing of fish and fish products concerning nematodes.<sup>6</sup> In establishing health standards and providing for control measures, this proposal is intended to obviate any possible health risk associated with the presence of nematodes in fish. By removing existing trade barriers caused by the existence of different national standards, this proposal should help towards the attainment of the internal market.

2.1.137. On 18 February the Commission approved the plans relating to examination for hormone residues submitted by each of the Member States.<sup>7</sup> These plans give details of the national measures to be applied as regards examinations to detect the presence of hormones in animals and fresh meat. The Community decisions embody a generalized arrangement as regards the checks carried out in the Community in order to detect hormone residues.

2.1.138. On 12 February Parliament adopted two resolutions on the ban on hormones in meat<sup>8</sup> (→ point 2.4.14).

2.1.139. As regards animal health, on 26 February the Commission approved the accelerated plans for the eradication of leucosis in cattle presented by Germany<sup>9</sup> and Portugal.<sup>9</sup> The Commission has re-established the officially swine-fever-free status for trade purposes of the German regions

<sup>1</sup> OJ L 40, 13.2.1988.

<sup>2</sup> OJ L 47, 20.2.1988.

<sup>3</sup> OJ L 39, 12.2.1988.

<sup>4</sup> OJ L 152, 8.6.1984.

<sup>5</sup> OJ L 56, 2.3.1988.

<sup>6</sup> OJ C 66, 11.3.1988; COM(88) 47 final.

<sup>7</sup> OJ L 94, 12.4.1988.

<sup>8</sup> OJ C 68, 14.3.1988.

<sup>9</sup> OJ L 95, 13.4.1988.

of Brunswick, Lüneburg and Hanover,<sup>1</sup> and has withdrawn this status with a view to the eradication of classical swine fever from the regions of Münster, Detmold, Arnsberg, Cologne and Giessen.<sup>1</sup>

## Plant health legislation

2.1.140. On 12 February, with regard to the application of the plant health protective clause in respect of potatoes originating in the Federal Republic of Germany, the Commission adopted a Decision<sup>2</sup> intended to bring about the resumption of trade in potatoes, given that the German authorities will be required to give a number of assurances as regards plant health.

2.1.141. In addition, the Commission authorized certain Member States to import, for a limited period, seed potatoes which originate in Canada<sup>3</sup> and Poland,<sup>3</sup> provided these countries comply with the plant health requirements specified in the decisions authorizing such imports.

2.1.142. Lastly, on 9 February the Commission extended<sup>4</sup> for a further year the authorization to import bonsai plants of *Pinus L.* originating in Japan, thereby enabling a more detailed on-the-spot examination of the plant health risks associated with this product to be carried out. Any further extension will depend on the results of this examination.

## Competition

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

### Germany

#### North Rhine-Westphalia

Pilot project for the production of fibre flax.

### Hesse

Improvement of agricultural structures and coastal protection.

Measures on the operation of agricultural machinery syndicates and on environmental protection.

### Baden-Württemberg

Premium for rearing Hinterwälder mountain cattle.

### Denmark

Guarantees and interest rebates in respect of loans to cover harvest losses owing to bad weather in 1987.

Scheme to subsidize the work of agricultural advisers.

Aid for the development of new products and new processing techniques for, primarily, agricultural products.

### France

Interest rebates on existing loans aimed at adjusting the interest rate paid by dairy and cattle producers in financial difficulties to market rates.

Measures to combat bovine leucosis.

### Italy

#### Abruzzi

Measures to support the Lanciano fair.

<sup>1</sup> OJ L 83, 29.3.1988.

<sup>2</sup> OJ L 63, 9.3.1988.

<sup>3</sup> OJ L 80, 25.3.1988.

<sup>4</sup> OJ L 72, 18.3.1988.

### Valle d'Aosta

Measures to guarantee loans in respect of agricultural investments.

### Netherlands

Tariff for the supply of natural gas to horticultural users for the period 1987-89 (as the tariff does not include any aid component for such users).

2.1.144. The Commission decided to initiate the procedure laid down in Article 93(2) of the EEC Treaty in respect of the following schemes:

### France

Measure to assist the rearing of calves on whole milk for a period of three months (FF 500/calf).

### Italy

Aid in respect of beef hindquarters, involving a storage aid of LIT 2 000/kg for a period of up to five weeks.

2.1.145. The Commission decided to terminate the Article 93(2) procedure in respect of a German aid scheme (North Rhine-Westphalia) for the production of fibre flax, since the measure had been withdrawn and was to be replaced by a research aid (→ point 2.1.143).

## European Agricultural Guidance and Guarantee Fund

### Guarantee Section

2.1.146. On 10 February the Commission approved a Regulation<sup>1</sup> listing the measures which conform to the concept of intervention intended to stabilize the agricultural markets, within the meaning of Article 3(1)

of the Council Regulation of 21 April 1970 on the financing of the common agricultural policy.<sup>2</sup> The list amounts in fact to an inventory of intervention measures under the common agricultural policy financed by the EAGGF Guarantee Section.

2.1.147. On 12 February the Commission approved a Regulation on the method and the rate of interest to be used for calculating the costs of financing intervention measures comprising buying-in, storage and disposal.<sup>3</sup> This is a consolidated version of the Regulation of 7 March 1977,<sup>4</sup> which has been amended on numerous occasions since it was adopted.

2.1.148. The Commission has used 22 967.7 million ECU of the total appropriations of 22 998.5 million ECU put at its disposal under the 1987 budget for EAGGF Guarantee Section expenditure. The agricultural expenditure thus financed covers a period of some 10 months.

2.1.149. Payments in respect of the last part of the 1987 calendar year are made in accordance with the Council Regulation of 19 October 1987 introducing special rules for the financing of the common agricultural policy<sup>5</sup> and charged to the 1988 budget.

## Fisheries

### Council

2.1.150. On 29 February the Council approved the provisional application from 1 March of the fisheries agreement between the Community and Morocco initialled on 25 February (→ point 2.1.152a), and dis-

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<sup>1</sup> OJ L 38, 11.2.1988.

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

<sup>3</sup> OJ L 40, 13.2.1988.

<sup>4</sup> OJ L 62, 8.3.1977.

<sup>5</sup> OJ L 304, 27.10.1987; Bull. EC 10-1987, point 2.1.169.

cussed without reaching any conclusion the proposal for a Council Regulation<sup>1</sup> amending the Regulation of 29 December 1981 on the common organization of the market in fishery products<sup>2</sup> and the Regulation of 28 June 1968 on the Common Customs Tariff.<sup>3</sup>

## Resources

### *Internal aspects*

#### Control measures

2.1.151. On 1 March the Commission sent the Council a proposal<sup>4</sup> for amendment of the Regulation of 23 July 1987 establishing certain control measures for fishing activities.<sup>5</sup> Under this proposal additional measures would be introduced to tighten up surveillance of vessels landing their catch at ports outside the Member State in which they are registered and thus improve the application of the conservation policy.

### *External aspects*

#### Bilateral relations

##### *Morocco*

2.1.152. On 1 February the Commission adopted a Decision granting a standby indemnity in Moroccan waters from 1 January.<sup>6</sup> The indemnity, for which 3 million ECU was made available, was granted for the month of January 1988 on the basis of fishing actually done in 1987, and the measure can be renewed.

2.1.152a. On 25 February a fisheries agreement to replace the bilateral Moroccan-Spanish and Moroccan-Portuguese agreements was initialled in Brussels, and on 28 February the Council approved its provisional application from 1 March.<sup>7</sup>

Under the four-year agreement, the most important so far concluded by the Community, the Community's fishing rights remain roughly as at 31 December 1987, with additional rights where there is no danger of over-exploitation of stocks. All rights may in any year be adjusted 5% either way in line with annual stock variations and Moroccan fleet requirements. Restrictions are applied to the annual quotas in certain cases in order to provide stocks with a 'biological rest'.

Morocco will receive 70 million ECU per year plus help to develop its scientific research and knowledge of fish stock trends. The development of port facilities and the setting-up of joint ventures will be encouraged and special attention given to vocational training, infrastructure and rescue services.

The agreement also includes improved preferential arrangements for Moroccan tinned sardines.

##### *Gabon*

2.1.153. Under a fisheries agreement between the Community and Gabon initialled at Libreville on 26 February the Community will enjoy, for a three-year period beginning on 15 April, fishing rights in Gabonese waters for:

- (i) freezer trawlers (including prawn boats) up to a total of 15 000 gross register tonnes (this may at the Community's request be increased by 1 000-tonne instalments);
- (ii) 54 tuna purse seiners;
- (iii) 12 drifting longliners.

The compensation to be paid by the Community is 2 850 000 ECU per year plus

<sup>1</sup> OJ C 145, 3.6.1987; Bull. EC 4-1987, point 2.1.139.

<sup>2</sup> OJ L 379, 31.12.1981; Bull. EC 12-1981, point 2.1.140.

<sup>3</sup> OJ L 172, 22.7.1968.

<sup>4</sup> COM(88) 43 final.

<sup>5</sup> OJ L 207, 29.7.1987; Bull. EC 7/8-1987, point 2.1.238.

<sup>6</sup> OJ L 72, 18.3.1988.

<sup>7</sup> OJ L 99, 16.4.1988.

600 000 ECU over three years for a scientific programme and study grants.

### *Comoros*

2.1.154. On 15 February the Commission sent the Council a proposal for a Regulation on the conclusion of an agreement between the Community and the Comoros on fishing in Comorian waters,<sup>1</sup> following the negotiations that led to an agreement being initialled last October.<sup>2</sup>

### *Japan*

2.1.155. On 29 February the Council adopted, on a proposal from the Commission, a Regulation laying down, for the period 1 March to 30 June 1988, certain measures for the conservation and management of fishery resources, to apply to Japanese vessels fishing in waters under the sovereignty or jurisdiction of Portugal.<sup>3</sup>

### **Multilateral relations**

#### *North-West Atlantic Fisheries Organization*

2.1.156. The Community took the initiative in calling a special meeting of the North-West Atlantic Fisheries Organization, held in Brussels from 8 to 10 February. Representatives of the 10 contracting parties attended, and the NAFO Fisheries Commission adopted a revised international mutual inspection programme to be implemented by all parties over the coming months.

#### *North Atlantic Salmon Conservation Organization*

2.1.157. The Community was represented by the Commission at the fifth annual meeting<sup>4</sup> of the Nasco Commission on 16 and 17 February in Montreal. Discussions cen-

tred on fishing activities in 1987 and on the 1988 salmon fishing plans of the Member States of the Community.

## **Transport**

### **Inland transport**

#### *Road transport*

#### **Access to the market**

2.1.158. On 10 February the Commission sent the Council a proposal<sup>5</sup> to amend the Council Directive of 13 May 1965 concerning the standardization of certain rules relating to authorizations for the carriage of goods by road between Member States.<sup>6</sup> This would enable Community carriers to benefit from the advantages resulting from the extension to all or some of the member countries of the ECMT (European Conference of Ministers of Transport) of the Community rules governing removals by road and the carriage of goods by means of coupled combinations of vehicles.

2.1.159. On 23 February the Commission sent the Council an amendment<sup>7</sup> to the proposal for a Decision with regard to the UN Economic Commission for Europe's consolidated resolution on the facilitation of road transport,<sup>8</sup> expressly citing Article 75 of the EEC Treaty as the legal basis for the proposal. The original proposal was based on the Treaty but did not refer to any particular Article.

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<sup>1</sup> OJ C 73, 19.3.1988; COM(88) 30 final.

<sup>2</sup> Bull. EC 10-1987, point 2.1.185.

<sup>3</sup> OJ L 57, 3.3.1988.

<sup>4</sup> Bull. EC 6-1987, point 2.1.215.

<sup>5</sup> OJ C 59, 3.3.1988; COM(88) 10 final.

<sup>6</sup> OJ C 88, 24.5.1965.

<sup>7</sup> COM(88) 49 final.

<sup>8</sup> Bull. EC 10-1984, point 2.1.124.

## Social conditions

2.1.160. On 9 February the Commission approved two proposals for transmittal to the Council.<sup>1</sup> The first is to amend the Regulations of 20 December 1985 concerning the harmonization of certain social legislation relating to road transport and recording equipment in road transport;<sup>2</sup> the other is for a Directive on standard checking procedures for the implementation of the 1985 Regulations. The purpose of the proposals is to ensure a standard interpretation and uniform application throughout the Community of the social legislation relating to road transport.

## Air transport

2.1.161. On 11 February Parliament adopted a resolution on air freight in the Community (→ point 2.4.14).<sup>3</sup>

## International cooperation

2.1.162. As part of the first phase of the negotiations on transport with Austria, Switzerland and Yugoslavia<sup>4</sup> a plenary bilateral meeting between the Commission and Yugoslavia was held in Belgrade on 8 and 9 February.

As with the meetings held in January with Austria and Switzerland,<sup>5</sup> the purpose of this meeting was to compare the positions adopted by the two parties, to establish the objectives for later discussions and to organize the work of the groups of experts.

## Energy

### Specific problems

#### Solid fuels

##### *State aid to the coal industry*

2.1.163. On 11 February, acting under its Decision of 30 June 1986 establishing Community rules for State aid to the coal industry,<sup>6</sup> the Commission authorized Belgium to grant aid to the industry in 1988.<sup>7</sup>

#### Energy saving

2.1.164. On 25 February the Economic and Social Committee adopted an opinion on the proposal for a Directive on information on the energy efficiency of buildings<sup>8</sup> (→ point 2.4.28).

<sup>1</sup> COM(88) 21 final.

<sup>2</sup> OJ L 370, 31.12.1985; Bull. EC 12-1985, point 2.1.214.

<sup>3</sup> OJ C 68, 14.3.1988.

<sup>4</sup> Bull. EC 12-1988, point 2.1.283.

<sup>5</sup> Bull. EC 1-1988, point 2.1.104.

<sup>6</sup> OJ L 177, 1.7.1986; Bull. EC 6-1986, point 2.1.236.

<sup>7</sup> OJ L 80, 25.3.1988.

<sup>8</sup> OJ C 267, 6.10.1987; Bull. EC 9-1987, point 2.1.191.

## 2. External relations

### New round of multilateral trade negotiations

#### Rollback

2.2.1. In the context of the rollback commitment contained in the Punta del Este Declaration,<sup>1</sup> the Council adopted on 22 February a Decision on the Community offer to be made in Geneva<sup>2</sup> on the phasing-out of certain quantitative restrictions with regard to non-member countries.

The Community will offer to eliminate certain restrictions still applied by some Member States, but at the same time will expect its main trade partners to shoulder a fair share of the burden. The Community will also make liberalization measures affecting Japan and South Korea conditional on appropriate commitments by these two countries, aimed at producing a better balance in the share-out of advantages under GATT.

#### Trade Negotiations Committee

2.2.2. The Trade Negotiations Committee, which met in Geneva on 18 February,<sup>3</sup> reached agreement on holding its end-of-year meeting at ministerial level in Montreal in the week beginning 5 December.

The Community fully supported the agreement but did insist on two conditions:

- (i) the Montreal meeting and the annual session of the Contracting Parties to be held in Geneva at the beginning of November were to be kept quite separate and distinct;
- (ii) 'globality': all areas, including services, were to be examined, none were to be singled out for specific measures, except tropical products, and the whole package was to be subject to the rule of consensus.

#### Meetings of negotiating groups

##### *Group of Negotiations on Goods*

2.2.3. The Group of Negotiations on Goods met in Geneva on 18 February to

give participants a further opportunity to assess the work accomplished during the initial phase.<sup>4</sup> It was the least-developed countries which were most vocal in expressing their concern about the progress of the negotiations.

The Community briefly summarized its position by saying that the hardest work lay ahead and that the results achieved should not be forced on any participant, each one of which should be able to shoulder its responsibilities freely. The key to this was transparency. It also reiterated the importance of the standstill and rollback commitments (and the difference between them) and of globality, which included trade in services.

As regards standstill, the Community emphasized the fundamental importance of full compliance, which none the less did not mean that the Contracting Parties had to forgo their rights under GATT. Non-compliance would jeopardize the whole negotiating process.

#### *Agriculture*

2.2.4. The Group on Agriculture held its first meeting since the initial phase of the Uruguay Round in Geneva from 15 to 17 February.<sup>5</sup> The Community presented more detailed proposals for emergency measures designed to make specific, practical and immediate improvements to the situation on the cereals, sugar and dairy products markets, to coincide with the opening of in-depth negotiations aimed at market stabilization. Some of the Community's partners, including the United

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<sup>1</sup> Bull. EC 9-1986, point 1.4.1 *et seq.*

<sup>2</sup> Bull. EC 12-1987, point 2.2.1.

<sup>3</sup> Previous meeting: Bull. EC 7/8-1987, point 2.2.1.

<sup>4</sup> Previous meeting: Bull. EC 10-1987, point 2.2.5.

<sup>5</sup> Previous meeting: Bull. EC 5-1987, point 2.2.1.



States and the Cairns Group,<sup>1</sup> showed no great enthusiasm for these proposals, apparently because tactical considerations coloured the interest they would normally show in a price rise for the next marketing year.

Examination of Japan's negotiating proposal and a contribution from Jamaica brought the discussion round to the situation of countries which are net importers of agricultural goods and the interests of developing countries in this situation.

Several Contracting Parties, including the Community, presented papers on specific aspects of the negotiations (support measure, health and plant health questions). A working party will meet in March to discuss the support measure.

The Group on Agriculture will meet again on 20 and 21 April.

### *GATT Articles*

2.2.5. The Group on GATT Articles met from 3 to 5 February.<sup>2</sup> Discussions concentrated on the review of Article XXVIII (modification of schedules). Diverging opinions on the need to review existing procedures were expressed by small exporters and large trading nations which have entered into major tariff commitments. The next meeting of the group will cover Articles XVII (State-trading enterprises) and XXIV (customs unions and free-trade areas).

### *Non-tariff measures*

2.2.6. The Group on Non-tariff Measures, which met in Geneva from 22 to 25 February,<sup>3</sup> discussed ways of making headway in the negotiations over the next few months. One of the main points agreed on was that by 30 June at the latest participants must submit proposals on the elimination or reduction of existing non-tariff measures. Proposals on negotiating procedures are to be tabled by 30 September.

The group will meet in October to decide on negotiating arrangements.

## Commercial policy

### Implementing the common commercial policy

#### *Commercial policy instruments*

2.2.7. On 22 February the Commission adopted a Regulation amending the regulations, recommendations and decisions relating to the application of anti-dumping duties<sup>4</sup> to bring the codes and descriptions of goods into line with the new nomenclature which came into force on 1 January. Regulations imposing anti-dumping duties currently in force have to be aligned on the new system for the classification of goods.

