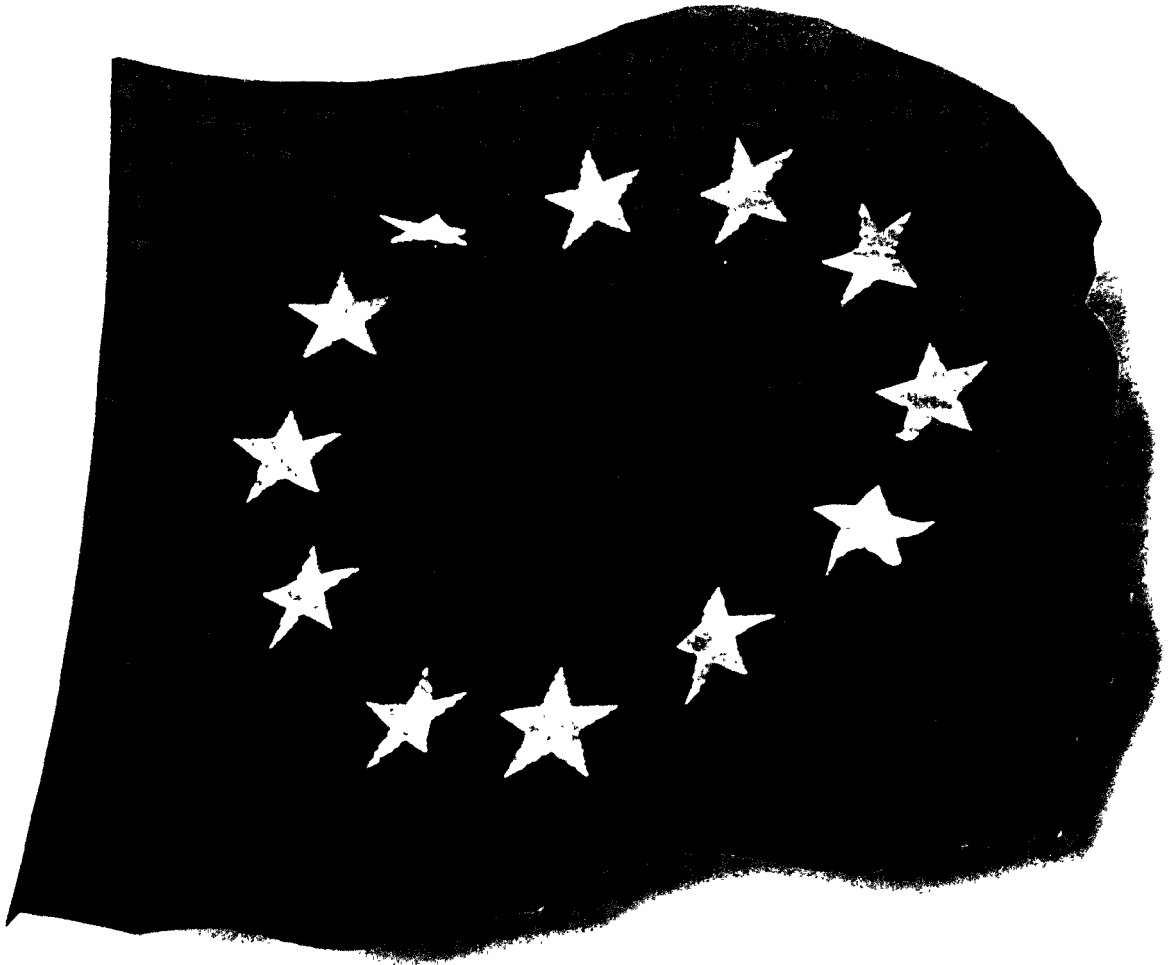


Bulletin of the European Communities

Commission



No 3 1988 Volume 21

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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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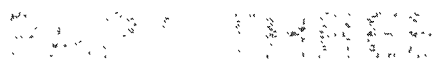
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PART ONE

SPECIAL FEATURES

1. Implementation of the Single European Act

Initial reactions to the Brussels European Council

1.1.1. The high point of Parliament's March part-session¹ was its debate, following speeches by Chancellor Kohl and Mr Delors, on the results of the Brussels European Council in February.² In his speech, Lord Plumb, President of Parliament, expressed his pleasure at the acceptance by the Twelve of at least some of the desiderata he had pressed upon them. Most of the Members who spoke expressed similar qualified satisfaction: while they did not wish to question the contents of the package, most of them drew attention to the major issues not covered by the compromise (the social area, monetary union and political cooperation).

Speeches by Chancellor Kohl and Mr Delors

Chancellor Kohl's satisfaction

1.1.2. In his speech, Chancellor Kohl, President of the Council, ascribed much of the success of the February European Council² to the efforts, commitment and creative approach of the Commission and its President and to the preparatory work accomplished prior to the Copenhagen European Council.³ What had been achieved was more than just a compromise, more than just conciliation of the interests of the Member States; it was evidence of the existence of a genuine firmly-knit Community.

After giving a rundown of the results obtained as regards the structural Funds, the common agricultural policy and own resources, he pointed to the price now willingly accepted: 'Every Member State will in the coming years have to put more money into the coffers of Europe. But everyone knows that Europe is not to be had for nothing'. Turning to relations with Parliament, he stressed that the European Council had asked the Council to start a dialogue

with Parliament to produce an interinstitutional agreement on budgetary discipline which would last until 1992 and make annual disputes over the budget a thing of the past. On external relations, he spoke at some length about the contribution which the revamped common agricultural policy would make to improving the situation on world markets. It was now up to the Community's partners to follow suit and, in particular, to the US Congress to comprehend the implications and sacrifices involved and in turn reject protectionism. Finally, he set out the Council's priorities for the run-up to the Hanover European Council with a view to completion of the internal market and pondered the further steps needed to make the development of European Union irreversible: economic and monetary union and a common security policy.

The lessons for Mr Delors

1.1.3. Mr Delors welcomed the success of the European Council but noted that much remained to be done, particularly a further boost for European Union. He felt there were three lessons to be learned; confirmation of the validity of the method advocated by Jean Monnet, namely that the greater the number of considerations entering into a decision, the clearer the case for getting all concerned to focus their efforts on a higher, motivating objective (in this case, the single market) working to a firm schedule that they have all agreed upon; acknowledgement of the fact that the interdependence of European countries tends to prevail over differences of interest; and the need for the Twelve to learn to live and prosper together. He restated his confidence in the ability of the Twelve to bring about the quiet revolution needed to complete the single market by 1992, stressing both its

¹ OJ C 94, 11.4.1988.

² Bull. EC 2-1988, point 1.1.1 *et seq.*

³ Bull. EC 12-1987, point 1.1.1 *et seq.*

importance and the demands that it would make.

The three lessons to be learned from the European Council

'I would just remind you that our aim was to equip the Community with the means with which to put the Single Act into practice—the whole of the Act, and each and every one of the objectives set out in it: the single market, economic and social cohesion, the social dimension, the common policy on research, strengthening of the European Monetary System on the path to economic and monetary union, and joint measures on the environment. We are able to say that, on all these points, the Brussels agreement is a good agreement...

I propose to draw your attention to the work that still has to be done and to the need to revive the debate on the European Union. Before doing so, however, I should like to discuss three simple things that we learned at the Brussels meeting: the validity of the method advocated by Jean Monnet, the difficulty of coping with diversity in a Community of Twelve, and the requirements that have to be met if the twelve of us are to get along well together.

The Jean Monnet method

The first lesson to emerge from the Brussels European Council meeting lies in its confirmation of the success of a method, the method we were taught by Jean Monnet, the centenary of whose birth we commemorate this year. This amounts in essence to taking the view that the greater the number of considerations entering into a decision—and there are bound to be a great many in the decision-making of 12 Member States—the clearer the case for getting all concerned to focus their efforts on a higher, motivating objective, working to a firm schedule that they have all agreed upon. That is what we were trying to do when, with this Commission's very first speech to Parliament, we launched the objective for 1992, the single market with no internal frontiers,¹ and I speak on behalf of all my colleagues in paying tribute to the clear-sightedness and resolve shown by the European Parliament, which has campaigned to good effect for the progress needed both on the institutional side and in common policies. We have to work towards greater convergence between us, by concluding an interinstitutional agreement on budgetary discipline.