#### *Easing of restrictive measures*

2.2.8. Under the Council Regulation of 14 November 1983 on import arrangements for products originating in State-trading countries, not liberalized at Community level,<sup>5</sup> the Commission adopted the following measures:

#### *Opening of quotas*

*Italy—Albania:* trinitrotoluene (CN code ex 2904 20 10); TNT (CN code ex 3602 00 00);<sup>6</sup>

*Italy—Bulgaria:* silk yarn not put up for retail sale (Category 130 A);<sup>6</sup>

*Italy—Hungary:* aluminous cement ('ciment fondu') (CN code 2523 30 00);<sup>6</sup>

<sup>1</sup> This group, which was set up on Australia's initiative in Cairns, Queensland, in August 1986, with the new GATT round in view, claims to be made up of 'fair traders', i.e. countries which maintain that they do not subsidize agriculture and that their trade is upset by the subsidies granted by the main industrialized countries. The members of the group are: Argentina, Australia, Brazil, Canada, Chile, Colombia, Hungary, Indonesia, Malaysia, Philippines, New Zealand, Thailand and Uruguay.

<sup>2</sup> Previous meeting: Bull. EC 10-1987, point 2.2.2.

<sup>3</sup> Previous meeting: Bull. EC 10-1987, point 2.2.7.

<sup>4</sup> OJ L 50, 24.2.1988.

<sup>5</sup> OJ C 346, 8.12.1983.

<sup>6</sup> OJ C 45, 18.2.1988.

*Italy—Poland:* isobutanol (CN code ex 2905 14 90);<sup>1</sup>

*Italy—German Democratic Republic:* fluor-spar containing by weight 97% or less of calcium fluoride (floated fluorite) (CN code 2529 21 00);<sup>1</sup>

*Italy—China:* oxytetracycline (CN code ex 2941 30 00), silk pyjamas and night dresses for women, girls and infants (Category ex 30 A), silk yarn not put up for retail sale (Category 130 A) and embroidered silk doilies (Category ex 39).<sup>1</sup>

#### *Modification of quotas*

*France—State-trading countries:* lifting of quantitative restrictions on the release for home use of the following products: lique-

urs and other spirituous beverages—products not conforming to legislation (CN code ex 2208 90 55, ex 2208 90 59 and ex 2208 90 79); coal gas, water gas, producer gas and similar gases, other than petroleum gases and other gaseous hydrocarbons (CN code 2705 00 00); shawls, scarves, mufflers, mantillas, veils and the like of silk or silk waste (CN code 6214 10 00); ties, bow-ties and cravats of silk or silk waste (CN 6215 10 00).<sup>2</sup>

#### **Trade protection measures**

2.2.9. The trade protection measures taken in February are shown in Table 5.

<sup>1</sup> OJ C 45, 18.2.1988.

<sup>2</sup> OJ C 63, 8.3.1988; OJ C 71, 17.3.1988.

Table 5 — *Trade protection measures*

Commission
<b>Anti-dumping proceedings</b>
<i>Provisional anti-dumping duty on imports of:</i>
Potassium permanganate originating in China
OJ L 35, 9.2.1988
(initiation of proceeding: OJ C 63, 18.3.1986)
<i>Reopening of anti-dumping proceeding concerning imports of:</i>
Potassium permanganate originating in China
OJ C 37, 9.2.1988
(acceptance of undertakings: OJ L 339, 2.12.1986)
<i>Initiation of anti-dumping proceedings concerning imports of:</i>
Small-screen colour television receivers originating in South Korea
OJ C 44, 17.2.1988
Seamless steel tubes and pipes originating in Austria
<i>Initiation of investigation concerning imports of:</i>
Plain-paper photocopiers originating in Japan
OJ C 44, 17.2.1988
(definitive anti-dumping duty: OJ L 54, 24.2.1987)
<i>Impending expiry of anti-dumping measures</i>
OJ C 56, 27.2.1988

## Import and export arrangements

2.2.10. On 29 February the Commission adopted a Regulation instituting a system for the authorization of imports into Italy of footwear originating in South Korea and Taiwan.<sup>1</sup> After an investigation at the request of the Italian authorities, the Commission decided that urgent measures needed to be introduced to protect the Italian market for a limited period of two and a half years so as to cause minimum disruption to the harmonious development of world trade while at the same time enabling the Italian firms concerned to continue their modernization programmes.

### *Treaties and trade agreements: extension or automatic renewal*

2.2.11. On 2 February the Council authorized the extension or automatic renewal of certain trade agreements between Member States and other countries,<sup>2</sup> where the date for giving notice of denunciation fell between 1 November 1987 and 31 January 1988 (fourth batch for 1987).<sup>3</sup>

## Individual sectors

### *Iron and steel products*

#### **Agreements and arrangements with non-Community countries**

2.2.12. The negotiations between the Community and various exporting countries<sup>4</sup> for the renewal of iron and steel arrangements were concluded. All the countries except Brazil and Venezuela have already initialled the arrangements. In accordance with the negotiating directives, there has been no change in the content of the arrangements since 1987, as regards either the reference quantities, price rules or various methods of implementation.

## Autonomous measures

2.2.13. On 8 February the Representatives of the Governments of the Member States meeting within the Council adopted a Decision establishing the arrangements to be applied to imports into Spain and Portugal of products covered by the ECSC Treaty originating in Austria, Finland, Norway, Sweden and Switzerland and covered by the Agreements between the Community and those countries.<sup>5</sup>

2.2.14. At the same time the Representatives of the Governments of the Member States meeting within the Council also decided<sup>6</sup> to suspend generalized tariff preferences for 1988 for steel products originating in South Korea.<sup>7</sup> The Decision will have effect from 15 February and follows the suspension covering all other products which came into force at the beginning of the year.<sup>8</sup>

### *Textiles*

#### *MFA countries*

2.2.15. Consultations with Pakistan took place in Brussels from 17 to 19 February with a view to restricting Pakistani exports of household linen (Category 39) to France and the Benelux countries. It was agreed to resume discussions in the coming weeks.

2.2.16. The Community also held talks in Brussels on 18 February with a delegation from Hungary in order to reach agreement on a new limit on Hungarian exports of twine and rope products (Category 90) to France. Once again, it was agreed to adjourn the discussion until next month.

<sup>1</sup> OJ L 54, 1.3.1988.

<sup>2</sup> OJ L 34, 6.2.1988.

<sup>3</sup> Bull. EC 9-1987, point 2.2.6.

<sup>4</sup> Poland, Hungary, Bulgaria, Czechoslovakia, Romania, Austria, Sweden, Norway, Finland, Venezuela, South Korea and Brazil.

<sup>5</sup> OJ L 39, 12.2.1988.

<sup>6</sup> OJ L 40, 13.2.1988.

<sup>7</sup> Bull. EC 1-1988, point 2.2.5.

<sup>8</sup> OJ L 369, 29.12.1987; Bull. EC 12-1987, point 2.2.35.

### *Mediterranean preferential countries*

2.2.17. The administrative cooperation arrangement negotiated with the Turkish Associations of Exporters of Textile Products last year<sup>1</sup> was approved by the Council on 22 February. The administrative cooperation arrangement with Egypt on cotton yarns was approved at the same time.

## Relations with industrialized countries

### European Free Trade Association

#### *Community-EFTA ministerial meeting*

2.2.18. A ministerial meeting between the Community, its Member States and the EFTA countries to discuss the internal market took place in Brussels on 2 February, alongside the Council meeting on internal market issues. It was chaired jointly by Mr Bangemann, the German Minister for Economic Affairs and Mr Salolainen, the Finnish Minister for Foreign Trade. The Commission was represented by Lord Cockfield and Mr De Clercq.

The discussion revealed a large measure of agreement on the need for a pragmatic approach to bring about concrete progress towards a 'European economic space'. The Ministers adopted an eight-point joint statement reaffirming the principles and objectives of EEC-EFTA cooperation, outlining a working method (pragmatic development of multilateral and bilateral cooperation) and listing areas in which cooperation would be stepped up with a view to achieving positive results at the June meeting at Tampere in Finland. The statement also records the Minister's undertaking to make progress in all the areas mentioned in the Luxembourg Declaration of 1984.<sup>2</sup> During this process the Community 'will take full account of the implementation of the Single European Act'.<sup>3</sup>

### *Joint Committees*

2.2.19. The EEC-Austria and ECSC-Austria Joint Committees met on 26 February. Discussions concentrated on outstanding bilateral issues and on Austria's plans for closer overall cooperation with the Community.

#### *Parliamentarian's meeting*

2.2.20. EFTA parliamentarians met members of the European Parliament to exchange views and coordinate their support for Community-EFTA cooperation. Taking part in the discussions, Mr De Clercq recalled the recent development of Community-EFTA relations in the economic field, which had seen unparalleled growth in trade and economic interpenetration, and at political level. On the economic front, he listed the practical achievements which had followed the Luxembourg Joint Declaration in 1984<sup>2</sup> and stressed the promising prospects held out by the pragmatic guidelines adopted on 2 February (→ point 2.2.18). Finally, emphasizing the intrinsic distinction to be made between completion of the Community internal market and cooperation between the Community and EFTA, he called on the parliamentarians to take a pragmatic, step-by-step approach to the creation of the 'European economic space'.

### *ECSC products*

2.2.21. On 8 February the Representatives of the Governments of the Member States of the ECSC, meeting within the Council, adopted a decision establishing the arrangements to be applied to imports into Spain and Portugal of products covered by the ECSC Treaty originating in Austria, Finland, Norway, Sweden or Switzerland and covered by agreements between the Community and those countries, pending ratifi-

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<sup>1</sup> Bull. EC 12-1987, point 2.2.9.

<sup>2</sup> Bull. EC 4-1984, point 1.2.1 *et seq.*

<sup>3</sup> Supplement 2/86 — Bull. EC.

cation of the protocols to the ECSC-EFTA country agreements signed on 14 July 1986.<sup>1</sup>

2.2.22. Negotiations for the renewal of the arrangements with Austria, Finland, Norway and Sweden on iron and steel products have been completed (→ point 2.2.12).

### Norway

2.2.23. On 22 and 23 February Mr Narjes met Norwegian ministers and business and industry representatives to discuss the current state and future prospects of relations between the Community and Norway. Issues of Community-EFTA cooperation were also reviewed.

2.2.24. On 10 February in Strasbourg Mr De Clercq met members of the Norwegian Storting who were on a fact-finding visit to the European Parliament. He set out in detail the prospects for and limits of Community-EFTA cooperation, which in the Commission's view must observe certain principles: pragmatism, priority for Community integration, non-interference in Community decisions and a balance of advantages and obligations. He then outlined the areas in which concrete progress could be made rapidly (elimination of technical barriers to trade, simplification of the rules of origin, protection of the topographies of semiconductors, measures against counterfeiting and removal of quantitative export restrictions) and those where joint efforts can be made to improve the transparency of State aids, public procurement and systems of agricultural price compensation for processed agricultural products. The Norwegian parliamentarians agreed with the Commission's approach and stressed the importance of the final goal—a dynamic 'European economic space'.

## Relations with other countries and regions

### Mediterranean countries

#### Mediterranean policy of the enlarged Community

2.2.25. The Protocol of adaptation to the EEC-Morocco Cooperation Agreement,<sup>2</sup>

which lays down the adjustments and traditional measures required by the accession of Spain and Portugal to the Community, was initialled on 25 February.

### Turkey

2.2.26. On 22 February the Council, acting on a proposal from the Commission,<sup>3</sup> approved a Decision concerning the conclusion of a supplementary Protocol<sup>4</sup> to the Agreement establishing an Association between the Community and Turkey.<sup>5</sup>

### Yugoslavia

2.2.27. The working group on EEC-Yugoslavia cooperation, set up by the EEC-Yugoslavia Cooperation Council on 18 June 1984,<sup>6</sup> held its third meeting in Belgrade<sup>7</sup> and finalized the memorandum laying down the programme and timetable for cooperation in 1988, in accordance with the guidelines laid down by the Decision of the Cooperation Council adopted on 14 December 1987.<sup>8</sup>

An initial exchange of views also took place in Belgrade between the Commission delegation and the Yugoslav authorities on the Cooperation Council's resolution calling on the two parties to look jointly at the implications for Yugoslavia of completion of the internal market.<sup>8</sup>

### Morocco

2.2.28. The trade Protocol to the EEC-Morocco Cooperation Agreement<sup>2</sup> was initialled on 25 February. The Protocol's purpose is to maintain Morocco's traditional agricultural exports to the Community.

<sup>1</sup> Bull. EC 7/8-1986, point 2.2.14.

<sup>2</sup> OJ L 264, 27.9.1978.

<sup>3</sup> OJ C 104, 21.4.1987; Bull. EC 1-1987, point 2.2.11.

<sup>4</sup> OJ L 53, 27.2.1988.

<sup>5</sup> OJ 182, 12.12.1963.

<sup>6</sup> Bull. EC 6-1984, point 2.2.33.

<sup>7</sup> Previous meeting: Bull. EC 10-1986, point 2.2.22.

<sup>8</sup> Bull. EC 12-1987, point 2.2.26.

2.2.29. The third financial Protocol<sup>1</sup> to the EEC-Morocco Cooperation Agreement<sup>2</sup> was initialled on the same day. Under the five-year Protocol, Morocco will get 324 million ECU from the Community, an increase of 62% compared with the previous financial Protocol,<sup>3</sup> comprising 162 million ECU in grants, 151 million ECU in EIB loans and for the first time 11 million ECU as a contribution to risk capital formation.

2.2.30. A new fishing Agreement between the Community and Morocco was reached on 25 February, replacing Morocco's earlier bilateral agreements with Spain and Portugal<sup>4</sup> (→ point 2.1.152).

### Tunisia

2.2.31. On 12 February the Commission sent the Council a draft Decision of the EEC-Tunisia Cooperation Council laying down the rules of procedure of the EEC-Tunisia Trade and Economic Cooperation Committee.<sup>5</sup> These rules will be used as a model for the agreements with the Maghreb and Mashreq countries, Israel and Cyprus.

### Jordan

2.2.32. A delegation from the Commission and the EIB visited Amman from 1 to 4 February to programme operations under the third financial Protocol.<sup>6</sup> A total of 100 million ECU will be available (37 million ECU from budgetary resources and 63 million ECU in EIB loans). In deciding on sectoral priorities, account was taken of the objectives of the third five-year development plan and special emphasis was put on agriculture, water resources and the industrial sector. The indicative programme adopted allocates nearly 40% of the Protocol's total funds to agriculture, and in particular water resources development projects. Around 20% of the money will go to the industrial sector for investment promotion, establishment of industrial standards, mineral research and support for industrial enterprises. A further 10% will support educational and scientific cooperation,

and the remainder will cover energy development and other economic infrastructure.

## Asia

### South Korea

2.2.33. Acting on a proposal from the Commission<sup>7</sup> the Representatives of the Governments of the ECSC Member States, meeting within the Council, adopted on 8 February a decision suspending the generalized tariff preferences for 1988 for steel products originating in South Korea (→ point 2.2.14). A similar Decision for products covered by the EEC Treaty was adopted on 18 December 1987.<sup>8</sup>

2.2.34. A Korean delegation led By Mr Yoo, Director-General of the Office for Trade Promotion in the Ministry of Trade and Industry, visited the Commission from 8 to 11 February. The talks covered trade in iron and steel products, electronic goods and footwear. The delegation was informed of the outcome of the investigation carried out by the Commission on imports into Italy of footwear originating in South Korea (→ point 2.2.10). In the light of the findings the Korean authorities undertook to limit exports of these products to the Italian market from 1 March 1988 to 30 June 1990.<sup>9</sup>

## Latin America

### Community dialogue with Latin America

2.2.35. On 22 February the Council reviewed the preparations for the fourth

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<sup>1</sup> Bull. EC 3-1987, point 2.2.14.

<sup>2</sup> OJ L 264, 27.9.1978.

<sup>3</sup> OJ L 337, 29.11.1982; OJ L 356, 17.12.1982.

<sup>4</sup> OJ L 232, 19.8.1987.

<sup>5</sup> COM(88) 38 final.

<sup>6</sup> OJ L 22, 27.1.1988; Bull. EC 12-1987, point 2.2.31.

<sup>7</sup> Bull. EC 1-1988, point 2.2.17.

<sup>8</sup> OJ L 369, 29.12.1987; Bull. EC 12-1987, point 2.2.35.

<sup>9</sup> OJ L 54, 1.3.1988.

EEC-Central America Ministerial Conference, which was held in Hamburg from 29 February to 1 March.<sup>1</sup> The Council confirmed the political and economic importance the Community attached to the Conference's success.

2.2.36. On 11 February Parliament adopted a resolution on Central America<sup>2</sup> (→ point 2.4.15).

## State-trading countries

### China

2.2.37. A delegation from China led by Mr Li Tieying, Minister in charge of the State Commission for Restructuring the Economic System, visited the Commission from 1 to 5 February. This was a fact-finding trip arranged at China's request, reflecting its good relations with the Community. Mr Li, responsible for carrying forward the reform process initiated in China a decade ago, wished to familiarize himself with the Community's history, structures, policies and plans.

This was the first visit by a senior Chinese political figure in 1988. At the end of the month it was followed by the visit of Mr Zheng Tuobin, Minister for Economic Relations and External Trade, who jointly with Mr de Clercq opened the third EEC-China Business Week on 29 February.<sup>3</sup>

### Romania

2.2.38. On 5 February the Commission sent a proposal<sup>4</sup> for a Regulation to the Council on the conclusion of an Agreement in the form of an exchange of letters between the Community and Romania amending Annex II to the Protocol to the Agreement on trade in industrial products.<sup>5</sup>

## Development

### North-South relations

#### *Cooperation in international forums*

### World Food Programme

2.2.39. The Community took part in the World Food Programme pledging conference in New York on 9 February and announced that its food aid contribution to the Programme for 1989-90 would be equivalent to past contributions.

### Generalized tariff preferences

#### Scheme for 1988

2.2.40. On a proposal from the Commission,<sup>6</sup> the Representatives of the Governments of the ECSC Member States, meeting within the Council, adopted on 8 February a Decision suspending generalized tariff preferences for 1988 in respect of iron and steel products originating in the Republic of Korea (→ point 2.2.14). This measure extends to ECSC products the measures taken in respect of Korea for other sectors.<sup>7</sup>

### Commodities and world agreements

#### Cocoa

2.2.41. On 29 February the Commission sent the Council a proposal<sup>8</sup> for a Decision concerning the conclusion of the 1986 Inter-

<sup>1</sup> Previous conference: Bull. EC 2-1987, points 1.3.1 to 1.3.3.

<sup>2</sup> OJ C 68, 14.3.1988.

<sup>3</sup> Second Business Week: Bull. EC 12-1985, point 2.3.33.

<sup>4</sup> COM(88) 33 final.

<sup>5</sup> OJ L 352, 29.12.1980; Bull. EC 7/8-1980, points 1.4.1 to 1.4.9.

<sup>6</sup> Bull. EC 1-1988, point 2.2.5.

<sup>7</sup> OJ L 369, 29.12.1987; Bull. EC 12-1987, point 2.2.35.

<sup>8</sup> COM(88) 63 final.

national Cocoa Agreement<sup>1</sup> with a view to bringing about the simultaneous ratification and conclusion of the Agreement by the Member States, any individual initiative on their part in this sphere being contrary to the Treaty.