I am happy to say that the arguments that Parliament and the Commission have been putting forward on how this agreement can be reached were

taken into account by the Heads of State or Government at the European Council meeting in Brussels. This is brought out by the fact that the issue of annual ceilings on resources was held over pending the outcome of the dialogue on the interinstitutional agreement...

Coping with diversity

The second point to emerge from Brussels was the need to cope with diversity. The interdependence of European countries has to prevail over differences of interest, however marked they may be. When all is said and done, they share the same higher interest. This interdependence means that we need to learn a new way of communal life. It means that we have to learn a new way of acknowledging differences for what they are. Let me take just one example: if we managed to reach an agreement on adapting the common agricultural policy, it is because the Member States eventually accepted the demonstration—which you have often heard from me—of the diversity of agricultural production models in the Community. Unity, which is what we want to achieve, has to come from adapting our production to world demand, present and future. Diversity is a matter of deciding to adapt productive resources in order to achieve it in a way that builds upon the characteristics of our various agricultures, for there is not just *one* European agriculture.

Living and prospering together

The third point is that the twelve of us have to learn to live and prosper together. As you will remember, the assertion that deepening and enlarging the Community are mutually antagonistic has been a recurring theme throughout its history. And there was the risk that the arrival of new members would ultimately weaken the Community. But my impression is that we now have the means and the lucidity that we need to make a success of this venture, with all twelve pulling together.

A quiet revolution

But we are going to have our work cut out! We are going to have to bring about a quiet revolution by 1992/93. The main components are familiar to you: the linking effects of the single market, the dynamic of technological cooperation, progress towards economic and monetary union, a firm, responsible external policy and, finally, the all-important social dimension.

¹ Bull. EC 1-1985, points 1.1.2 to 1.1.5.

The linking effects of the single market

Regarding the linking effects of the single market, I should simply like to draw your attention to the essential difficulty. Each of the major proposals on the single market—the proposals cited by Chancellor Kohl—necessarily entails considerable changes in every Member State, in the form of either approximation or unification of legislation, and increasingly close cooperation among us. As we come to each major decision, we are therefore going to have to give practical effect to the will expressed at the European Council meeting in Brussels.

Dynamism through technological cooperation

Our second task is to achieve dynamism through technological cooperation. You are familiar with the successes of the *Esprit*¹ and other programmes in what is referred to as precompetitive research. But now there is a need to go further. Downstream from this research activity, problems that condition the survival and progress of European industry have to be faced. They cannot be solved other than through cooperation, since sums ranging from two to three billion ECU are involved in the decisions that have to be taken, and this is beyond the resources of individual companies. It is time the national governments set aside their narrow nationalism, their fragmentation of research policies, and pooled their human and financial resources. Indeed, this would be a most suitable topic for discussion at the next European Council meeting in Hanover.

The third objective is economic and monetary union. At the European Council meeting in Copenhagen,² the Heads of State or Government were able to take stock of how the world economy had fared since the stock market crash and the turmoil on the foreign-exchange markets. There is a simple lesson to be drawn from this, and all its implications should be taken into account in future: Europe's own inner resources are the only foundation on which it can expect to build economic growth and job creation.

It is incidentally all to the good in this connection that the monetary situation has once again become highly topical. But I have a frank word of warning for you: let us beware of irrational responses that would be used as an excuse for doing nothing during the next two or three years!

Events have shown that the European Monetary System has made progress over these past three years, and this consolidation has enabled our econ-

omies to get through the recent upheavals without coming to too much harm. The system has shown its durability, contrary to what some people feared. I urge you to carry on along the course we have plotted, which is clearly the way for us to make progress, by developing the role of the ECU,³ by creating a substantial market in issues denominated in ECU,⁴ and by gradually expanding the role of the European Monetary Cooperation Fund,⁵ which could intervene directly on the foreign-exchange market on behalf of countries within the European Monetary System.

None of this is justification for failing to look to the long term. Hence my proposal, made last December, that the European Council set up a group of wise men to look into the very complex problems involved in creating a common currency: its status, how it would be managed, the stages on the way to founding a European central bank, perhaps with an intermediate stage represented by the European Monetary Fund. In other words, what I am proposing to you on monetary policy is a blend of farsightedness and the pragmatism that has brought progress from 1985 to 1988.

A firm, responsible external policy

A firm, responsible external policy is also important. I have just one brief point to make about it: in my view, it is of the highest importance in agriculture, bearing in mind the sacrifices our farmers have made over the past four years. A firm, responsible external policy must be founded on reciprocity. We look to our partners for equivalent measures and concrete proposals.

The all-important social dimension

Finally, the all-important social dimension. This is a difficult subject, and I feel somewhat diffident about discussing it, since words should be matched by actions.

I could have spoken of flanking policies, of our ambition to bring about economic and social cohesion, of the priority projects that we are going to organize to assist the integration of young people into the world of work, of our efforts to bring down long-term unemployment, of measures to be taken under the regional planning policy to

¹ OJ L 67, 9.3.1984; Bull. EC 2-1984, point 1.3.1 *et seq.*; OJ C 88, 5.4.1988; Bull. EC 2-1988, point 2.1.45.

² Bull. EC 12-1987, point 1.1.1 *et seq.*

³ Bull. EC 9-1987, point 1.3.1 *et seq.*

⁴ Bull. EC 2-1986, point 2.3.7; Bull. EC 3-1986, point 2.1.3.

⁵ OJ L 290, 1.11.1985; Bull. EC 10-1985, point 2.1.4.

assist the backward regions, regions going through crisis. The central objective for our civilization is the development and prosperity of the rural world.

But that will not be the only course pursued. We must also develop the social dimension of the single market to reduce disparities in the treatment of workers, in terms of working conditions, training and opportunities for self-expression. I can announce to you in this connection that the Commission has adopted six important Directives under the new Article 118A of the Treaty: a framework Directive on occupational hygiene, health and safety, and five implementing Directives¹...

Creating a European social area is no easy task, given the extreme diversity of situations both on the employers' side and on the trade union side, a diversity that is difficult to get to grips with. But we must make progress, we must find satisfactory compromises by building as best we can on dialogue and cooperation between management and labour, but at the same time by calling upon the Member States to reach agreement at last on a constitution for companies to be governed by European law.² This is something that businesses need, the better to be able to cooperate, and it is also needed by workers, so that they will be able to play their part in corporate life, according to procedures adapted to each national tradition...

European Union, the union of Europe's peoples

In everything we are trying to do, our sights are set on European Union, which also means the union of Europe's peoples. I want us to work together to involve the citizens of Europe more closely in the movement we have launched. I want them to become more aware of the stake that they have in this great venture. Of course, we have had countless demonstrations of commitment from economic and social circles, from trade unionists, business leaders, the universities, schools and students. Consider, for instance, the tremendous success of the Comett³ and Erasmus⁴ programmes, which ought to be expanded soon...

An appointment in 1989

But it is already time to be thinking of your appointment in 1989 with the men and women of Europe, when the next elections to the European Parliament come round. For democracy's sake, there must be a proper debate and affirmation of different points of view. I am aware that political groupings of all persuasions are currently working on proposals for advancing the political maturity and depth of our Community. But I would add, if

I may, that all pro-European activists should also be emphasizing the issue on which their views converge, the campaign for European Union. They would do well to proclaim the achievements and potentialities of the Community, which is once again on the move. The Commission for its part is ready to join forces with Parliament to this end, to take stock of the state of the Union, so to speak, to carry the message to our citizens that Europe is of central importance to the future of each of our countries.