## **Sugar**

2.2.42. On 8 February the Council adopted, on a proposal from the Commission,<sup>2</sup> a Decision on the entry into force of the International Sugar Agreement 1987.<sup>3</sup> As the number of signatory countries was not large enough to enable the Agreement to enter into force automatically on 1 January 1988, the Secretary-General of the United Nations accordingly convened the contracting parties on whose behalf instruments of ratification, acceptance or approval or notification of provisional application had been deposited, in order to decide whether all or part of the Agreement should be brought into force between themselves, either definitively or provisionally. The Council for its part decided in favour of the immediate entry into force of the Agreement, on condition that the actual and potential signatories represent at least 50% of the votes of exporting countries and 50% of the votes of importing countries.

## **Natural rubber**

2.2.43. *Addendum to Bull. 12-1987.* On 18 December, acting on a proposal from the Commission,<sup>4</sup> the Council adopted a Decision concerning the signing of the International Natural Rubber Agreement.<sup>5</sup>

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

### *Emergency aid*

#### **Uganda**

2.2.44. On 19 February the Commission approved an emergency aid allocation of

540 000 ECU for Uganda, where thousands of people who have fled from the north and north-east of the country as a result of the drought and continuing conflict in those areas lack food and medical care. The aid, to be administered by the Ugandan Red Cross, Action Internationale contre la Faim and Médecins sans Frontières (Netherlands), will be used to finance the purchase and dispatch of food, medicines and medical equipment.

#### **Central African Republic**

2.2.45. On 18 February the Commission approved an emergency aid allocation of 500 000 ECU for the Central African Republic. The aid will be used to finance an increase in output by the Energa fossil fuel plant in Bangui, to compensate for the loss of power from the Boali hydroelectric power station as a result of the drought.

#### **Vanuatu**

2.2.46. On 17 February the Commission approved a grant of 100 000 ECU in emergency aid for Vanuatu, which suffered major damage as a result of a cyclone which left 3 200 people without food, clothing or shelter. The aid will be used to finance the purchase of rice and preserved meat.

#### **New Caledonia**

2.2.47. On 25 February the Commission approved a grant of 85 000 ECU in emergency aid for New Caledonia to repair damage caused by the same cyclone.

## **Financial and technical cooperation**

### *ACP States*

2.2.48. in February the Commission allocated resources totalling 87 820 000 ECU

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<sup>1</sup> Bull. EC 7/8-1986, point 2.2.32.

<sup>2</sup> COM(88) 26 final.

<sup>3</sup> OJ L 58, 3.3.1988; Bull. EC 12-1987, point 2.2.44.

<sup>4</sup> Bull. EC 9-1987, point 2.2.31.

<sup>5</sup> OJ L 58, 3.3.1988.



from the fourth, fifth and sixth EDFs to finance projects, programmes and emergency aid which it administers (Table 6).

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

million ECU			
Sector/country	Project programme	Amount	
		Grants	Loans
<i>Economic infrastructure</i>			
Aruba	Airport		6.000
<i>Rural production</i>			
Burkina Faso	Integrated development programme	44.000	
Togo	Agriculture	3.000	2.500
Mali	Livestock production	2.200	
Regional (Burkina Faso, Cape Verde, Chad, Gambia, Guinea-Bissau, Mali, Mauritania, Niger and Senegal)	Food security	7.705	
New Caledonia	Agriculture		0.350
	Installation of compost units		0.240
<i>Industrialization</i>			
Regional (Comoros, Madagascar, Mauritius and Seychelles)	Support for craft industry	3.500	
<i>Social development</i>			
Guinea	Health—infrastructure	9.400	
Lesotho	Training	7.700	
Uganda	Purchase of food and medical aid necessitated by the drought and ongoing conflict in the north-east	0.540	
Central African Republic	Contribution towards the purchase of fuel, following a cut in hydroelectric power production caused by the drought	0.500	
Vanuatu	Repair of damage caused by Cyclone Anne	0.100	
New Caledonia	Repair of damage caused by Cyclone Anne	0.085	
Total		78.730	9.090

### *Latin American and Asian developing countries*

2.2.49. On 11 February Parliament delivered its opinion<sup>1</sup> on the proposal for a Decision determining the general guidelines for 1988 concerning financial and technical aid to Latin American and Asian developing

countries.<sup>2</sup> It endorsed the Commission proposal subject to certain changes:

(i) 35% of the funds to be allocated to Latin America, rather than the 25% originally specified;

<sup>1</sup> OJ C 68, 14.3.1988.

<sup>2</sup> OJ C 323, 3.12.1987; Bull. EC 11-1987, point 2.2.56.

(ii) the 10% reserve of available appropriations to be used in Central America only.

Parliament asked to be consulted again should the Council envisage departing from the proposal as amended.

## Regional cooperation

### Indian Ocean Commission

2.2.50. The Indian Ocean Commission held its sixth ministerial session at Saint-Denis in the French overseas department of Réunion from 11 to 16 February.<sup>1</sup> Ministers acknowledged the interest and support provided by the Community through the European Development Fund. They called for large-scale measures, for which substantial funds would be needed, in the areas of telecommunications, cyclone damage and sea rescue operations.

2.2.51. The European Development Fund has financed a number of projects with Réunion under Annex VII to the third Lomé Convention to encourage greater cooperation between the French overseas departments and neighbouring ACP countries. Member countries of the Indian Ocean Commission received assistance totalling 20 million ECU by way of regional cooperation under Lomé II and are to be allocated 26 million ECU under Lomé III.

### SADCC

2.2.52. Mr Dieter Frisch, Director-General for Development, who led the Commission delegation to the SADCC Consultative Conference,<sup>2</sup> reaffirmed the Community's policy towards SADCC and indicated that a total of 1 500 million ECU would be allocated to it under Lomé III. The allocation to SADCC member countries—for both regional and national programmes—would be topped up during the Commission's mid-term review.

## Cooperation via non-governmental organizations

2.2.53. In February the Commission committed 17.5 million ECU for the co-financing in developing countries of 106 projects presented by 70 NGOs.

The Commission also contributed 192 101 ECU for six campaigns to increase European public awareness.

## Institutions

### ACP States

2.2.54. The third informal ACP-EEC meeting of experts was held in Brussels on 26 February. The meeting was given over to discussion of the implications of the Community's offer presented to the Uruguay Round Group on Tropical Products.<sup>3</sup> Other meetings are scheduled on other Uruguay Round issues of particular concern to ACP countries, such as agriculture, natural-resource-based products and services.

## International organizations and conferences

### United Nations

#### Economic and Social Council

2.2.55. The United Nations Commission on Narcotic Drugs met in Vienna from 8 to 19 February to continue its discussions on the draft for a new International Conven-

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<sup>1</sup> IOC members are Comoros, Madagascar, Mauritius, Seychelles and France (for Réunion). Previous session: Bull. EC 2-1987, point 2.2.35.

<sup>2</sup> The Southern Africa Development Coordination Conference, whose members are: Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe. Previous conference: Bull. EC 2-1987, point 2.2.34.

<sup>3</sup> Bull. EC 10-1987, point 2.2.8.

tion on Illicit Trafficking in Narcotic Drugs and Psychotropic Substances, with a view to convening a conference of plenipotentiaries, if possible in 1988. The Commission representative expressed the Community's wish to participate in the new convention to the full extent of its powers. He also made a statement to the Narcotic Drugs Commission on the Community's contribution to the work being done internationally to combat drug trafficking.

## General Agreement on Tariffs and Trade

### Council

2.2.56. The GATT Council met in Geneva on 2 February. Discussions focused on three disputes resulting from Community complaints. In each case the panel agreed with the Community's line of argument. Accordingly, following the failure of the bilateral negotiations between the Community and Canada,<sup>1</sup> the Council decided to circulate among the Contracting Parties the report by the panel which concluded that Canadian methods of distribution and prices charged for alcoholic beverages ran counter to Canada's GATT obligations. The Council also adopted the report of the panel set up at the Community's request which concluded that the customs user fee charged by the United States was incompatible with US obligations under the General Agreement.<sup>2</sup> The Council also examined the question of the 'Super fund' tax on imports of oil products—officially intended to pay for the cleaning-up of toxic waste—imposed by the United States, in order to establish what measures the United States planned to take to comply with the panel's conclusion that the tax was wholly discriminatory.

### Committee on Government Procurement

2.2.57. On 11 February the Commission presented the Council with a re-examined

proposal<sup>3</sup> for a Directive<sup>4</sup> amending the Directive of 21 December 1976 relating to the coordination of procedures on the award of public supply contracts<sup>5</sup> and deleting certain provisions of the Directive of 22 July 1980.<sup>6</sup> The proposal is designed to take account of the results<sup>7</sup> of the renegotiation of the GATT Agreement on Government Procurement<sup>8</sup> and includes many of the amendments called for by Parliament<sup>9</sup> (→ point 2.1.20).

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2.2.58. At the end of January the Council authorized the Commission to take part in the negotiations for Tunisia's accession to the General Agreement. On 8 February the Commission also sent to the Council a recommendation for a Council Decision authorizing the Commission to take part in the negotiations for the provisional accession of Costa Rica, El Salvador, Guatemala and Honduras.<sup>10</sup> The aim of the recommendation is to enable the Commission, by its participation in the negotiations, to ensure that trade is not adversely affected by the provisional accession of these countries.

## Organization for Economic Cooperation and Development

2.2.59. The OECD's North-South Group met in Paris on 9 and 10 February. Discussion was concentrated on the main issues affecting economic relations with the devel-

<sup>1</sup> Bull. EC 5-1987, point 2.2.10; Bull. EC 6-1987, point 2.2.9; Bull. EC 11-1987, point 2.2.8.

<sup>2</sup> Bull. EC 3-1987, point 2.2.45.

<sup>3</sup> COM(88) 42 final/2.

<sup>4</sup> Earlier versions. OJ C 173, 11.7.1986; Bull. EC 6-1986, points 1.2.1 to 1.2.6; OJ C 161, 19.6.1987; Bull. EC 6-1987, point 2.1.18; OJ C 303, 13.11.1987; Bull. EC 10-1987, point 2.1.18.

<sup>5</sup> OJ L 13, 15.1.1977.

<sup>6</sup> OJ L 215, 18.8.1980.

<sup>7</sup> Bull. EC 2-1987, point 2.2.41.

<sup>8</sup> Bull. EC 6-1986, point 2.2.58.

<sup>9</sup> OJ C 13, 18.1.1988; Bull. EC 12-1987, point 2.1.22.

<sup>10</sup> COM(88) 20 final.

oping countries and the assessment of recent developments in international forums. The Group also examined the report on the progress made in the study on the major developing economies and the OECD. The study considers some significant countries (Brazil, South Korea, China, Hong Kong, Singapore, Indonesia, India) and on this basis explains the growing divergences between developing countries. Discussions covered other topics, particularly a new and original form of regional cooperation established eight years ago by a number of Pacific countries, the Pacific Economic Cooperation Conference.

## Diplomatic relations

2.2.60. The following ambassadors presented their letters of credence to the President of the Council and the President of the Commission. Their appointments took effect on 2 February:

HE Mrs Simone Mairie, Representative of the Republic of Cameroon to the EEC and Head of Mission to the ECSC and Euratom; HE Mr Farouk A'Rahman Eisa, Head of Mission of the Republic of Sudan to the European Communities.

## 3. Financing Community activities

### Budgets

#### Reform of the Community budget

2.3.1. The European Council of 11 to 13 February reached an agreement on the financial future of the Community which retains the ideas, consistency and methods of the Commission's proposal of 15 February 1987 entitled 'The Single Act — A new frontier for Europe'<sup>1</sup> (→ point 1.1.1 *et seq.*).

The main terms of this agreement, which enabled the 1988 budgetary procedure to resume, related to the structural Funds (→ points 1.1.1, 1.1.3 and 1.1.10), budgetary discipline (→ points 1.1.1, 1.1.10, 1.1.11 and 2.3.8), own resources and the correction of budgetary imbalances (→ points 1.1.1, 1.1.10, 1.1.11, 2.3.6 and 2.3.7), the common agricultural policy (→ points 1.1.1, 1.1.4, 1.1.5, 1.1.6, 1.1.7, 1.1.8 and 1.1.10) and some specific budgetary arrangements (→ points 1.1.1 and 2.3.9).

### General budget

#### Budgetary procedure

##### 1988 budget

##### Letter of amendment to the preliminary draft budget

2.3.2. On 19 February the Commission sent the budgetary authority letter of amendment No 2<sup>2</sup> to its preliminary draft budget for 1988<sup>3</sup> to give effect to the conclusions of the European Council.

The letter of amendment takes account of the latest revenue estimates and provides for the following:

- (i) An increase of 250 million ECU for EAGGF Guarantee expenditure in compari-

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

<sup>2</sup> COM(88) 81 final.

<sup>3</sup> Bull. EC 5-1987, point 2.3.2.

son with letter of amendment No 1/1988,<sup>1</sup> giving total expenditure of 27 250 million ECU, the ceiling agreed by the European Council being 27 500 million ECU. The additional requirements are the result of the deletion of the budget entry for the mechanism to stabilize the consumer prices of oils and fats, which has not been adopted (+ 1 270 million ECU), and the entry of a provision for stock depreciation (+ 585 million ECU). On the other hand, three factors have tended to reduce requirements: the two-week extension in the time limit for the payment of advances to the Member States, which amounts to reducing the financial year for EAGGF Guarantee operations to 11½ months (– 1 200 million ECU), the European Council's conclusions concerning agricultural stabilizers (– 380 million ECU) and the reduction in the rates of interest to be applied for calculating the financial cost of intervention operations in certain Member States (– 25 million ECU).

(ii) An increase of 400 million ECU in commitment appropriations and 200 million ECU in payment appropriations for the structural Funds, including 100 million ECU (commitments) and 50 million ECU (payments) as additional support for Portuguese industry (Pedip)<sup>2</sup> and 15 million ECU (both commitments and payments) for additional administrative strength to deal with the increase in structural operations. The other 285 million ECU (commitments) and 135 million ECU (payments) are divided between the three structural Funds in proportion to the estimates in the preliminary draft budget.<sup>3</sup>

(iii) An updating of expenditure under Article 800 (cost of collecting traditional own resources) and, in part, new payment appropriations for Chapter 86 (compensation to Spain and Portugal).

(iv) Finally, as regards revenue, the letter of amendment takes account of the changes made by the European Council to the system of own resources, the revised forecasts for 1988 and a non-repayable intergovernmental advance to replace the 'fourth

resource' pending the introduction of the new system.

2.3.3. The Council met on 23 and 24 February, after a meeting with a delegation from Parliament headed by its President, Lord Plumb, to examine the preliminary draft budget as amended by letters of amendment No 1/88 and No 2/88 and to establish the draft budget (→ point 2.3.2).

The Council was able to resolve all the problems on the expenditure side. It set EAGGF Guarantee expenditure at 27 000 million ECU, entered 5 million ECU—instead of the 15 million ECU requested by the Commission—to cover the administrative costs of using outside experts to handle the increase in operations under the structural Funds, and defined compulsory expenditure other than EAGGF Guarantee expenditure and non-compulsory expenditure on the basis of the Permanent Representatives Committee's preparatory work in July 1987, with the exception of structural Fund and Pedip appropriations.

The Council was, however, forced to adjourn when it was unable to agree on financing the correction of imbalances. Despite the Presidency's attempts to reach a compromise, this difference of views meant that the draft budget could not be adopted before the end of February.

#### Provisional twelfth

2.3.4. Under the provisional-twelfth arrangements and in accordance with Article 204 of the EEC Treaty and Article 8 of the Financial Regulation,<sup>4</sup> the Commission sent the budgetary authority two communications requesting further additional twelfths on 22 February<sup>5</sup> and 24 February.<sup>6</sup>

<sup>1</sup> Bull. EC 12-1987, point 2.3.5.

<sup>2</sup> Bull. EC 10-1987, point 2.1.112.

<sup>3</sup> Bull. EC 5-1987, point 2.3.2.

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

<sup>5</sup> COM(88) 61 final.

<sup>6</sup> COM(88) 86 final.

2.3.5. Also under the provisional-twelfths arrangements, on 12 February Parliament adopted a resolution<sup>1</sup> authorizing additional twelfths (non-compulsory expenditure) (→ point 2.4.13).<sup>2</sup>

### Own resources

2.3.6. The conclusions of the European Council changed the system of Community own resources as follows:

- (i) the overall ceiling on own resources is set at 1.20% of total Community GNP for payments (1.30% for commitments);
- (ii) customs duties on ECSC products will in future be paid to the Community;
- (iii) the cost of collecting traditional own resources will be deducted from the Member States' payments;
- (iv) the third resource (VAT) will be collected at a rate of 1.4% applied to a VAT base limited to 55% of GNP to take account of the situation of Member States where consumption accounts for a high proportion of GNP;
- (v) a fourth resource, based on a GNP scale, is introduced (→ points 1.1.1, 1.1.10 and 1.1.11).

2.3.7. In addition, the conclusions of the Fontainebleau European Council<sup>3</sup> on the correction of budgetary imbalances will remain applicable for as long as the new decision on own resources remains in force. An adjustment will be made to offset the effect of the introduction of the fourth resource. Compensation to the United Kingdom will be financed on the basis of a GNP scale. However, Germany's contribution will be reduced by a third and the contributions of Spain and Portugal in accordance with the abatement arrangements in Articles 187 and 374 of the Act of Accession.

### Budget discipline

2.3.8. The European Council of 11 to 13 February adopted the following rules on budgetary discipline:

- (i) the reference basis for EAGGF Guarantee expenditure is set at 27 500 million ECU

for 1988 and the rate of increase in this expenditure in future years must not exceed 74% of GNP growth (→ points 1.1.1, 1.1.10 and 1.1.11);

- (ii) budgetary discipline in the field of non-compulsory expenditure will be applied in conformity with the principles set out in the conclusions of the Brussels European Council of 29 and 30 June 1987<sup>4</sup> (→ points 1.1.1, 1.1.10 and 1.1.11).

### Specific budgetary arrangements

2.3.9. The European Council of 11 to 13 February decided to create two special budget headings for the common agricultural policy (set-aside measures and income support) (→ points 1.1.1, 1.1.6 and 1.1.10) and for additional support for Pedip<sup>5</sup> (→ point 1.1.1).

### Budget control

2.3.10. On 23 February, in accordance with Article 29 of the Financial Regulation,<sup>6</sup> the Commission sent the Council the report on the implementation of the budget of the European Communities at 31 December 1987.<sup>7</sup>

2.3.11. On 24 February the Commission sent the Council the monthly report on the implementation of the budget of the European Communities at 31 January 1988 (provisional-twelfths arrangements).<sup>8</sup>

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<sup>1</sup> OJ C 68, 14.3.1988.

<sup>2</sup> Bull. EC 1-1988, point 2.3.2.

<sup>3</sup> Bull. EC 6-1984, point 1.1.3.

<sup>4</sup> Bull. EC 6-1987, points 1.1.1 to 1.1.4.

<sup>5</sup> Bull. EC 10-1987, point 2.1.112.