The institutional debate

The way to attainment of the Single Act's objectives may now have been cleared, but success in this will nevertheless also require good working relations between the three sides of the institutional triangle: Parliament, the Council and the Commission. Under the terms of the Single Act, we have already been able to make improvements, which we must consolidate and above all build upon: majority voting in the Council, the Commission's executive powers, the procedure for cooperation with the European Parliament. But ... we still have a great deal to do, we still need to see more goodwill and mutual confidence between institutions if we mean to keep to our schedule.

The Commission hopes the post-Brussels climate is going to last a long time and that our institutions are going to live up to the spirit of the new Treaty.

The decisions already taken must be properly applied; that is essential. However, without neglecting immediate tasks, we must now give thought to the future of our institutions; that too is vital, it is part of the work we have to do over the coming months. I am encouraged to see new initiatives being brought forward. The first of these to which I wish to pay tribute is the resolution adopted *nem. con.*, with two abstentions, by the Foreign Affairs Committee in the Italian Chamber of Deputies. Carrying on the tradition of the Spinelli report,⁵ this resolution calls for more democracy, greater responsibility and fuller involvement of the citizen. While one might argue with one or other aspect of the proposals it contains, it has to be realized that if this Community with its 12 Member States is going to make real progress, its citizens must be actively involved in its affairs

¹ Bull. EC 2-1988, point 1.2.1 *et seq.*

² OJ C 89, 14.7.1970; OJ C 124, 10.10.1970; OJ C 95, 28.4.1975.

³ OJ L 222, 8.8.1986; Bull. EC 7/8-1986, point 2.1.95.

⁴ OJ L 166, 25.6.1987; Bull. EC 6-1987, point 2.1.93.

⁵ OJ C 77, 19.3.1984; Bull. EC 2-1984, points 1.1.1, 1.1.2 and 2.4.12.

and its institutions must be invested with greater democratic legitimacy.

I would add, if I may, that this also applies to the Commission, which needs to be able to assist in decision-making and to manage Community affairs more effectively. That is why careful thought needs to be given to the status of the Commission and its President, and to the way in which they are appointed or elected.'

The debate in Parliament

1.1.4. Many of the spokesmen for the political groups evinced unqualified satisfaction, tempered only by certain desiderata relating to the rate of completion and subsequent stages. Mr Egon Klepsch (D), for the EPP Group, was glad to see that the European Council had reverted to its original function of providing the momentum needed for the attainment of European Union. He went on to express the hope that the common agricultural policy would ensure that family farms retained their dominant place in the Community's economic and social structure, where they constituted the only means of ensuring that agriculture and protection of the environment remained closely intertwined. He then asked the Hanover European Council to lay down the guidelines needed for the development of monetary policy and, if possible, for a fresh boost for a people's Europe¹ and better coordination of internal security. The Chairman of the EDA Group, Mr Christian de la Malène (F), was equally positive. He viewed the outcome of the European Council not just as a compromise but as the herald of great hopes for agriculture (a compromise between those who held fast to basic principles and those who wished to place a ceiling on guarantees), the structural Funds (compromise between those who had reservations about their efficiency and those willing to put this to the test), and new sources of revenue (compromise between what was needed for the European venture and the obligations incumbent on Finance Ministers). In the case of Parliament's budgetary powers a compromise was also needed as the multi-annual programming of expenditure would

make their erosion inevitable. His only slight criticism was the continuing compensation for the United Kingdom, but here he saw the introduction of the fourth resource as placing the Brussels compromise well ahead of the disastrous Fontainebleau agreement.² In the same vein, Mrs Simone Veil (F), for the Liberal Group, was full of praise for Chancellor Kohl. She recognized the sacrifices which Germany had made for the common good. The moral was clear: the way to success is to become more European. She regarded the European Council's conclusions as coherent and comprehensive, and not that far removed from what Parliament had advocated. She had, however, a few regrets, particularly the inadequacy of the appropriations allocated to the new policies.

Other groups, however, were less enthusiastic, as regards both the results of the Brussels European Council and the potential repercussions. Mr Rudi Arndt (D) expressed the concern of the Socialist Group about the fate reserved for the guidelines laid down by the Council; he had his doubts about whether the Council would eschew decisions running contrary to these guidelines. He felt that the much-needed reform of the common agricultural policy had only just begun, was very sceptical about set-aside measures, and deplored the continuing imbalance between the EAGGF Guarantee Section and structural measures. He also emphasized vigorously that completion of the social area was a vital prerequisite for the success of the internal market and regretted that the increases in the structural Funds had not made specific provision for the areas in industrial decline. He concluded with a call for a Europe in which people could feel direct involvement. The Chairman of the European Democrats, Mr Christopher Prout (UK), was more positive, welcoming the firm financial footing for the Community achieved by the European Council, although he had some reservations

¹ Supplement 7/87 — Bull. EC; Bull. EC 3-1985, points 2.1.8 and 3.5.1; Bull. EC 6-1985, points 1.4.1 to 1.4.8.

² Bull. EC 6-1984, points 1.1.1 to 1.1.5 and point 1.1.9.

about how agricultural expenditure would be brought under control. He also felt that the Commission should make the fixing of agricultural prices part of the budget procedure since in his view it must be this procedure which determines the scope for agricultural price increases and not the other way round. In his view, further targets for 1992 should include guaranteeing prosperity for Community citizens, creating political security, developing the Community institutions and sustaining the Atlantic alliance by making sure that the European pillar becomes at least as strong as the American pillar. Mr Giovanni Cercetti (I), the Chairman of the Communist Group, had a rather more jaundiced view of the European Council, which he saw as having reached a low-profile agreement. In his view the battle had not yet been won, particularly as regards the internal market. He also regretted that, despite the new guidelines, the common agricultural policy would still account for 60% of the Community budget in 1992, as compared with the 10% allocated to new policies. By contrast, Mr Wolfgang von Nostitz (D), spokesman for the Rainbow Group, saw the success of the Council as more apparent than real. Set-aside reduced farmers to custodians of the countryside dependent on welfare and would benefit only the agri-food industries.

1.1.5. During the debate a number of MPs raised the question of economic and social cohesion and put forward a variety of solutions. Mr Jean-Marie Vanlerenberghe (EPP/F) wanted a transfer of private savings and activities between rich and poor regions. Mr Marco Pannella (NI/I) wanted a European constitution drawn up for the elections to Parliament in June 1989. Mr Enrique Barón Crespo (S/E) underlined the importance of the interinstitutional agreement designed to put an end to the endless sniping over the budget. Mr Louis Baillot (Com/F) considered that the only solidarity in evidence in Brussels had been towards the United Kingdom, which was continuing to get its rebate, and that the only agreement had been on the free movement of capital

and services; there had been absolutely nothing on the European social area, and this could result in greater divergences between regions.

1.1.6. At the end of the debate, replying to the questions by Mr Rudi Arndt (S/D) on a coordinated approach to economic and monetary policy and Mr Georgios Romeos (S/G) on agricultural prices for 1988/89, Chancellor Kohl made it clear that there could be no economic and monetary coordination without fiscal harmonization and the setting-up of a European central bank. Agricultural prices would reflect the reforms proposed by the European Council; since the European goal could not be achieved if the gap between rich and poor continued to grow, the European Council had tried to check the process through its measures on the structural Funds. There could not be one Europe for industry, another for businessmen, and a third for workers: Europe was an indissoluble whole.

In his reply, Mr Delors dealt with the accusation that the Commission had been too timid in its approach to monetary union. He pointed out that, since his Commission had taken office, there had been two substantial improvements in the EMS, in which he stressed, only five out of the 12 countries were participating fully: the Nyborg agreement¹ and the Commission proposals for the complete liberalization of capital movements.² Referring to economic and social cohesion, and in particular to imbalances between the regions, he stressed that the structural Funds would be doubled in the case of backward regions, which are home to 70 million Europeans, and that there would be more than a 70% increase elsewhere, for the Community had to be active everywhere.

Following the debate, Parliament unanimously adopted a resolution welcoming the outcome of the Brussels European Council.