<sup>6</sup> OJ L 356, 31.12.1977.

<sup>7</sup> COM(88) 87.

<sup>8</sup> COM(88) 50.

## Financial operations

### ECSC

#### Loans raised

2.3.12. In February the Commission made a number of private placings in lire and marks for the equivalent of 39.09 million ECU.

#### Loans paid out

2.3.13. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission paid out loans in February for a total of 69.04 million ECU, broken down as follows:

##### *Industrial loans*

2.3.14. Industrial loans (Article 54) totalling 31.05 million ECU were paid out in the Federal Republic of Germany and Italy for the steel industry and in the United Kingdom for coal consumption.

##### *Conversion loans*

2.3.15. Conversion loans (Article 56) totalling 37.6 million ECU were paid out

for projects in Italy, Belgium and the United Kingdom.

##### *Workers' housing*

2.3.16. Housebuilding loans for ECSC workers in France, Italy, the United Kingdom, the Federal Republic of Germany, Denmark and Spain amounted to 0.39 million ECU.

### EEC-NCI

#### *Loans raised*

2.3.17. The Commission made a LFR 600 million seven-year public issue at 6.75% with an issue price of 100% and a private placing in Belgian francs for the equivalent of 17.3 million ECU.

#### *Loans paid out*

2.3.18. On 5 February the Commission and the European Investment Bank announced the granting of a global loan of 50 million ECU to Crédit National in France from NCI resources to finance productive investment by small and medium-sized firms in industry and associated services throughout the country and to promote tourism in areas eligible for regional aid.

## 4. Political and institutional matters

### European political cooperation

2.4.1. On 3 February the presidency issued the following statement on Haiti:

'The Twelve have on many occasions expressed their support for the process of restoring democracy in Haiti. They followed with sympathy the courage and tenacity shown by the Haitian people in their endeavour to obtain democratic elections, and they strongly condemned the violence which led to the suspension of the elections of 29 November 1987.

Since the elections of 17 January 1988 are marred by the fact that their outcome is not representative, the Twelve will in their relations with Haiti's new government take into consideration how far it succeeds in laying the foundations for a true democracy. The Twelve appeal to the government and the political forces of Haiti to take the path of national reconciliation, to continue their efforts to overcome the difficulties resulting from several decades of dictatorship in a spirit of cooperation and openness, and to create the conditions necessary for a peaceful political life based on true democracy and the respect for human rights.

The Twelve are conscious of the fact that the Haitian people must not be abandoned at a time when they are endeavouring to cope with the very difficult economic and social situation facing the country.'

In Tegucigalpa the Troika made representations to the Honduran authorities on the human rights situation in Honduras. On 3 February the Presidency issued the following statement to the press:

'In Tegucigalpa the Twelve have conveyed to the government of Honduras their deep concern about the recent reappearance of violent actions by armed groups. A number of citizens have been threatened by such violence, including persons committed to the defence of human rights. The Ambassadors of the Federal Republic of Germany, Spain and the United Kingdom have been instructed to express the dismay of the Twelve at the murder of Sergeant José Vilorio (on 4 January) and of Ángel Pavón and Moisés Landaverde (on 14 January). The Twelve support the efforts of President Azcona to strengthen democracy and the rule of law in Honduras. Honduras has accepted the jurisdiction of the Inter-American Court of Human Rights. The Twelve appeal to the Honduran Government to do its utmost to strengthen the judicial system and the respect for human rights

throughout the country and in all sectors of political life in compliance with the Agreement of Guatemala of 7 August 1987.'

2.4.2. The Ministers for Foreign Affairs held a regular political cooperation meeting in Bonn on 8 February and adopted the following statement on the situation in the Occupied Territories and the Arab-Israeli conflict. The Ministers also met King Hussein of Jordan, and both parties agreed that the talks were very useful.

'1. The Foreign Ministers of the Twelve had a thorough discussion on the situation in the Occupied Territories and the Arab-Israeli conflict. They expressed their profound concern at the deteriorating conditions in the Occupied Territories.

2. The status quo in the Occupied Territories is not sustainable. The Foreign Ministers again stressed their conviction that the only solution is by means of a comprehensive, just and lasting political settlement of the Arab-Israeli conflict, as proposed by the Twelve in their 1980 Venice Declaration<sup>1</sup> and their subsequent declarations.

3. The Twelve reaffirm their strong support for an International Peace Conference, under the auspices of the United Nations, in accordance with their 23 February<sup>2</sup> and 13 July 1987<sup>3</sup> Declarations, as the suitable framework for the necessary negotiations between the parties directly concerned. They took note of the wide support given to such a Conference and urge all parties to work for agreement on the convening of it as early as possible. The Twelve will continue to play their full part in these efforts.

In that perspective they welcome all recent efforts to inject new impetus in the search towards a negotiated settlement to the conflict.

4. Without prejudging future political solutions, the Twelve remain determined to work towards improving the living conditions of the inhabitants of the Occupied Territories. The Community is pursuing its own development programme for these Territories, has granted additional humanitarian aid to their Palestinian population and is determined to promote direct exports of agricultural and industrial products from the Territories to the Community market.

<sup>1</sup> Bull. EC 6-1980, point 1.1.6.

<sup>2</sup> Bull. EC 2-1987, point 2.4.3.

<sup>3</sup> Bull. EC 7/8-1987, point 2.4.1.



5. The Twelve deplore the Israeli settlement policy in the Occupied Territories, and the diversion of resources to these illegal settlements. They acknowledge the valuable work by UNRWA and ICRC in favour of the Palestinian population in the Territories and expect Israel to facilitate the task of those bodies.

6. The Twelve urge Israel fully to comply with UN Security Council Resolutions 605 (1987), 607 (1988) and 608 (1988) and with the Geneva Convention relative to the protection of civilian persons in time of war of 12 August 1949. They deeply deplore the repressive measures taken by Israel, which are in violation of international law and human rights. These measures must stop. They strongly appeal to all parties to exercise maximum restraint in order to reduce the dangerous level of tension in the Occupied Territories.'

The Ministers also adopted without a discussion the seventh report on the application of the code of conduct by Community companies with subsidiaries in South Africa and adopted the following press release on the subject:

'The Ministers for Foreign Affairs approved the seventh synthesis report on the application of the code of conduct by Community companies with subsidiaries in South Africa. They decided to forward it to the European Parliament and to the Economic and Social Committee of the European Community. The report covers the period from 1 July 1985 to 30 June 1986 and analyses responses of 265 companies with more than 105 000 black employees out of a total of 136 000.

This is the first report since the introduction of the revised version of the code of conduct adopted in November 1985. The revision has placed an increased emphasis in areas such as employee representation, education, training and black career development. New sections regarding the encouragement of black business and support for wider black community projects have been introduced.

Much of the period under review was marked by the imposition of a state of emergency in South Africa, which affected the freedom and effectiveness of trade unions, in particular due to the detention of many of their leaders and members. At the same time, the economic situation deteriorated with inflation reaching higher rates and unemployment rising, especially in the black community.

The Twelve noted with satisfaction:

(i) that the level of companies' involvement with trade unions representing black workers continued to increase;

(ii) that companies are applying common pay scales for all employees, irrespective of race;

(iii) that over 95% of black workers are receiving wages at or above the level advocated by the code; and

(iv) that many companies have specific policies of training and promoting black employees and are providing them with a wide range of fringe benefits.

The Twelve reiterate that the code of conduct is an important instrument in their policy of seeking the total abolition of discriminatory practices and of the system of apartheid, and wish to encourage European companies to pursue their efforts to improve the social and economic conditions of black employees. At the same time, the Twelve urge the South African Government to take specific steps to allow full desegregation of places of work, to remove all discriminatory legislation and to release all those detained without charge, including trade unionists.'

2.4.3. The Ministers also discussed the CSCE meeting in Vienna and considered that substantial progress needed to be made to achieve a balanced document on the three baskets: they urged all the parties involved to act in the same constructive spirit in order to provide fresh impetus to the process.

2.4.4. On 25 February the Twelve adopted statements on South Africa and Afghanistan:

### South Africa

'The Twelve vigorously condemn the new manifestation of political suppression represented by the prohibition by the South African Government of South African organizations peacefully opposed to apartheid from engaging in political activities. This prohibition will considerably exacerbate the tensions within South Africa, leading to further confrontation and domestic polarization.

The Twelve urge the South African Government most strongly to repeal the imposed measures without delay. They are convinced that a constructive national dialogue with all political groups, across the lines of colour, politics and religion, is essential in order to ensure a peaceful future for the country. They reiterate their commitment to political action aimed at promoting the achievement of this objective.'

## Afghanistan

'The Twelve continue to follow closely political and diplomatic developments in the Afghan question, which remains a major source of international tension.

They note with interest General Secretary Gorbachev's statement of 8 February 1988 announcing the Soviet Union's readiness to withdraw its troops from Afghanistan starting on 15 May, according to a fixed timetable not exceeding 10 months.

The Twelve note that the Soviet Union makes the withdrawal of its troops dependent on the formal conclusion of an agreement in Geneva.

The Twelve refer in this connection to the declaration by the European Council of 5 December 1987 on Afghanistan, and reiterate their wish to see the total and irrevocable withdrawal of Soviet troops carried out in the course of 1988.

On the eve of a new round of proximity talks in Geneva, they renew their support for the efforts of the Secretary-General of the United Nations and his personal representative to pave the way for a settlement. They pay tribute to the positive and responsible attitude adopted by Pakistan for many years now.

The Twelve stress that in order to establish a lasting peace and bring an end to the ordeal of the Afghan people, it is necessary to re-establish the independence and non-alignment of Afghanistan and enable the refugees to return to their country in safety and dignity.

They consider that it is of the utmost importance that all parties concerned, including the resistance, are involved in the peace process without delay. The establishment by the Afghans themselves of a transitional government, whose independence could not be called into question, is clearly the key to this.

The Twelve remain willing, for their part, to contribute constructively to such a settlement and, when the time comes, to participate in international aid for Afghanistan.'

2.4.5. At its February part-session Parliament passed resolutions on political cooperation and the defence of human rights (→ point 2.4.15).<sup>1</sup>

## European policy and relations between the institutions

### European policy

#### Implementing the Single Act

2.4.6. The European Council, which met in Brussels from 11 to 13 February, reached agreement on all the conclusions relating to the implementation of the Single Act (→ point 1.1.1 *et seq.*).

2.4.7. In connection with the final adoption of the conclusions of the European Council, the Ministers for Foreign Affairs held a Council meeting on 22 February and also approved the following conclusions:

'At the European Council in Copenhagen, the French delegation mentioned the disturbing demographic situation in Europe and emphasized that Europe could not retain its political, economic and cultural position in the world without a renewal of its demographic dynamism.

The Ministers for Family Affairs will meet to exchange information on their national experiences and will submit a report in 1989 on their discussions.

The French delegation also submitted a project for a meeting entitled "Assises européennes de la jeunesse" (European Youth Assembly) in Strasbourg.

Interest was shown in this initiative, which aims at ensuring that the voice of European youth is heard more clearly. The arrangements for organizing this event will be finalized jointly.'

### Relations between the institutions

#### Cooperation procedure

2.4.8. During its February part-session<sup>1</sup> Parliament adopted an opinion (first reading) on the proposal for a Regulation adopting a plan to stimulate the international

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<sup>1</sup> OJ C 68, 14.3.1988.

cooperation and interchange needed by European research scientists 1988-92 (Science).

2.4.9. Parliament also adopted seven decisions (second reading) concerning the Council's common positions on the proposals for:

- (i) an amendment to the Directive of 28 March 1983 laying down a procedure for the provision of information in the field of technical standards and regulations;
- (ii) a Directive on extraction solvents used in the production of foodstuffs and food ingredients;
- (iii) an amendment to the Directive of 18 December 1975 concerning liquid fertilizers;
- (iv) a Decision on the revision of the multiannual research and development programme in the fields of technological research and the application of new technologies (Brite) (1985-88);
- (v) a Regulation concerning the European strategic programme for research and development in information technologies (Esprit);
- (vi) a Regulation determining the persons liable for payment of a customs debt;
- (vii) an amendment to the Directive on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (Ucits) as far as concerns the investment policy of certain Ucits.

## Institutions and organs of the Communities

### Parliament <sup>1</sup>

#### *Strasbourg: 8 to 12 February* <sup>2</sup>

2.4.10. Parliament's February part-session, with a relatively light agenda, was mainly devoted to dealing with matters sub-

ject to the provisions of the Single Act, and in particular to the cooperation procedure. An opinion was adopted at first reading on the Science programme; three common positions were received from the Council and seven were approved at second reading, five of them without amendment.

The proposed set-aside arrangements for agricultural land provided the main topic for debate (→ point 2.4.11).

### Reservations about the set-aside arrangements

2.4.11. Presenting his report on the set-aside scheme, one of the Commission's proposed measures, together with stabilizers, cessation of agricultural activity (early retirement) and income support, to limit the production of agricultural surpluses, Mr A. Navarro Velasco (ED/E) first condemned the procedure that had been established *de facto* between the Commission and the Council and that tended to prevent Parliament from playing its consultative role: in concocting jointly a compromise solution, the Commission and the Council had not complied with the proper rules governing interinstitutional relations. So while Parliament eventually endorsed the principle of the set-aside of land—a constituent of the overall compromise on the reform of the common agricultural policy reached by the Council <sup>3</sup>—it did so subject to many reservations and confined itself to a simple political opinion and not a formal legislative one.

Opening the debate, the rapporteur from the Committee on Agriculture stated that

<sup>1</sup> The texts of the resolutions adopted by Parliament appear in OJ C 68, 14.3.1988, and the reports of the proceedings are published in OJ Annex 2-361. The political groups and countries of origin of members speaking in the debates are shown in brackets after their names. The key to the abbreviations can be found in Bull. EC 1-1988, page 51 (footnote 2).

<sup>2</sup> Parliament's opinions under the cooperation procedure and its assents are reported in 'European policy and relations between the institutions' *supra*.

<sup>3</sup> Bull. EC 11-1987, point 2.1.173; Bull. EC 1-1988, point 2.1.65.

the Committee had been guided by the principle that two conditions had to be met if a policy was to be introduced to trim the agricultural policy: first, an identical, equal and simultaneous undertaking must be given by the major producer countries competing with the Community, and second, a common policy must be introduced to protect economic activity and social life in rural areas. Basing his scepticism on the inconclusive results of the set-aside experiment in the United States, he urged that any such arrangement should be temporary. Its application must be accompanied by measures to stop any intensification of production on the areas still under cultivation and by incentives to convert to other forms of activity (forests, legumes) so as to avoid the depopulation and desertification of the countryside. The Community's financial contribution should come from the EAGGF Guidance Section alone, since the measures were to deal exclusively with cyclical problems.

The Committee's misgivings were echoed by the Socialist Group, when Mr J. Colino Salamanca (S/E) observed that the new technologies would help to boost the productivity of cultivated land and warned that Community financing would have to be stepped up in the more disadvantaged Member States to avoid any renationalization of the CAP. He believed that the new measures must be financed by the EAGGF Guarantee Section. Mr N. Gatti (Com/I) was equally perplexed by the stabilizers and the set-aside scheme, which swung agricultural policy from rigid controls to a liberal free-for-all. If, as he was sure, it was the least profitable land that was left to lie fallow, he feared that the whole scheme would cost more than it saved. He believed that the EAGGF Guidance Section should bear the costs of the intended measures. Mr G. Devèze (ER/F) announced that the European Right would vote against the report, because it could foresee that the set-aside arrangements would cause disputes between owners and operators with the problem of compensating the owners; the sensible way to cut production was to limit

the use of chemical fertilizers. Mr J. Provan (ED/UK) could see no sense in guaranteeing high prices to farmers for cereal products and at the same time paying those same producers not to produce any.

Mr B. Thareau (S/F) said the French Socialists accepted the proposal but on certain conditions: they were against any shifts in production from region to region or farm to farm, and rejected the American model of development. Mr T. Maher (LDR/IRL) feared that the guns were not aimed at the target, but were firing right across the field, when the target was simply the 9 or 10% of producers who were producing 70% of the cereals. He regretted that the Commission's proposal did not tackle the problem of imports of cereal substitutes and complained that renationalization of the CAP was still going on. Mrs S. Martin (LDR/F) could not see how such a measure would work when the Netherlands, by its imports of substitute products, was producing in the United States some 50% of its agricultural output.

Mr L. Späth (EPP/D) believed that the proposed measures, though belated, were not too late and were a step in the right direction; he was opposed to a policy of frantic price cutting.

Mr C. Jackson (ED/UK) said he too supported the idea of set-aside, stressing that the concept was sound but that everything would depend on the detail. He suggested that the Heads of State or Government assign a committee, on the model of the Dooge Committee,<sup>1</sup> to solve the problems before the Hanover European Council. Mr F. Musso (EDA/F) approved the principle of set-aside, but deplored the inconsistency of the CAP: in his opinion the method proposed would not work unless the major producer countries competing with the Community gave an identical, equal and simultaneous undertaking to reduce their agricultural production. Mr L. Eyraud (S/F) noted the determination to copy the American model—even though it was

<sup>1</sup> Bull. EC 6-1984, point 1.1.9 (paragraph 7).

regarded as altogether unsuitable for Europe—and, still approving the principle of set-aside, declared that it would be wrong to 'do anything, anyhow'; he did not want to see land simply abandoned or left to bramble and scrub. 'Brown fallow', afforestation and longer rotation periods could be positive measures: what was needed was a genuine rural development policy to preserve rural economic activity and social life.

Replying for the Commission, Mr Andriessen maintained in turn that the set-aside arrangements could not be an alternative to the agricultural stabilizers but simply a piece of a more complex mosaic. Nor could this measure be a panacea, since it would largely affect marginal, poorly productive land; he believed that, because of the compensation resulting from the intensification of production on land still under cultivation, about which little could be done, the decrease in cereal output—for each hectare set aside with a yield of four tonnes—would be no more than two tonnes. On Community financing, Mr Andriessen recalled that the Commission, initially in favour of financing entirely by the EAGGF Guarantee Section, had accepted a fifty-fifty compromise between the Guarantee and Guidance Sections; he still felt it would be wise, once the system was under way, to gradually increase the share of the Guarantee Section. Finally, concerning the problem of substitute products, he warned against the danger of taking any unilateral measures and wanted to see negotiations with the Community's trading partners.

The Navarro report was finally adopted by 203 votes to 68 and 11 abstentions, after the House had made several amendments to it, including one by Mr E. Woltjer (S/NL) concerning the imports of substitute products asking the Council 'to present an overview of all its measures to limit agricultural production to the other major agricultural producing countries, and to achieve on this basis an agreement in the framework of GATT to limit the production, import and export of agricultural products, including cereal substitutes'. Two amendments, one

by Mr J. Colino Salamanca (S/E) and the other by Mr M. Sierra Bardaji (S/E) were also adopted. The first requested that Community funding take account of the economic situation of the Member States and therefore that the degree of cover provided by the EAGGF be increased. The second held that the set-aside scheme must not apply to Community regions suffering from serious depopulation and high rural unemployment.

2.4.12. Parliament gave opinions on the following proposals:

(i) a Decision adopting an action plan (1987-89) on information to the general public and training of the health professions in the context of the programme 'Europe against cancer' (→ point 2.1.85);

(ii) a Decision determining the general guidelines for 1988 concerning financial and technical aid to Latin American and Asian developing countries (→ point 2.2.49).

2.4.13. Acting under its powers on budgetary matters, Parliament adopted on 12 February a resolution authorizing a second batch of additional provisional twelfths for the financial year 1988 (non-compulsory expenditure).

2.4.14. Resolutions were passed on the following subjects:

*Takeover bids.* With particular reference to the takeover bid involving the Société Générale de Belgique, Parliament called on the Commission to submit without delay proposals for directives to harmonize national legislation on the organization of stock markets which would guarantee that all operations are disclosed and clear as to their purpose, that all shareholders have the same rights, that there is continuity of industrial or commercial activity and that there is no discrimination between Community citizens and firms. The Council was again asked to adopt without delay the

Directives on the structure of public limited companies<sup>1</sup> and merger control.<sup>2</sup>

*The revival of racism and Fascism in Europe.* Condemning any manifestation of racism and xenophobia, Parliament appealed to the Commission, the Council and the Member States to create an adequate legal framework to counter these tendencies. The Commission was further asked to conduct an opinion poll and to launch an information campaign, as well as to submit proposals for the inclusion of a European dimension in the curriculum of schools which stresses the value of the contributions made by minorities to European civilization. The establishment of a forum for migrant workers was also demanded.

*Stepping up action against smoking.* In issuing a public reminder that tobacco is suspected of killing two million people every year and can also damage the health of those living and working with smokers, Parliament urged the Commission to give priority to a European coordinated epidemiological research programme into the effects of passive smoking. The resolution defined the policy to be adopted in the Community to counter this tendency and made a number of proposals. Wishing to set a public example, the House instructed its President to take steps to ban smoking in its own meeting rooms.

*Completion of the internal market by 1992—worker protection.* In three resolutions Parliament, fearing that completion of the internal market might lead to 'social dumping', called on the Commission to draw up a framework directive to serve as a basis for more specific directives covering all the risks connected with health and safety at work. The Commission was also urged to provide appropriate measures for small and medium-sized firms and, within each directive that seeks to lay down tolerance thresholds for products, to insist that uniform methods of measurement be used. Having asked the Commission to set up a health and safety data bank for use by firms, the House called on the Commission to draw up a programme of specific measures,

with a timetable up to 1992, for improving workers' safety and health.

*Safety and health protection at work.* Parliament called on the Commission to propose binding provisions regarding the assessment of health risks, the establishment of upper limits for exposure to dangerous substances and the measurement and assessment of concentrations of dangerous substances at work. The Commission was also asked to propose preventive and protective measures in respect of substances recognized as carcinogenic or dangerous and to submit Community standards for working places based on health protection regulations.

*Teaching and promotion of music in the Community.* After making a number of points concerning the organization of musical life, Parliament called for Member States' laws concerning the teaching of music to be harmonized. The resolution outlined a policy for the promotion of music, a truly common language, and called on the Commission to set up a European centre for documentation on and the distribution of contemporary music; the Community must make a financial contribution. The Commission was urged to draw up its Green Paper on copyright as soon as possible and to step up the campaign against piracy.

*The floods in Brittany and in Nord/Pas-de-Calais.* Parliament called on the Commission to grant emergency aid to the regions affected, in particular to restore communications and the agricultural areas most affected.

*The ban on hormones.* In two resolutions Parliament regretted that the Council, by its Decision of 18 November 1987,<sup>3</sup> had partially postponed imposing the ban that it had approved on 31 December 1985<sup>4</sup>

<sup>1</sup> OJ C 240, 9.9.1983; Supplement 6/83 — Bull. EC; Bull. EC 7/8-1983, points 1.2.1 to 1.2.4.

<sup>2</sup> OJ C 23, 25.1.1985; Supplement 3/85 — Bull. EC; Bull. EC 12-1984, point 2.1.21.

<sup>3</sup> OJ L 339, 1.12.1987; Bull. EC 11-1987, point 2.1.209.

<sup>4</sup> OJ L 382, 31.12.1985; Bull. EC 12-1985, point 2.1.173.

concerning the use of certain substances having a hormonal action in stockfarming. Stressing that the ban must also apply to imported foods, the House called on the governments of the United States and other countries not to interfere in the Community's consumer protection policy by preventing it from taking the measures it held to be necessary, particularly by threatening to take reprisal measures. The Community ban on hormones did not seek to erect a trade barrier against the United States and other countries.

*Air freight in the Community.* With the air freight market expanding extremely rapidly, the total market value having grown from about USD 8 000 million in 1980 to around USD 18 000 million in 1985, Parliament was disappointed that there were still no practical Community provisions and facilities for express low-weight air cargo, at the risk of allowing certain American companies to virtually corner the European market by means of their door-to-door service.

The Commission was requested to present without delay provisions based on Parliament's recommendations in order to promote a Community air freight policy.

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

*Northern Ireland.* Parliament expressed its grave disquiet concerning the allegations of a 'shoot to kill' policy against the British security forces and requested the British Government to re-examine its decision on the Stalker/Sampson inquiry with a view to undoing the grave damage which had been done.

*The recent arrests in East Berlin.* Parliament insisted on the right of all citizens to personal and public demonstration. The House called on the government of the German Democratic Republic, as a signatory of the Helsinki Final Act, to refrain from putting pressure on its citizens to leave their country and to respect the right of citizens to demon-

strate personally and publicly and choose their place of residence freely.

*The granting of an exit visa to refuseniks and secretniks in the Soviet Union.* Parliament expressed concern that anti-Semitic groups are appearing in the Soviet Union and called on the Soviet authorities to bring their regulations into line with the public statements by the country's leaders that the qualifying period cannot be more than 10 years for secretniks, and to grant exit visas immediately to the families of Abramovich, Kislik, Meiman and Chernobilski.

*The imprisonment of two dissidents in Morocco.* Parliament expressed concern at the continuing cases of arbitrary imprisonment and deportation in Morocco, the solitary confinement and the repression affecting even children of secondary-school age, and called on the Foreign Ministers meeting in political cooperation to make urgent representations of a humanitarian nature to the Moroccan authorities for the release of Mr Serfaty and Mr El Bou.

*The current trial of Somali intellectuals.* Observing that the Somali authorities had not responded to the requests made in its resolution of 21 January,<sup>1</sup> Parliament expressed the view that the imposition of long prison sentences or capital punishment for crimes of conscience would compromise relations between the Community and its Member States and the government of Somalia. It therefore urged the Somali Government to guarantee that this trial was conducted openly and impartially.

*Torture in Syria.* Parliament expressed deep shock at the evidence of the frequent, severe and repeated torturing of political prisoners in Syria and the areas of Lebanon which are controlled by Syria, and called on the Syrian Government to release all political prisoners held without charge, to bring any accused to trial, to ensure adequate medical care for all prisoners and, above all, to instruct all their security forces to stop the odious practice of torture. The House also demanded

<sup>1</sup> OJ C 49, 22.2.1988; Bull. EC 1-1988, point 2.4.15.

an immediate public inquiry into the death of Ihsan Azzo.

*Central America.* Parliament considered it essential that all outside military intervention in Central America should cease forthwith and hoped that the Hamburg Conference to be held on 29 February and 1 March (between the Twelve, the Central American parties to the Economic Cooperation Agreement with the Community<sup>1</sup> and the Contadora Group) would establish a very substantial integrated aid programme for the Central American region and assist with the election of the Central American Parliament. The House called for special aid to coincide with that laid down in the Cooperation Agreement with Central America<sup>1</sup> and offered to take part in the procedures for verifying the implementation

of the Esquipulas II accord. Parliament also hoped that the political, social and human rights of the citizens of Central America would be respected, as well as the provisions of the Geneva Convention.

## Council

2.4.16. The Council held six meetings in February. The table below lists the number, place and date of each meeting, the names of the Council President and Commission representatives and the main items of business. A more detailed account of specific items can be found in the sections of the Bulletin referred to in the footnotes.

<sup>1</sup> OJ L 172, 30.6.1986; Bull. EC 11-1985, point 1.2.1 *et seq.*; OJ L 58, 28.2.1987; Bull. EC 2-1987, point 2.2.17.

Table 7 — *Council meetings in February*

Number, place and date of meeting	Subject	President	Commission	Main items of business
1219th Brussels 2 February	Internal market	Mr Bangemann	Lord Cockfield	Community Patent Convention: question of entry into force Trade mark law: policy debate
1220th Brussels 8 February	Agriculture	Mr Kiechle	Mr Andriessen	Beef/veal <sup>1</sup> Olive oil <sup>1</sup> Milk <sup>1</sup>
1221st Brussels 9 February	Economic and financial affairs	Mr Stoltenberg	Mr Delors Mr Christoffersen	Creation of a European financial area: detailed discussion <sup>2</sup>
1222nd Brussels 22 February	General affairs	Mr Genscher	Mr Delors Mr Andriessen Mr Christoffersen Mr Cheysson Mr De Clercq	Follow-up to European Council of 11 to 13 February <sup>3</sup> Textiles: negotiations with non-member countries <sup>4</sup> Uruguay Round: rollback <sup>5</sup> Relations with Central America: preparation for 4th Ministerial Conference



Number, place and date of meeting	Subject	President	Commission	Main items of business
1223rd Brussels 23 and 24 February	Budget	Mr Tietmeyer	Mr Christophersen	Resumption of 1988 budget procedure <sup>6</sup>
1224th Brussels 29 February and 1 March	Fisheries	Mr von Geldern	Mr Cardoso e Cunha	Autonomous quotas for 1988 Relations with Morocco <sup>7</sup> White zone in the Baltic Sea Relations with certain international organizations and countries Market organization for fishery products

<sup>1</sup> Agriculture.

<sup>2</sup> Economic and monetary policy.

<sup>3</sup> Point 1.1.1 *et seq.*

<sup>4</sup> Commercial policy.

<sup>5</sup> New round of multilateral trade negotiations.

<sup>6</sup> Financing Community activities.

<sup>7</sup> Fisheries.

## Commission

### Activities

2.4.17. Mr Delors and Mr Natali represented the Commission at the European Council held in Brussels on 11, 12 and 13 February (→ point 1.1.1 *et seq.*). The Commission welcomed the successful outcome of the European Council, which had endorsed its proposals, keeping their philosophy, coherence and *modus operandi* intact.

### *Decisions, communications and proposals*

2.4.18. The Commission adopted the main lines of the social policy which it is planning to propose over the years ahead, to take account of the social dimension of the internal market and swift implementation of the Single Act (→ point 1.2.1 *et seq.*).

The Commission approved the communication which it sends each year to the Council in preparation for the first of the

three examinations of the economic situation in the Community required by the 1974 Decision on convergence. The Commission is proposing that the general guidelines established in the annual economic report be retained, especially as regards employment policy, structural policy and business policy, which are all geared to increasing market flexibility (→ point 2.1.2).

The second report on the implementation of the small business action programme adopted in October 1986 was also approved.

On the environment front the Commission adopted proposals concerning the signing and ratification of the Vienna Convention and the Montreal Protocol on protection of the ozone layer (→ point 2.1.104), the incineration of municipal waste (→ point 2.1.102) and the reduction of pollution caused by small cars (with an engine capacity of less than 1.4 litres) (→ point 2.1.103).

Following the conclusions of the European Council, the Commission adopted letter of amendment No 2 to the 1988 preliminary draft budget (→ point 2.3.2).

## Court of Justice<sup>1</sup>

### 2.4.19. New cases

Case	Subject	Basis
<b>ECSC — Steel</b> 340/85 Rev. Acciaierie e Ferriere di Porto Nogaro v Commission	Application for interpretation and application for revision (i) Rules of Procedure of the Court: Article 100(1) and Article 102(2) (ii) Articles 37 and 38 of the ECSC Protocol on the Statute of the Court of Justice	Article 33 ECSC
<b>Free movement of goods</b> 382/87 Buet and EBS v Ministère Public <sup>1</sup>	Compatibility with Article 30 of the EEC Treaty of the application to imported products of French legislation on canvassing and selling at private dwellings of home study language courses	Article 177 EEC
12/88 Schafer Shop v Minister van Economische Zaken <sup>2</sup>	Is paragraph 3 of the Protocol on German internal trade and connected problems annexed to the EEC Treaty to be interpreted as meaning that it is compatible therewith for a Member State or a group of Member States to adopt a policy whereby, in accordance with a ban on the importation without authorization into the Member State or group of Member States of goods originating in the German Democratic Republic which have been brought into free circulation in the Community in the Federal Republic of Germany, all application for authorizations are, in practice, refused, with the exception of those relating to goods of limited value and of a non-commercial kind?	Article 177 EEC
18/88 Régie des Télégraphes et des Téléphones v GB-Inno-BM <sup>3</sup>	Is the fact that the Telegraph and Telephone Authority has sole power to authorize the connection to the public network of apparatus not supplied and sold by it contrary to Article 30 of the EEC Treaty? Does the fact that the subscriber is required to pay the costs incurred by the authority as a result of a fault caused by unauthorized apparatus constitute a measure having equivalent effect? To what extent does the monopoly granted to the authority to grant authorization to connect apparatus to the public network and to organize the detailed rules	Article 177 EEC

<sup>1</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*).

Case	Subject	Basis
21/88 Du Pont de Nemours Italiana v Unità Sanitaria Locale No 2 di Carrara	for this purpose constitute a practice prohibited by Article 86(b) and (c) of the Treaty?  Compatibility of Act No 64 of 1986 on aid to the Mezzogiorno with Articles 30, 92 and 93 of the EEC Treaty and Council Directive 77/62/EEC coordinating procedures for the award of public supply contracts	Article 177 EEC
25/88 Ministère Public v Bouchara, née Wurmser, and Norlaine <sup>2</sup>	1. Is Section 11-4 of the Act of 1 August 1905 on fraud and forgery in respect of products or services, as amended, compatible with Article 30 of the EEC Treaty prohibiting quantitative restrictions on imports and all measures having equivalent effect?  2. If the first question is answered in the negative, do the French rules constitute an exception to Article 30 of the EEC Treaty justified by Article 36 of that Treaty?	Article 177 EEC
<b>Customs union</b>		
19/88 ICT and BFI Électrique v Direction Générale des Douanes et Droits Indirects, Roissy	Does the apparatus imported by BFI and ICT fall within CCT subheading 90.28 A II b) as claimed in the corresponding import declarations or under subheading 90.28 A II a) as claimed by the customs authorities?	Article 177 EEC
26/88 Brother International v HZA Giessen <sup>2</sup>	Is Article 5 of Council Regulation No 802/68 on the common definition of the concept of the origin of goods to be interpreted as meaning that even the simple assembly of already prefabricated imported parts into a new article, where it is the last substantial process or operation that is economically justified, determines the origin of the article or, apart from assembly, is an intellectual contribution also necessary for assembly to determine the origin?  If the simple assembly of prefabricated parts determines the origin for the purposes of Article 5 of Regulation No 802/68, is Article 6 thereof to be interpreted as meaning that the mere fact that exports are diverted using manufacturing premises that are already available justifies the presumption that the object of the diversion is to circumvent the applicable provisions (on anti-dumping duty)?	Article 177 EEC
<b>Taxation</b>		
391 to 394/87 Melicque, Tilt Automatique, Centre Internationale d'Amusement and Meaux Loisirs v Directeur des Services Fiscaux de Seine-et-Marne <sup>1</sup>	Are the contested taxes (entertainment tax and central government tax on automatic amusement machines) levied by the French authorities on the exploitation of automatic machines (apart from VAT) lawful or on the contrary prohibited under Article 33 of the sixth VAT Directive (Council Directive 77/388/EEC)?	Article 177 EEC

Case	Subject	Basis
15/88 Maxi Di v Ufficio del Registro di Bolzano <sup>3</sup>	Since Council Directive 69/335/EEC appears to be of immediate application in the legal systems of Member States inasmuch as it requires them not to take certain action (Article 11: 'Member States shall not be subject to any form of taxation whatsoever... loans, including government bonds, raised by the issue of debentures...'), and since no discretion whatever is allowed in this respect, is Article 4 of Annex A—Scale of Duties—to the Decreto del Presidente della Repubblica (DPR) No 634 of 26 October 1972 compatible with that Directive?	Article 177 EEC
<b>State aid</b>		
61/88 France v Commission <sup>4</sup>	Annulment of Article 2 of the Commission Decision of 9 December 1987 on aid granted by the French Government in the wood processing sector (Isoroy and Pinault)	Article 173 EEC
<b>Free movement of workers</b>		
9/88 Lopes da Veiga v Staatssecretaris van Justitie <sup>5</sup>	1. Must Article 216(1) of the Act of Accession be interpreted as meaning that Article 7 <i>et seq.</i> of Regulation No 1612/68 applies to a Portuguese citizen who is pursuing an activity as an employed person on a Dutch vessel for an employer established in the Netherlands and who has not been given a residence document entitling him to work as an employed person in the territory of the Netherlands pursuant to the policy on entry generally applied to aliens or on any other basis?  2. In the event that question 1 is answered in the affirmative, must Article 218 of the Act of Accession be interpreted as meaning that Article 4 of Directive 86/360/EEC is also applicable to the Portuguese citizen referred to in question 1?	Article 177 EEC
29/88 Schmitt v Bundesversicherungsanstalt für Angestellte <sup>6</sup>	Must it, in view of Article 51 of the EEC Treaty, be possible for a German worker who was exempt from the compulsory pension insurance scheme by virtue of Section 2(1) of the Clerical Staff Pension Reform Act, old version, and who subsequently paid compulsory contributions in Belgium, to pay compulsory contributions when he is later employed in Germany, notwithstanding the provisions of Section 2(1)(b) of the Act, or voluntary contributions, notwithstanding Section 140(1) of the Clerical Staff Insurance Act, to enable this claim for an invalidity pension under Belgian law to succeed?	Article 177 EEC