¹ Bull. EC 9-1987, point 1.3.1 *et seq.*

² Bull. EC 10-1987, point 1.1.1 *et seq.*

2. Proposals on agricultural prices and related measures for 1988/89

1.2.1. The Commission sent its proposals for the new agricultural prices, together with the related measures, for 1988/89 to the Council on 25 March and 4 April¹ (→ point 2.1.139). These proposals confirm the approach to the reform of the common agricultural policy pursued now for some years to accommodate more fully the economic and social constraints the farm sector has to contend with. The set of measures now established is thus closely linked with the adaptations recently made, in particular those adopted by the European Council when it met in Brussels in February 1988 concerning agricultural stabilizers.²

The common agricultural policy (CAP) is being reformed in a context in which the various aspects of the policy are being redefined with a view to achieving a new equilibrium between the policy on prices and markets — which must be restrictive — and the socio-structural policy. While complying with the constraints deriving from strengthened budgetary discipline,² the CAP will in the years ahead pursue in greater depth action having a direct and positive impact on farmers' incomes, including arrangements allowing of direct aid to income, a point with regard to which the Council has yet to take decisions on the basis of proposals the Commission has already made.³ Some schemes already accepted, such as set-aside of farmland and the 'pre-pension' scheme (→ point 2.1.136), will also help to curb the volume of Community agricultural production.

The Commission also emphasizes the need for the main non-Community food-producing countries to take similar action to the reform measures proposed by the Commission.

Prices

1.2.2. In view of market conditions both within the Community and outside, a restrictive policy as regards the pricing of

agricultural products must continue for the next marketing year as well. This means retention of the present price levels for most products, although for some items, price adjustments will be needed to allow for specific features of the relevant markets.

The impact of these proposals on the support prices for agricultural products for the Community is 0.00% (in ECU) and 0.29% (in national currencies).

Related measures

1.2.3. These are an essential adjunct to the price proposals and they can be used to strengthen and vary their impact. They can be grouped under four main headings:

- (i) An adjustment of co-responsibility, whereby the co-responsibility levy for cereals will be collected on release to the market (rather than at first processing).
- (ii) An adjustment of intervention or support mechanisms consisting of:
 - (a) a reduction in the monthly increases for cereals, rice and oilseeds;
 - (b) an adjustment in the intervention system in force for beef/veal with a view to eliminating certain provisions which help to promote very heavy offers to intervention;
 - (c) an extension of the use of the Community classification scale for beef/veal to the private storage aid scheme;
 - (d) an improvement in the system of advance fixing of the amount of aid for soya beans, given the importance this product has assumed in the Community.

¹ COM(88) 120 final.

² Bull. EC 2-1988, point 1.1.1. *et seq.*

³ OJ C 236, 2.9.1987; Bull. EC 4-1987, point 1.2.1 *et seq.*

(iii) The pursuit of a quality policy based on quality standards and featuring:

- (a) retention of the price increase granted for bread-making rye and wheat;
- (b) retention of the conversion aid granted for varieties of the Indica type at 330 ECU/ha;
- (c) retention of the bonus to be applied to the intervention price for double-zero rapeseed. The Commission also confirms its intention to restrict the rapeseed aid to double-zero varieties only, from 1991/92 onwards.

(iv) The taking into account of special situations, as follows:

- (a) maintenance of the aid designed to compensate small grain farmers for their payment of the basic co-responsibility levy and introduction of a similar aid to offset the additional levy which would be definitively charged where the maximum guaranteed quantity is exceeded. The appropriation for this scheme has therefore been raised from 120 to 220 million ECU;
- (b) increase in the aid granted for durum wheat with a view to offsetting in part the reduction in the intervention price proposed for this cereal;
- (c) introduction of Community aid designed to offset the reduction in the refining margin for sugar due to the increase, during 1985/86, in the raw sugar intervention price, without alteration of the white sugar intervention price. This aid replaces the facility of advance fixing of monetary compensatory amounts for preferential sugar;
- (d) a ceiling at 0.5 ECU/100 kg of white sugar on the national aid paid in the United Kingdom with a view to increasing the refining margin for raw cane sugar from the ACP States. This aid will be co-financed by the Community on a 25% basis.