Case	Subject	Basis
<p><b>Social security</b></p> <p>24/88 Georges v Office National d'Allocations Familiales pour Travailleurs Salariés<sup>3</sup></p>	<p>Where a Belgian worker residing in Belgium with his family, including children in respect of whom there is entitlement to family benefits, is at the same time in employment in France and engaged in a secondary activity as a self-employed person in Belgium, should it not be held that, if the family benefits obtained in Belgium by virtue of the activity as a self-employed person are of less value than those obtainable in France by virtue of his employment there, the rules of priority and on overlapping entitlement in Articles 73 and 76 respectively of Regulation No 1408/71 (as it stood at the time) allow it to be held that he is entitled to family allowances payable by France, that his entitlement to allowances payable by Belgium takes priority, and that the entitlement in France is suspended only up to the amount received for the same period and for the same members of the family in Belgium?</p>	<p>Article 177 EEC</p>
<p><b>Agriculture</b></p> <p>5/88 Wachauf v Germany<sup>2</sup></p>	<ol style="list-style-type: none"> <li>1. Is an agricultural production unit having neither dairy cattle nor facilities (such as milking parlours) capable of being used exclusively for milk production a 'holding' within the meaning of Article 12(d) of Council Regulation No 857/84?</li> <li>2. Is the surrender of leased property upon the expiry of the lease a case having 'comparable legal effect' within the meaning of Article 5(3) of Commission Regulation No 1371/84 if the leased property is an agricultural undertaking without dairy cattle and without any facilities capable of being used only for milk production (for example, milking parlours) and where the lease provided for no obligation on the part of the lessee to engage in milk production?</li> </ol>	<p>Article 177 EEC</p>
<p>13/88 Knoeckel, Schmidt &amp; Cie Papierfabriken v HZA Landau<sup>7</sup></p>	<p>Is Article 1(1) of Council Regulation No 1009/86, read in conjunction with the second indent of Article 4(3) of Commission Regulation No 2169/86, to be interpreted as meaning that, when use is made of a product derived from starch, a production refund for starch can be granted only if the product used is obtained wholly and exclusively from starch made from maize, rice, wheat or potatoes or, if the product used was produced as to 75% from maize starch and as to 25% from starch from white-sugar derivatives, can a production refund be granted in respect of the 75% proportion derived from maize starch?</p>	<p>Article 177 EEC</p>

Case	Subject	Basis
22/88 Industrie- en Handelssonderneming Vreugdenhil and Gijs van der Kolk — Douane Expéditeur v Minister van Landbouw en Visserij <sup>8</sup>	Validity of Article 13a of Commission Regulation No 1687/76 laying down common detailed rules for verifying the use and/or destination of products from intervention, inserted in that Regulation by Commission Regulation No 45/84	Article 177 EEC
34/88 Coopérative Agricole de l'Anjou et du Poitou and Others v Council <sup>9</sup>	Annulment of Council Decision 87/561/EEC on transitional measures concerning the prohibition on administration to farm animals of certain substances having a hormonal action	Article 173 EEC
62/88 Greece v Council	Annulment of Council Regulation No 3955/87 on the conditions governing imports of agricultural products originating in non-member countries following the accident at the Chernobyl nuclear power-station	Article 173 EEC
<b>Transport</b>		
4/88 Lambregts Transportbedrijf v Belgian State <sup>7</sup>	<p>1. Does Article 75(1)(a) and (b) of the EEC Treaty, at least in so far as it requires the Council to implement freedom to provide services in the field of transport, create individual rights on which nationals of the Member States may rely in proceedings before national courts with regard to events which took place on 24 February 1982?</p> <p>2. If the answer to the first question is in the affirmative: under those provisions, can the retention of licences for national or international transport issued by the authorities of a Member State to a transport undertaking established in another Member State be made subject to the condition that the undertaking concerned have a 'centre of activities' in the first State, or in other words that the undertaking regularly enter into transactions in that State which form part of its business activities and that it be represented there by an agent who is authorized to deal with third parties on its behalf?</p>	Article 177 EEC
<b>Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters</b>		
32/88 Six Constructions v Humbert <sup>6</sup>	1. What is the obligation to be taken into account for the purposes of the application of Article 5(1) of the Convention where the court is faced with claims based on obligations arising under a contract of employment binding an employee residing in France to a company having its registered office in Belgium which sent him to several countries outside Community territory?	

Case	Subject	Basis
	2. Must the characteristic obligation be considered as being performed in the establishment which engaged him, or must jurisdiction be determined pursuant to Article 2 of the Convention?	
<b>Education</b>		
56/88 United Kingdom v Council <sup>10</sup>	Annulment of Council Decision 87/568/EEC concerning an action programme for the vocational training of young people and their preparation for adult and working life	Article 173 EEC
<b>Budget</b>		
30/88 Greece v Commission <sup>9</sup>	Annulment of Commission Decisions 87/593, 87/594 and 87/595 of 17 November and 10 December 1987 approving the financing of three projects in the context of special aid for Turkey	Article 173 EEC
<b>Fisheries</b>		
28/88 Opagac v Commission	Annulment of Commission Regulation No 3307/87 determining the maximum amount of the compensation for tuna supplied to the canning industry for the period 1 June to 31 August 1986	Article 173 EEC
31/88 Spain v Commission <sup>11</sup>	Annulment of Commission Regulation No 3307/87 determining the maximum amount of the compensation for tuna supplied to the canning industry for the period 1 June to 31 August 1986	Article 173 EEC
<b>External relations</b>		
49/88 Al-Jubail Fertilizer and Saudi Arabian Fertilizer v Council <sup>12</sup>	Annulment of Article 1 of Council Regulation No 3339/87 imposing a definitive anti-dumping duty on imports of urea originating in Libya and Saudi Arabia and accepting undertakings given in connection with imports of urea originating in Czechoslovakia, the German Democratic Republic, Kuwait, the USSR, Trinidad and Tobago and Yugoslavia and terminating these investigations	Article 173 EEC
<b>Infringements</b>		
35/88 Commission v Greece <sup>11</sup>	Seeking a declaration that by intervening in the market in cereals intended to be used as feedingstuffs and in particular by giving instructions to the Greek intervention agency concerning the buying and selling of such cereals at prices and on conditions determined by the Greek Government, by paying the difference resulting from such transactions out of	Article 169 EEC

Case	Subject	Basis
	national resources and by facilitating the financing of such purchases on favourable terms by the Agricultural Bank of Greece, Greece has failed to fulfil its obligations under Regulation No 2727/75 on the common organization of the market in cereals and the implementing measures adopted thereunder, as well as under Articles 5 and 93 of the EEC Treaty	
39/88 Commission v Ireland <sup>13</sup>	Failure to notify the Commission of fish prices as required by Council Regulation No 3796/81 and Commission Regulation No 3598/83	Article 169 EEC
43/88 Commission v Netherlands <sup>14</sup>	Failure to fulfil obligations: requiring exporters of certain agricultural products to affiliate to an inspection body	Article 169 EEC
45/88 Commission v France <sup>15</sup>	Failure to implement Commission Directive 84/291/EEC on pesticides	Article 169 EEC
46/88 Commission v Belgium <sup>15</sup>	Failure to implement Council Directives 78/855/EEC and 82/891/EEC on mergers and divisions of public limited liability companies	Article 169 EEC
47/88 Commission v Denmark	1. Applicability of Article 95 of the EEC Treaty where there are no similar or competing domestic products 2. The criteria which may justify differential rates of tax 3. A tax charge forming part of a general national system of taxation	Article 169 EEC
52/88 Commission v Belgium <sup>10</sup>	Failure to fulfil obligations: prohibiting the sale of products containing a level of edible gelatine higher than that permitted in Belgium	Article 169 EEC
53/88 Commission v Greece <sup>16</sup>	Failure to adopt within the prescribed period the measures necessary to comply with Council Directive 80/987/EEC on the protection of employees in the event of the insolvency of their employer	Article 169 EEC
60/88 Commission v Denmark <sup>4</sup>	Definition in secondary Community legislation of the terms 'international travel' and 'traveller' for the purposes of Council Directive 69/169/EEC on exemption from turnover tax and excise duty on imports in international travel	Article 169 EEC
64/88 Commission v France <sup>10</sup>	Failure to fulfil obligations under Article 1 of Council Regulation No 2057/82 and Council Regulation No 2241/87: failure to undertake control activities ensuring compliance with the technical fishery conservation measures laid down in Council Regulations Nos 171/83 and 3094/86	Article 169 EEC



## Disputes between the Community and its staff

v Commission:

42/88 Alex and Others<sup>12</sup> — Application of Council Regulations No 3619/86 and 3856/86 as regards the five-yearly review of the weighting; annulment of salary statements

v Parliament:

41/88 Becker<sup>17</sup>

44/88 de Compte

v Court of Justice:

55/88 Catsoufros

57/88 Sklias

- <sup>1</sup> OJ C 37, 9.2.1988.
- <sup>2</sup> OJ C 45, 18.2.1988.
- <sup>3</sup> OJ C 43, 16.2.1988.
- <sup>4</sup> OJ C 79, 26.3.1988.
- <sup>5</sup> OJ C 40, 12.2.1988.
- <sup>6</sup> OJ C 55, 26.2.1988.
- <sup>7</sup> OJ C 38, 10.2.1988.
- <sup>8</sup> OJ C 51, 23.2.1988.
- <sup>9</sup> OJ C 60, 4.3.1988.
- <sup>10</sup> OJ C 78, 25.3.1988.
- <sup>11</sup> OJ C 62, 5.3.1988.
- <sup>12</sup> OJ C 73, 19.3.1988.
- <sup>13</sup> OJ C 63, 8.3.1988.
- <sup>14</sup> OJ C 74, 22.3.1988.
- <sup>15</sup> OJ C 70, 16.3.1988.
- <sup>16</sup> OJ C 72, 18.3.1988.
- <sup>17</sup> OJ C 67, 12.3.1988.

## 2.4.20. Judgments

Date and Case	Held
<b>Free movement of goods</b> 25.2.1988: 331, 376 and 378/85 Les Fils de Jules Bianco and J. Girard Fils v Directeur Général des Douanes et Droits Indirects <sup>1</sup>	1. The EEC Treaty must be interpreted as meaning that a Member State may not adopt provisions which make the repayment of charges levied contrary to Community law conditional upon the production of proof that those charges have not been passed on to the purchasers of the products that were subject to the charges and place the burden of adducing such negative proof entirely upon the natural or legal persons claiming repayment 2. The answer does not depend upon whether the national provision has retroactive effect, the nature of the charge at issue or whether the market is free, regulated or monopolistic, either wholly or in part
<b>Taxation</b> 2.2.1988: 36/86 Ministry of Fiscal Affairs v Investeringsforeningen Dansk Sparinvest <sup>2</sup>	1. Articles 10 and 11 of Directive 69/335/EEC must be interpreted as meaning that it is not permissible for a Member State to subject capital companies, within the meaning of Article 3 of the Directive, to taxes or duties in connection

Date and Case	Held
	<p>with the transactions mentioned in Articles 10 and 11 other than capital duty and the duties mentioned in Article 12</p> <p>2. Article 4(2)(a) of Directive 69/335/EEC must be interpreted as meaning that it applies only to an increase in the capital of a capital company by capitalization of profits or of permanent or temporary reserves and that a Member State is not entitled to charge capital duty solely on the basis of an increase in the nominal capital which does not contribute to the strengthening of the economic potential of the company</p>
3.2.1988: 6/86 <i>Ministre des Finances and Procureur du Roi v Sikier</i>	Removed from the Court Register (compatibility of the Royal Decree of 27 December 1977 with Community directives and regulations and the Association Agreement between Turkey and the Community)
25.2.1988: 299/86 Criminal proceedings against Drex <sup>1</sup>	<p>1. Article 95 of the EEC Treaty must be interpreted as meaning that, upon the importation of goods from another Member State by an individual, which have not qualified for relief on exportation of for tax exemption in the importing Member State, the VAT charged on importation must take into account the residual amount of VAT paid in the exporting Member State and still included in the value of the goods at the time of importation, so as to ensure that the residual amount of such tax is not included in the basis of assessment and is deducted from the VAT payable upon importation</p> <p>2. National legislation which penalizes offences involving payment of VAT upon importation more severely than those involving payment of VAT on domestic transactions is incompatible with Article 95 of the EEC Treaty in so far as that difference is disproportionate to the difference between the two categories of offences</p>
<b>State aid</b>	
2.2.1988: 67, 68 and 70/85 <i>Kwekerij Gebroeders van der Kooy and Others v Commission</i> <sup>2</sup>	<p>1. The application in Case 67/85 is dismissed as inadmissible</p> <p>2. The applications in Cases 68 and 70/85 are dismissed (seeking annulment of Commission Decision 85/215/EEC on the preferential tariff charged to glasshouse growers for natural gas in the Netherlands)</p>
2.2.1988: 213/85 <i>Commission v Netherlands</i>	<p>1. By allowing Gasunie to apply the preferential gas tariff for horticultural producers which was the subject-matter of Commission Decision 85/215/EEC until the first week of June 1985 the Netherlands failed to fulfil its obligations under that Decision and under Article 92(2) of the EEC Treaty</p> <p>2. For the rest, the action is dismissed</p>

Date and Case	Held
<b>Social policy</b>	
2.2.1988: 309/85 Barra and Others v Belgian State and City of Liège <sup>3</sup>	<p>1. The interpretation of Article 7 of the EEC Treaty laid down by the Court in its Judgment in Case 293/83 <i>Gravier v City of Liège</i> is not limited in scope to applications for admission to vocational training courses made after the delivery of that judgment and applies also to the period before that date</p> <p>2. Under Community law, pupils and students from other Member States who have been improperly obliged to pay a registration fee may not be deprived by national legislation of their right to repayment if they did not bring legal proceedings for repayment before the delivery of the aforesaid judgment on 13 February 1985</p>
2.2.1988: 24/1986 Blaizot and Others v University of Liège and Others	<p>1. University studies in veterinary medicine fall within the meaning of the term vocational training, and consequently a supplementary enrolment fee charged to students who are nationals of other Member States and wish to enrol for such studies constitutes discrimination on grounds of nationality contrary to Article 7 of the EEC Treaty</p> <p>2. With regard to access to university studies, the direct effect of Article 7 of the EEC Treaty may not be relied on in support of claims regarding supplementary enrolment fees improperly charged prior to the date of this judgment, except in respect of students who brought legal proceedings or submitted an equivalent claim before that date</p>
4.2.1988: 157/86 Murphy and Others v Bord Telecom Éireann <sup>4</sup>	Article 119 of the EEC Treaty must be interpreted as covering the case where a worker who relies on that provision to obtain equal pay within the meaning thereof is engaged in work of higher value than that of the person with whom a comparison is to be made
10.2.1988: 324/86 Foreningen af Arbejdsledere i Danmark v Daddy's Dance Hall <sup>3</sup>	<p>1. Article 1(1) of Council Directive 77/187/EEC must be interpreted as meaning that the directive applies where, upon the termination of a non-transferable lease, the owner of the business leases it to a new lessee who continues to run the business without any interruption with the same staff, who had previously been given notice on the expiry of the initial lease</p> <p>2. An employee cannot waive the rights conferred upon him by the mandatory provisions of Directive 77/187/EEC even if the disadvantages for him of such a course of action are offset by advantages so that, overall, he is not left in a worse position. Nevertheless, the Directive does not preclude the possibility of an alteration in</p>

Date and Case	Held
	the contract of employment agreed with the new employer in so far as such an alteration is permitted by the applicable national law in cases other than transfers of undertakings
<b>Agriculture</b>	
2.2.1988: 305/85 and 142/86 United Kingdom v Commission <sup>2</sup>	Commission Regulation No 1989/85 determining for the Member States the loss of income and the level of the premium payable per ewe for the 1984/85 marketing year and Commission Regulation No 728/86 determining for the Member States the loss of income and the level of the premium payable per ewe for the 1985 marketing year are declared void, in so far as those regulations concern the calculation of both the amount of the annual premium payable per ewe for region 5 (Great Britain) and the balance which must be paid to producers located in that region who have received an advance on account of the premium
2.2.1988: 61/86 United Kingdom v Commission <sup>2</sup>	Commission Regulations Nos 3451/85 and 9/86, each amending Commission Regulation No 1633/84 laying down rules for applying the variable slaughter premium for sheep, are declared void in so far as they require clawback to be charged, on departure from region 5, on animals of the ovine species and products thereof for which variable slaughter premium has not been and cannot be paid
2.2.1988: 162/86 Livestock Sales Transport and Johnson v Intervention Board for Agricultural Produce <sup>2</sup>	Commission Regulations Nos 3451/85 and 9/86, each amending Commission Regulation No 1633/84 laying down rules for applying the variable slaughter premium for sheep, are void in so far as they require that, upon exportation to another Member State, an amount determined on the basis of the variable slaughter premium be charged on animals and products which are not eligible for the grant of the premium
3.2.1988: 191/87 CO.VA.LE. and Others v Commission <sup>1</sup>	Application dismissed as inadmissible (seeking annulment of Article 2 of Commission Regulation No 1121/87 (amending Regulations Nos 612/77 and 1136/79 as regards release of the security under certain special arrangements for imports of beef and veal), which provides that the security is to be forfeited in daily percentages for each day of delay)
3.2.1988: 264/87 Denmark v Commission <sup>5</sup>	Removed from the Court Register (seeking the partial annulment of Commission Decision 87/368/EEC on the clearance of the accounts presented by the Member States in respect of the EAGGF Guarantee Section expenditure for 1983, and of Commission Decisions 87/468/EEC and 87/469/EEC on the clearance of the same accounts in respect of expenditure for 1984 and

Date and Case	Held
4.2.1988: 256/85 Italy v Commission <sup>3</sup>	<p>1985, in so far as they disallow expenditure on a special form of refrigerated processing of grain bought in by the Danish intervention agency)</p> <p>Commission Decision C (85) 839 of 7 June 1985 fixing a standard amount for the repayment of expenditure resulting from the processing of denatured or coloured cereals with a view to their use in animal feed is void insofar as it applies to the colouring operation provided for in Commission Regulation No 2794/83 on the sale on the internal market of 450 000 tonnes of common wheat of bread-making quality held by the Italian intervention agency</p>
11.2.1988: 77/86 R. v HM Customs and Excise, <i>ex parte</i> the National Dried Fruit Trade Association <sup>6</sup>	<p>1. Consideration of the first question has disclosed that Commission Regulation No 2742/82 on protective measures applicable to imports of dried grapes, as amended from time to time, is invalid in so far as it established a countervailing charge as a fixed rate equal to the difference between the lowest price on the world market and the minimum price</p> <p>2. Consideration of the second question has disclosed no factor of such a kind as to affect the validity of Council Regulation No 2089/85 or of Commission Regulations Nos 2237/85 and 2238/85</p>
23.2.1988: 68/86 United Kingdom v Council <sup>1</sup>	Council Directive 85/649/EEC prohibiting the use in livestock farming of certain substances having a hormonal action is void
23.2.1988: 131/86 United Kingdom v Council <sup>1</sup>	Council Directive 86/113/EEC laying down minimum standards for the protection of laying hens kept in battery cages is void
23.2.1988: 79/87 OBEA v Établissements Soules <sup>1</sup>	<p>1. Article 9 of Commission Regulation No 1974/80 must be interpreted as meaning that it does not prohibit the agency responsible for mobilizing the food aid by a direct award procedure from procuring competition between two firms only, which had previously taken part unsuccessfully in a tendering procedure relating to the same operation</p> <p>2. Council Regulation No 1974/80, read in conjunction with Council Regulation No 2750/75, must be interpreted as meaning that by virtue of the provisions of those Regulations it is not permissible, prior to the entry into force of the Commission Regulation authorizing recourse to a direct award procedure for the mobilization of products intended for the carrying out of a food-aid operation, for the agency responsible for such mobilization to solicit and entertain tenders from firms interested in supplying the products</p>
24.2.1988: 8/87 Andrianou-Gizinou Cotton Producers Group v Greek State <sup>1</sup>	1. Article 5 of Council Regulation No 389/82 on producer groups and associations thereof in

Date and Case	Held
	<p>the cotton sector must be interpreted as meaning that Member States are obliged to grant investment aid to producer groups recognized on the basis of Article 2 where the investments concerned form part of national programmes for the development and rationalization of production and marketing approved by the Commission</p> <p>2. Articles 2 and 5 of Regulation No 389/82, read together, must be interpreted as meaning that a Member State cannot refuse to grant aid to a recognized group for investment which forms part of a programme approved by the Commission on the ground that the group is not incorporated in a particular legal form</p>
24.2.1988: 264/86 France v Commission <sup>1</sup>	<p>1. Article 2(3) of Commission Regulation No 2469/86 laying down detailed rules for the granting of compensation to producers of tuna for the canning industry is declared void</p> <p>2. Commission Regulation No 2470/86 determining the maximum amount of the compensation for tuna supplied to the canning industry for the period from 1 January to 31 March 1986 is declared void</p>
25.2.1988: 327/85 and 238/86 Netherlands v Commission <sup>1</sup>	<p>Applications dismissed (seeking the annulment of Commission Decisions 85/463/EEC, 85/464/EEC and 86/443/EEC in so far as they disallow expenditure on aid for skimmed milk processed into animal feed and on aid for skimmed-milk powder intended for use as feed for calves)</p>
25.2.1988: 199/86 Raiffeisen Hauptgenossenschaft v BALM <sup>1</sup>	<p>1. There is no rule of Community law to the effect that where a demand for the provision of a security was issued pursuant to Council Regulation No 563/76 on the compulsory purchase of skimmed-milk powder held by intervention agencies for use in feedingstuffs, which Regulation was declared invalid by the Court's judgment in Case 66/80 <i>International Chemical Corporation</i>, that demand may not, if challenged by means of national legal procedures, be annulled</p> <p>2. Where protein products acquired under Regulation No 563/76 have been resold on the basis of contracts made before that Regulation entered into force, there is a rule of Community law to the effect that the amount of the security lodged pursuant to a demand issued on the basis of that Regulation may not be released even if the demand was challenged by means of national legal procedures and in the event annulled on the ground that the said Regulation was invalid. If on the other hand, the protein products bought subject to the provision of security have been resold under contracts made after the entry into force of the said Regulation and if the demand for security was challenged in accordance with</p>

Date and Case	Held
<p><b>Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters</b></p> <p>4.2.1988: 145/86 Hoffman v Krieg<sup>4</sup></p>	<p>the remedies of national law and annulled by reason of the invalidity of the Regulation, there is no principle of Community law to prevent release of the security</p> <p>3. Neither the fact that security lodged pursuant to Regulations Nos 563/76 and 677/76 has been declared forfeit nor the time that it was so forfeited is relevant under Community law to release of the security</p> <p>1. A foreign judgment recognized by virtue of Article 26 of the Convention must in principle have the same effects in the State in which enforcement is sought as it does in the State in which the judgment was given</p> <p>2. A foreign judgment ordering a person to make maintenance payments to his spouse by virtue of his obligations, arising out of the marriage, to support her is irreconcilable for the purposes of Article 27(3) of the Convention with a national judgment which has decreed the divorce of the spouses in question</p> <p>3. Article 36 of the Convention must be interpreted as meaning that the party who has failed to appeal against the enforcement order referred to in that provision is thereafter precluded, at the stage at which the judgment is enforced, from relying upon a valid reason <i>ex officio</i> by the courts of the State in which enforcement is sought</p>
<p><b>Administrative questions</b></p> <p>10.2.1988: 6/87 Budd and Others v Commission and Council</p>	<p>Removed from the Court Register (seeking the annulment of the decision of the Director of the JET Joint Undertaking refusing to recruit the applicants as temporary staff of the Commission; damages to compensate the applicants for the loss suffered by reason of the unlawful recruitment procedures adopted by the Council and implemented by the Commission)</p>
<p><b>External relations</b></p> <p>3.2.1988: 308/85 Nippon Seiko v Council</p>	<p>Removed from the Court Register (seeking annulment of Council Regulation No 1739/85 introducing a definitive anti-dumping duty on imports of certain ball-bearings and tapered roller-bearings originating in Japan)</p>
<p><b>Free movement of capital</b></p> <p>4.2.1988: 143/86 Margetts and Addenbrooke v Cuddy<sup>4</sup></p>	<p>Article 2(1) of the first Directive for the implementation of Article 67 of the Treaty, as amended, must be interpreted as meaning that it does not cover transactions for the purchase</p>

Date and Case	Held
	of securities of the type at issue in the main proceedings, which, in the light of that Directive, constitute purchases by residents of domestic securities on a foreign market
<b>Budget</b>	
25.2.1988: 190/84 Parti Écologiste 'Les Verts' v Parliament <sup>1</sup>	Application dismissed as inadmissible (seeking the annulment of all the decisions implementing Item 3708 of the 1984 general budget of the European Communities)
<b>Infringements</b>	
20.1.1988: 180/85 Commission v France <sup>7</sup>	Removed from the Court Register (French rules making it a condition for the importation of machines to have affixed to them a plate showing that they satisfy regulations or proposals issued by the Minister for Labour, which is required to be presented to the customs authorities, and prohibiting the temporary importation for demonstration purposes of machines which do not meet national health and safety requirements)
2.2.1988: 293/85 Commission v Belgium <sup>3</sup>	Application dismissed as inadmissible (access for nationals of other Member States to university courses in Belgium under the conditions applied to Belgian students)
3.2.1988: 319/86 Commission v Ireland	Removed from the Court Register (failure to notify national measures implementing Council Directive 80/779/EEC on air quality limit values and guide values for sulphur dioxide and suspended particulates)
4.2.1988: 261/85 Commission v United Kingdom <sup>4</sup>	By prohibiting the importation from other Member States of pasteurized milk and unfrozen pasteurized cream, the United Kingdom has failed to fulfil its obligations under Article 30 of the Treaty and under Council Regulation No 804/68 on the common organization of the market in milk and milk products
4.2.1988: 391/85 Commission v Belgium <sup>4</sup>	By in practice retaining, under the Act of 31 July 1984, the list price as the basis for the taxation of new saloon cars and estate cars, Belgium has failed to take the measures necessary to comply with the judgment of the Court in Case 324/82 <i>Commission v Belgium</i> and has failed to fulfil its obligations under the Treaty
4.2.1988: 113/86 Commission v Italy <sup>3</sup>	By failing to transmit within the prescribed period the statistical data provided for in Article 10 of Council Regulation No 2782/75 and in Articles 4(1) and 6 of Commission Regulation No 1868/77, Italy has failed to fulfil its obligations under the EEC Treaty
4.2.1988: 255/86 Commission v Belgium <sup>4</sup>	By adopting and maintaining in force, in Article 7(3) of the <i>arrêté royal</i> (royal decree) of 26



Date and Case	Held
	November 1982 on the marketing of fruit and vegetables, as amended by the <i>arrêté royal</i> of 12 January 1987, provisions imposing the obligation to indicate on bulk packages of products grown in Belgium the minimum net weight and the number of units or bundles contained in the package, Belgium has failed to fulfil its obligations under the Treaty and under Council Regulation No 1035/72 on the common organization of the market in fruit and vegetables and Council Regulation No 23/62 on the progressive establishment of a common organization of the market in fruit and vegetables
23.2.1988: 216/84 Commission v France <sup>1</sup>	By prohibiting the importation and sale of substitutes for milk powder and concentrated milk, under any name whatsoever, France has failed to fulfil an obligation incumbent upon it under Article 30 of the EEC Treaty
23.2.1988: 353/85 Commission v United Kingdom <sup>1</sup>	By exempting supplies of goods from the imposition of VAT, pursuant to the provisions of the Value-Added Tax Act 1983, Schedule 6, Group 7 (Health), the United Kingdom has failed to fulfil its obligations under Article 13A(1) (c) of the sixth VAT Directive (Council Directive 77/388/EEC)
23.2.1988: 429/85 Commission v Italy <sup>1</sup>	By extending to importers, contrary to the first paragraph of Article 8(1) of Council Directive 67/548/EEC on the classification, packaging and labelling of dangerous substances, as amended by Council Directive 79/831/EEC, the exemption from the obligation to notify provided in Article 6 of Directive 67/548/EEC, Italy has failed to fulfil its obligations under the Treaty
24.2.1988: 260/86 Commission v Belgium <sup>1</sup>	By refusing to grant reductions in the tax on income from immovable assets where the tenant of the residence, or the spouse of such tenant, is an official or other servant of the Communities and is in that capacity exempt by virtue of the second paragraph of Article 13 of the Protocol on the Privileges and Immunities of the European Communities, from national taxes on salaries, wages and emoluments paid by the Communities, Belgium has failed to fulfil its obligations under that provision
25.2.1988: 194 and 241/85 Commission v Greece <sup>1</sup>	Greece has failed to fulfil its obligations under Article 30 of the EEC Treaty by establishing a system of import licences for bananas originating in other Member States or which are in free circulation there and by systematically refusing, in conjunction with that system, to issue such licences, and it has failed to fulfil its obligations under Article 3(1) of the Lomé Convention by prohibiting the importation of bananas originating in the ACP States

Date and Case	Held
25.2.1988: 427/85 Commission v Germany <sup>1</sup>	<p>The Federal Republic of Germany has failed to fulfil its obligations under the EEC Treaty and Council Directive 77/249/EEC to facilitate the effective exercise by lawyers of freedom to provide services,</p> <p>(i) by requiring the lawyer providing services to act in conjunction with a lawyer established on German territory, even where under German law there is no requirement of representation by a lawyer,</p> <p>(ii) by requiring that the German lawyer, in conjunction with whom he must act, himself be the authorized representative or defending counsel in the case,</p> <p>(iii) by not allowing the lawyer providing services to appear in the oral proceedings unless he is accompanied by the said German lawyer,</p> <p>(iv) by laying down unjustified procedures for proving the co-involvement of the two lawyers,</p> <p>(v) by imposing the requirement, without any possible exception, that the lawyer providing services is to be accompanied by a German lawyer if he visits a person held in custody and is not to correspond with that person except through the said German lawyer, and</p> <p>(vi) by making lawyers providing services subject to the rule of territorial exclusivity laid down in paragraph 52(2) of the <i>Bundesrechtsanwaltsordnung</i> (Federal Lawyers Code)</p>

<sup>1</sup> OJ C 74, 22.3.1988.<sup>2</sup> OJ C 55, 26.2.1988.<sup>3</sup> OJ C 60, 4.3.1988.<sup>4</sup> OJ C 63, 8.3.1988.<sup>5</sup> OJ C 78, 25.3.1988.<sup>6</sup> OJ C 67, 12.3.1988.<sup>7</sup> OJ C 45, 18.2.1988.

## Economic and Social Committee

### 253rd plenary session

2.4.21. The Economic and Social Committee held its 253rd plenary session in Brussels on 24 and 25 February with Mr Margot in the chair.<sup>1</sup> The meeting was attended by Mr Marín, Vice-President of the Commission, and Mr von Wartenberg, President of the Council, who presented the Commission's guidelines on social policy (→ point 1.2.1 *et seq.*) and Germany's programme for its term in the Council chair.<sup>2</sup>

### Construction products

2.4.22. The Committee adopted *nem. con.* with three abstentions an opinion on the proposal for a Directive on the approximation of the laws, regulations and administrative provisions of the Member States relating to construction products.<sup>3</sup> It approved the proposal but wanted it made clearer that the Directive was binding in order to eliminate all possibility of conflicting interpretations.

<sup>1</sup> Previous session: Bull. EC 1-1987, point 2.4.33 *et seq.*<sup>2</sup> Bull. EC 1-1988, point 3.4.1.<sup>3</sup> OJ C 93, 6.4.1987; Bull. EC 12-1986, point 2.1.22.

## Foodstuffs

2.4.23. The Committee unanimously adopted an opinion on the proposal for a Regulation on indications or marks identifying the lot to which a foodstuff belongs.<sup>1</sup>

It welcomed the proposal and approved the flexibility of the lot identification arrangements, which should make them effective at no great extra cost.

## Tax exemptions

2.4.24. The Committee adopted by 94 votes to 13 with 3 abstentions an opinion in support of the proposal for a Directive<sup>2</sup> amending for the ninth time the Directive of 28 May 1969 on the harmonization of provisions laid down by law, regulation or administrative action relating to exemption from turnover tax and excise duty on imports in international travel.<sup>3</sup>

However, it proposed that the derogations still applied to Ireland, Denmark and Greece be phased out.

## Employment

2.4.25. The Committee adopted *nem. con.* with two abstentions an own-initiative opinion on cross-frontier labour market problems. The object of this opinion was to draw the attention of the Community institutions to the different situations existing in frontier regions (pay, legislation, social policy and infrastructures), revealing a low level of integration as well as inequalities and distortions. It also made a number of recommendations to solve the problem.

## Equal opportunities for men and women

2.4.26. The Committee adopted *nem. con.* with two abstentions an opinion on the proposal for a Directive completing the implementation of the principle of equal treatment for men and women in statutory and occupational social security schemes.<sup>4</sup>

It welcomed the proposal but found that it contained various loopholes and unduly vague provisions in connection with the conditions and procedure for awarding certain family allowances and pensions, mainly because not enough consideration had been given to the increase in the number of single-parent families.

## Set-aside of agricultural land

2.4.27. The Committee adopted by 107 votes to 2 with 15 abstentions an opinion on the proposal for a Regulation<sup>5</sup> amending the Regulations of 12 March 1985<sup>6</sup> and 15 June 1987<sup>7</sup> as regards the set-aside of agricultural land and the extensification and conversion of production.

The Committee felt that the proposed approach reflects too selective a view of reform of the common agricultural policy, which gives rise to doubts about whether the planned arrangements will succeed in reducing imbalances on the agricultural markets concerned. It also warned that the measures could disrupt the socio-economic balance and pointed to the dangers of desertification in some regions.

## Energy saving

2.4.28. The Committee adopted by 82 votes to 46 with 7 abstentions an opinion on the proposal for a Directive on information on the energy efficiency of buildings.<sup>8</sup>

The Committee endorsed the proposal, which forms part of a European policy for the rational utilization of energy in the building sector.

<sup>1</sup> OJ C 310, 20.11.1987; Bull. EC 11-1987, point 2.1.24.

<sup>2</sup> Bull. EC 12-1987, point 2.1.93.

<sup>3</sup> OJ L 133, 4.6.1969.

<sup>4</sup> OJ C 309, 19.11.1987; Bull. EC 10-1987, point 2.1.85.

<sup>5</sup> Bull. EC 1-1988, points 1.3.1 to 1.3.3.

<sup>6</sup> OJ L 93, 30.3.1985; Bull. EC 3-1985, point 2.1.111 *et seq.*

<sup>7</sup> OJ L 167, 26.6.1987; Bull. EC 6-1987, point 2.1.180.

<sup>8</sup> OJ C 267, 6.10.1987; Bull. EC 9-1987, point 2.1.191.

## European Investment Bank <sup>1</sup>

### *Operations in January and February*

2.4.29. Loans totalling 555.5 million ECU<sup>2</sup> for investments within the Community were announced by the Bank in January and February—370 million ECU in Italy, 64.3 million ECU in France, 51.2 million ECU in Spain, 33.9 million ECU in the Federal Republic of Germany, 24.5 million ECU in the United Kingdom and 11.6 million ECU in Belgium. Of this total, 50 million ECU was lent from the resources of the New Community Instrument (NCI).<sup>3</sup> Outside the Community the Bank lent 14.6 million ECU to two ACP States under the third Lomé Convention.

### Community

#### *Italy*

2.4.30. For investments in Italy the Bank granted LIT 575 000 million consisting of LIT 240 000 million for energy projects, LIT 175 000 million for industrial investments, LIT 150 000 million for various infrastructure projects and LIT 10 000 million for small and medium-scale projects for energy saving and for protecting the environment.

In the energy sector, LIT 120 000 million was granted for the development of four natural gas deposits, three in the Adriatic off the coast of Marche and the fourth near Ravenna, in Emilia-Romagna.

These deposits constitute reserves estimated at over 60 000 million m<sup>3</sup>. They should yield, from 1989-90 onwards, an annual output of 2 600 million m<sup>3</sup>, i.e. almost 20% of national production. The laying of a gas pipeline through Friuli and Veneto to transport Russian natural gas to Italy received LIT 120 000 million; the project should enable this source of energy to be utilized to the extent of 5.5 million tonnes of oil equivalent a year.

Finally, LIT 10 000 million to the Banca Nazionale del Lavoro will be used to finance small and medium-scale investment for

energy saving and environmental protection.

In industry, LIT 175 000 million was granted, including LIT 105 000 million in the form of global loans (lines of credit) for small and medium-scale investments through the Istituto Mobiliare Italiano, the Banca Nazionale del Lavoro and the Banco di Napoli. The other LIT 70 000 million was lent to Honeywell Bull Italia for the production of a new line of small and medium-sized computers and of printer peripherals in a factory at Caluso, Piedmont. This investment will help to develop advanced technology in the Community in accordance with the Community objectives of promoting the competitiveness of European firms.

In infrastructure, LIT 80 000 million will help to modernize and extend the telephone network in the Mezzogiorno, mainly with digital technology. This equipment is designed to assist economic development throughout the Mezzogiorno. A further LIT 70 000 million was provided for projects eligible for funding from the Fondo Investimenti e Occupazione: a two-lane road tunnel under a railway line at Caserta, Campania and especially projects for another Community priority—the protection of the environment (sewage collection and treatment works in the Po, in the Gulf of Trieste and in the Marano-Grado Lagoon, and forestry development in the Val d'Aosta and in Udine province).

#### *France*

2.4.31. A loan of FF 350 million was granted to the Crédit National, out of NCI funds, for investments by small and medium-sized firms. This global loan will go to finance productive investments by such

<sup>1</sup> Further details can be obtained from the European Investment Bank, 100 boulevard Konrad Adenauer, L-2950 Luxembourg (tel. 4379-1).

<sup>2</sup> The conversion rates at 31 December 1987 used by the EIB in statistics for the first quarter of 1988 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>3</sup> OJ L 298, 20.10.1978.

firms in industry and related services throughout the country, and for tourist activities in the areas qualifying for regional aid. Issued and onlent to the end-borrowers in ECU, the loan will encourage the wider use of the ECU as a means of financing small-business investments in France. This new global loan raises to over FF 13 000 million the assistance granted by the Bank in France since 1982 for industrial investments by smaller firms (FF 6 500 million from own resources and FF 6 700 million from NCI funds). Of this total Crédit National has been the intermediary for some FF 2 500 million (FF 1 700 million from NCI funds and FF 800 million from the Bank's own resources); these global loans have so far helped to finance over 1 000 investments and should help to create around 7 400 jobs.

The EIB also lent FF 100 million for modernization of a paper-pulp plant at St-Gaudens in Haute-Garonne. This loan, to Cellulose du Rhône et d'Aquitaine, will help to boost productivity and raise slightly, to over 550 tonnes/day, the capacity of the plant, which processes thinnings and downgraded timber and thus helps to promote the logging of natural forests in the Midi-Pyrénées region. This improvement to the production cycle will also reduce energy consumption by some 20 000 tonnes of oil equivalent a year. The investments financed are to provide additional storage capacity of 10 000 m<sup>3</sup> of timber, modernize workshops, furnaces and pulp pressing, drying and processing plant, replace the biomass-fired boiler and tighten up safety. These improvements are being made in compliance with environmental protection standards. The project is also being subsidized by the European Economic Community under the integrated Mediterranean programme for Midi-Pyrénées.<sup>1</sup>

### *Spain*

2.4.32. The Bank granted a loan of PTA 7 200 million for the modernization of Mercedes-Benz manufacturing facilities for light commercial vehicles in Spain. This

loan will help to strengthen the competitiveness of the Spanish motor industry and integrate the operations of Mercedes-Benz España SA into the wider European production and distribution system of Daimler-Benz AG. The investments are to upgrade automation and technology in its factories at Barcelona and Vitoria, and to start production of a new series of modern minibuses and vans (1 to 3.5 tonnes). A large proportion of these vehicles, which extend the Daimler-Benz range of commercial vehicles, are for export.

### *Germany*

2.4.33. The Bank granted DM 90 million for financing environmental protection schemes in Germany, including DM 40 million for extending and modernizing a sewage plant in Cologne by installing new sludge treatment plant and a central control system, with the connection of an additional residential area. This plant—one of the biggest in Germany—which treats waste water from 80% of Cologne's population and from numerous firms, will have its capacity raised from 260 000 m<sup>3</sup> to 312 000 m<sup>3</sup> per day. The project will ensure that waste water treatment can continue uninterrupted even when the Rhine is in flood. While enhancing water quality in the river, the project will also help to reduce atmospheric pollution with covers being installed to eliminate gas emissions from primary treatment tanks and recycling of anaerobic digester gases for producing heat and electricity.

The other DM 50 million will be used to finance modifications to a combined heat and power plant at Duisburg to comply with new environmental legislation in Germany. The new investments involve replacement of the existing burners, construction of a plant for treating waste water and installation of desulphurization lines, using a semi-dry process based on limestone which produces marketable gypsum as an end-product, and denitrification lines

<sup>1</sup> OJ L 12, 16.1.1987; Bull. EC 7/8-1987, point 2.1.153.

employing the selective catalytic reduction process.

### *United Kingdom*

2.4.34. The Bank granted UKL 17 million for the construction of a 315-room international city-centre hotel in Birmingham. The borrower is the National Exhibition Centre, jointly owned by Birmingham City Council and Birmingham Chamber of Commerce. Due for completion in 1990, the 22-storey hotel will be built next to the new International Convention Centre; the project will help to meet the city's need for international-class hotels at the same time as contributing towards commercial activity in the assisted area of West Midlands and combating inner city dereliction.

### *Belgium*

2.4.35. The Bank lent BFR 500 million for investments by small and medium-sized firms in industry and related services. This assistance is in the form of a global loan (a line of credit) granted to Paribas Belgique SA for a period of 10 years. The funds will go to finance investments selected in agreement with the EIB and situated all over the country. With this loan the EIB is continuing, in liaison with a private commercial bank, its action in favour of small businesses in Belgium; the EIB had already granted BFR 2 000 million in Belgium for financing small and medium-scale investments.

## **Outside the Community**

### *ACP States*

2.4.36. In West Africa the Bank lent 12 million ECU to the West African Develop-

ment Bank (WADB) to assist in financing small and medium-sized firms in the industrial, agro-industrial, mining, tourism, energy and telecommunications sectors in Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal and Togo. The aid consists of a global loan (line of credit) of 10 million ECU from the Bank's own resources and a conditional loan of 2 million ECU from risk capital resources.

WADB will use the two loans to help finance direct investments and, from the risk capital, studies and acquisition of equity participations selected in agreement with the EIB. WADB, the regional development bank of the Member States of the West African Monetary Union, has a capital largely subscribed by these States and their bank of issue, Central Bank of West African States; other shareholders are the Deutsche Finanzierungsgesellschaft für Beteiligungen in Entwicklungsländern mbH, France and the EIB.

2.4.37. A loan of 2.6 million ECU was provided for the construction of a 4 MW hydropower plant at the Afulilo Falls on the island of Upolu in Western Samoa. The total cost of the works, which include a 10 million m<sup>3</sup> storage reservoir, power plant, transmission network extensions and auxiliary equipment, is estimated at 16.3 million ECU. They are scheduled for completion by end-1990 and will help to meet rising electricity demand. This aid is in the form of a conditional loan from risk capital. The borrower is the State, which will onlend the proceeds to the Electric Power Corporation of Western Samoa, an autonomous statutory enterprise responsible for electricity generation and supply, and also in charge of project implementation.

# 5. Statistics

## General

### Agricultural structure

2.5.1. On 29 February the Council adopted a Regulation<sup>1</sup> on the organization of Community surveys on the structure of agricultural holdings between 1988 and 1997. The Regulation requires Member States to carry out four surveys over the coming decade (in 1989-90, 1993, 1995 and 1997) and provides for a new system (the Eurofarm project) for the processing and dissemination of the results of such surveys by the Statistical Office (Eurostat). The scheme has a budget of 66.56 million ECU, chiefly intended to contribute towards the expenditure incurred by the Member States in conducting the surveys.

## Data

### Community external trade figures for 1987<sup>2</sup>

2.5.2. On the basis of data currently available, Eurostat estimates that the Community's trade balance with non-member countries, expressed in ECU, should show a very slight deficit in 1987. This result, which is less satisfactory than in 1986, when there was a 2% surplus, is nevertheless better—thanks to a marked upturn in exports during the last quarter—than the figures for the first half of the year appeared to indicate. Community exports to non-member countries for the whole of 1987 therefore dipped by some 1% in ECU, but remained stable in volume. The drop is due to the contraction of a number of markets: by 5% in the United States, 3% in the developing countries (including 16% for the OPEC countries and 14% for the ACP countries) and 8% in the State-trading countries, which was not completely offset by the noticeable upswing in exports to other markets (up 19% for Japan, 14% for the Far East and 4% for the EFTA countries). Capital goods and motor

vehicles were more heavily affected than other categories of exports.

In contrast, imports into the Community from non-member countries registered a 1% increase in ECU terms in 1987; here, the drop in the prices of imports (particularly foodstuffs and manufactures) conceals a distinct increase of 6% in volume. When expressed in ECU, imports into the Community in 1987 from newly industrialized countries in the Far East rose by 19%, from the EFTA countries by 5% and from Japan by 4%. This should be set against a marked downturn in imports from the ACP (by 16%), OPEC (8%) and Latin American countries (4%) and the United States (1%).

### Wine: 1987 harvest and 1986/87 results

2.5.3. Total grape must production in the Community of Twelve in 1987 is estimated at some 206.6 million hectolitres. Of that figure:

- (i) 3.0 million hl will be used to produce grape juice,
- (ii) 203.6 million hl is intended for wine making—6 million hl or 2.9% down on the preceding marketing year, which ended on 31 August 1987.

### Internal utilization

2.5.4. During 1986/87 some 196.3 million hl of wine was utilized in the Community, an increase of 24.7 million hl on 1985/86:

- (i) quality wines psr: 43.3 million hl (22%)
- (ii) table wines: 133.1 million hl (68%)
- (iii) 'other wines': 19.9 million hl (10%).

The main utilizations are currently human consumption, processing into vermouth and aromatized wines, ordinary industrial uses (manufacture of spirits and vinegars) or dis-

<sup>1</sup> OJ L 56, 2.3.1988.

<sup>2</sup> A detailed analysis is published in 'Eurostatistics—Data for short-term economic analysis' No 2/1988.

posal under Community regulations (distillation) and, lastly, losses:

- (i) human consumption: 138.8 million hl (71%)
- (ii) processing (vermouth): 2.8 million hl (1.3%)
- (iii) industrial uses: 53.6 million hl (27%)
- (iv) losses: 1.1 million hl (approx. 1%).

Human consumption per head of population amounted to 43 litres, a little more than 30% of which was in the form of quality wine psr, the remainder taking the form of table wines as such or more highly processed products such as sparkling wines, semi-sparkling wines or liqueur wines. In addition, the consumption of vermouth and aromatized wines amounts to approximately 1 litre per head.

The degree of self-sufficiency for the Community of Twelve was 106.8% during 1986/87, as against 107.7% in 1985/86.

## Publications

### Environment

2.5.5. Eurostat has published, in all the Community languages, the first collection of 'Statistics on the environment'. This is an effort to gather together, at Community level, statistics on activities that affect the environment (economic activities, agri-

culture, forestry, industrial production, transport, R&D and population).

### Steel

2.5.6. Eurostat published the 1987 iron and steel yearbook,<sup>1</sup> which sets out annual statistics on the structure and economic situation of the Community iron and steel industry: manning levels; the size of enterprises; plants; crude steel, iron ore and steel scrap balances; production of iron ore, crude iron, steel and finished and end products; consumption of raw materials; works deliveries and receipts; external trade in ECSC products and scrap; indirect trade in steel; steel consumption; investments; prices; and levy.

### Energy

2.5.7. Three issues in the series 'Rapid reports — Energy' have been published; these set out the initial figures for 1987 concerning:

- (i) electricity production and consumption;
- (ii) coal production and external trade and productivity in coal mines;
- (iii) market deliveries of the main petroleum products.

<sup>1</sup> *Iron and steel—Statistical yearbook 1987*, available from the Office for Official Publications of the European Communities.



# **PART THREE**

## **DOCUMENTATION**

# 1. ECU

## Values in national currencies of one ECU

29 February 1988 <sup>1</sup>	
Belgian franc and Luxembourg franc (convertible)	43.1585
Belgian franc and Luxembourg franc (financial)	43.2350
Danish krone	7.89169
German mark	2.06544
Greek drachma	165.534
Portuguese escudo	169.140
French franc	6.99375
Dutch guilder	2.31885
Irish pound	0.775191
Italian lira	1 522.21
Spanish peseta	139.373
Pound sterling	0.690965
United States dollar	1.22418
Swiss franc	1.70039
Swedish krona	7.32612
Norwegian krone	7.77478
Canadian dollar	1.54810
Austrian schilling	14.5017
Finnish mark	4.99038
Japanese yen	156.965
Australian dollar	1.70333
New Zealand dollar	1.84143

<sup>1</sup> OJ C 57, 1.3.1988

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*

February 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	2.410476 2.397927 2.36110 <sup>1</sup> 2.38516 <sup>5</sup>
Greek drachma	133.321 <sup>4</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> 124.840 <sup>5</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>3, 6, 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> 2.67387 <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> 1 654.00 <sup>4</sup> 1 554.00 <sup>1</sup> 1 597.00 <sup>7, 17</sup> 1 603.00 <sup>10</sup> 1 613.00 <sup>5</sup>

February 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 Provence-Alpes-Côte d'Azur region  
OJ L 34, 6.2.1988

**Bull. EC 9-1987**

*Point 2.2.41*

Joint Assembly of the Agreement between the African, Caribbean and Pacific States and the European Economic Community (ACP/EEC), Lisbon, from 28 September to 2 October 1987  
OJ C 50, 22.2.1988

**Bull. EC 10-1987**

*Point 2.1.33*

Proposal for a Council Decision concerning Community action in the field of forecasting and assessment in science and technology (FAST)  
OJ C 39, 11.2.1988

**Bull. EC 11-1987**

*Point 2.1.65*

Amended proposal for a Council Decision relating to a research and development programme in the field of science and technology for development (1987 to 1991)  
OJ C 34, 8.2.1988

*Point 2.1.68*

Amended proposal for a Council Decision on a Community programme in the field of telecommunications technologies — R&D in advanced communications technologies in Europe (RACE programme)  
OJ C 34, 8.2.1988

*Point 2.1.213*

Grant of Community financial aid for the implementation of Council Regulation (EEC) No 3528/86 on the protection of the Community's forests against atmospheric pollution — 1987  
OJ C 45, 18.2.1988

*Point 2.1.214*

Grant of Community financial aid for the implementation of Council Regulation (EEC) No 3529/86 on protection of the Community's forests against fire — 1987  
OJ C 45, 18.2.1988

*Point 2.2.17*

Cooperation Agreement concerning terminology, in the form of an exchange of letters between the Swiss Confederation, represented by the Swiss Federal Council, and the European Economic Community (EEC), the European Coal and Steel Community (ECSC), and the European Atomic Energy Community (Euratom), represented by the Commission of the European Communities  
OJ L 46, 19.2.1988

*Point 2.4.26*

Special report No 6/87 of the Court of Auditors on food aid supplied to India between 1978 and 1985 (Flood II operation) accompanied by the replies of the Commission  
OJ C 31, 4.2.1988

*Point 2.4.27*

Special report No 7/87 of the Court of Auditors on the management of counterpart funds in respect of food aid together with the Commission's replies  
OJ C 31, 4.2.1988

# 3. Infringement procedures

## Initiation of proceedings

3.3.1. In February 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 19 December 1985<sup>1</sup> amending the Council Directive of 27 June 1977 on the approximation of the laws of the Member States relating to coffee extracts and chicory extracts<sup>2</sup> (Belgium, Denmark, France, Ireland, Italy, Luxembourg).

### Environment and consumer protection

Commission Directive of 11 July 1985<sup>3</sup> adapting to technical progress the Council Directive of 19 December 1978 on the approximation of the laws of the Member States relating to the determination of the noise emission of construction plant and equipment<sup>4</sup> (Italy, Luxembourg).

Council Directive of 12 June 1986<sup>5</sup> amending the Council Directive of 6 December 1984 on the supervision and control within the European Community of the transfrontier shipment of hazardous waste<sup>6</sup> (Italy).

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>7</sup> (Italy).

### Reasoned opinions

3.3.2. In February the Commission delivered reasoned opinions 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 13 December 1983<sup>8</sup> amending for the second time the Council Directive of 18 December 1975 on the approximation of the laws of the Member States relating to certain partly or wholly dehydrated preserved milk for human

consumption<sup>9</sup> (Belgium, France, Italy, Netherlands).

### Environment and consumer protection

Council Directive of 9 October 1984 on limit values and quality objectives for discharges of hexachlorocyclohexane<sup>10</sup> (Italy).

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>11</sup> (Greece, Ireland, Italy).

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>11</sup> (Greece, Ireland, Italy).

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>11</sup> (Greece, Ireland, Italy).

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>11</sup> (Greece, Ireland, Italy).

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>11</sup> (Greece, Ireland, Italy).

Council Directive of 6 December 1984 on the supervision and control within the European Community of the transfrontier shipment of hazardous waste<sup>6</sup> (Italy).

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>11</sup> (Greece, Ireland, Italy).

Commission Directive of 11 July 1985<sup>3</sup> adapting to technical progress the Council Directive of 17

<sup>1</sup> OJ L 372, 31.12.1985.

<sup>2</sup> OJ L 172, 12.7.1977.

<sup>3</sup> OJ L 233, 30.8.1985.

<sup>4</sup> OJ L 33, 8.2.1979.

<sup>5</sup> OJ L 181, 4.7.1986.

<sup>6</sup> OJ L 326, 13.12.1984.

<sup>7</sup> OJ L 250, 19.9.1984.

<sup>8</sup> OJ L 357, 21.12.1983.

<sup>9</sup> OJ L 24, 30.1.1976.

<sup>10</sup> OJ L 274, 17.10.1984.

<sup>11</sup> OJ L 300, 19.11.1984.

September 1984 on the approximation of the laws of the Member States relating to the permissible sound power level of welding generators<sup>1</sup> (Greece, Ireland, Italy).

Commission Directive of 11 July 1985<sup>2</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>1</sup> (Greece, Ireland, Italy).

Commission Directive of 11 July 1985<sup>2</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>1</sup> (Greece, Ireland, Italy).

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>3</sup> (Belgium).

3.3.3. The Commission also delivered reasoned opinions for failure to incorporate correctly the following directives into national law:

### Internal market

Council Directive of 26 January 1965 on the approximation of provisions laid down by law, regulation or administrative action relating to proprietary medicinal products<sup>4</sup> (Italy).

Second Council Directive of 20 May 1975 on the approximation of provisions laid down by law,

regulation or administrative action relating to proprietary medicinal products<sup>5</sup> (Italy).

### Employment and social affairs

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>6</sup> (Greece).

### Transport

First Council Directive of 4 December 1980 on the introduction of a Community driving licence<sup>7</sup> (Belgium, Greece, Ireland, Italy, United Kingdom).

### Environment and consumer protection

Council Directive of 15 July 1980 relating to the quality of water intended for human consumption<sup>8</sup> (France).

Council Directive of 24 June 1982 on the major accident hazards of certain industrial activities<sup>9</sup> (Greece, Italy).

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<sup>1</sup> OJ L 300, 19.11.1984.

<sup>2</sup> OJ L 233, 30.8.1985.

<sup>3</sup> OJ L 250, 19.9.1984.

<sup>4</sup> OJ L 22, 9.2.1965.

<sup>5</sup> OJ L 147, 9.6.1975.

<sup>6</sup> OJ L 61, 5.3.1977.

<sup>7</sup> OJ L 375, 31.12.1980.

<sup>8</sup> OJ L 229, 30.8.1980.

<sup>9</sup> OJ L 230, 5.8.1982.

## 4. Eurobarometer

### Public opinion in the European Community at the end of 1987

3.4.1. The latest *Eurobarometer* survey published by the Commission was conducted between 5 October and 24 November 1987.<sup>1</sup>

This number of *Eurobarometer* consists of five chapters:

*The European Community today.* In the wake of the stock market crash, the prospects for 1988 do not seem as bright as a year ago. One European out of two considers that progress made by Europe is 'slow'. Three out of four would like it to be faster.

*The European Community and the United States of America.* 29% of Americans know what the European Community is and 70% of these approve of it. 52% of Community citizens like the United States and 10% don't. Six out of ten Community citizens maintain that the Community's ties with the United States are very important. 86% of Americans feel the same about the ties between America and Western Europe.

*The future of the European Community.* Ten objectives of the single market of 1992 were presented to the public in each Member State: only three out of the 120 replies were negative. Over 90% of those for whom 1992 will be synonymous with change believe that it is 'a good thing'. More than six people out of ten who reply want to go beyond the single market and set out on the path towards European unification.

*The European Parliament, today and tomorrow.* It is a fairly consistent finding that the European Parliament is well thought of by those who have heard something about it; but its popularity rating reached an all-time high in the autumn of 1987. 'If there were a European election tomorrow...', the number of those who would 'certainly' go and vote has increased in seven countries, decreased in two and remained the same in three (as compared with spring 1987).

*European social and political issues.* The main problems confronting young people today are the shortage of jobs, education and training not adequately preparing young people for the real world, and AIDS. Older people say the same thing.

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<sup>1</sup> *Eurobarometer* No 28 (Brussels, December 1987).









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