In addition, in order to reduce the danger of fraud, the Commission is arguing that there should be a steady strengthening of

verification work. In practical terms, it proposes, for example, that peas and field beans should not be imported into the Community without the provision of a security which will be released only when these products are at a marketing stage excluding the possibility of their attracting Community aid.

Some of the related measures in more detail

1.2.4. The related measures for the coming marketing year include procedures for the implementation of the agricultural stabilizers for a number of items. These procedures supplement the arrangements adopted following the guidelines adopted at the European Council in Brussels in February.¹

Cereals

Maintenance of the intervention price for all cereals, except durum wheat. In view of the very sharp disequilibrium on the market between the supply of and the demand for this item (the self-sufficiency rate is 143%), there is to be a reduction in the intervention price for durum wheat of about 5.2%. On the other hand, to soften the impact of this move on farmers' incomes, the Community aid will be increased for the next marketing year by 12.52%.

Adaptation of the intervention arrangements allowing of acceptance of offers to intervention throughout the period during which intervention is allowed, while maintaining the real level at which buying-in is effected (= 94% of the intervention price). (This arrangement should therefore supersede that set up in 1987/88,² which provided for the abandonment of permanent intervention buying-in, closing intervention where, for three consecutive weeks, it was found that the market prices matched or exceeded the intervention price.) Adjustment of the monthly increases by a

¹ Bull. EC 2-1988, point 1.1.1.

² OJ L 182, 3.7.1987; Bull. EC 6-1987, points 1.3.1 and 2.1.149.

reduction by half in these increases, applicable to all the common prices, as a further incentive to operators to work the market more vigorously in terms of actual market needs.

Grant of an aid for the use of cereals as feed, to be financed from the co-responsibility levy. The aid is to take the form of an incorporation premium, fixed in advance according to the management committee procedure, the level being aligned on the price gap as between products competing with cereals. The premium can be granted only in respect of quantities additional to that used during the reference period and must be applied to all cereals to ensure a system that can be properly policed. Lastly, the premium is to be granted to all those using additional cereals as feed provided that proper verification on the basis of stock account registers is feasible. The Commission is proposing Community criteria for a definition of 'small farmer' (farmer whose utilizable agricultural area (UAA) is less than 20 ha).

Rice

Adaptation of the monthly increase (as for cereals), i.e. a 50% reduction in the present amount.

Buying-in will be allowed throughout the period during which intervention is open, whatever the market price (as in the cereals sector).

Oilseeds

Oilseeds can be bought-in throughout the period during which intervention is open, regardless of the market price (as for cereals).

Wine

Maintenance of the guide price for all types of table wines at the level of the last marketing year.

Extension of the ban on national aids to planting of certain areas to all types of wine, regardless of area classification.

The Commission has also undertaken to present a proposal for a Regulation by 15 May concerning the disposal of wine alcohol obtained from compulsory distillation.

Fresh fruit and vegetables

Given the trend of production and difficulties in disposal, the Commission is proposing:

- (i) introduction of an intervention threshold for oranges, lemons and peaches (fresh), breach of which in one marketing year would entail a reduction in the buying-in price for the following marketing year;
- (ii) for processed tomato products maintenance of the threshold system and limitation of the overall quantity attracting aid;
- (iii) introduction of a threshold for quantities attracting the aid for peaches in syrup.

Maintenance of the basic and buying-in prices at the level of those set for the preceding marketing year;

Introduction of the following withdrawal thresholds:

- (i) for peaches, a 'degressive' threshold, i.e. for the three subsequent marketing years respectively, 20, 15 and 10% of the average production intended for the market of the fresh product for the last five marketing years;
- (ii) for oranges and lemons, a threshold equal to 10% of the average production of the last five marketing years.

Where the thresholds are breached, the same mechanism is proposed as for the other products in this sector. Thus, where the quantities sent to intervention exceed the threshold for a marketing year, the buying-in price to be fixed for the following marketing year will be reduced by 1% for each surplus tranche of 18 000 t for peaches, of 6 600 t for lemons, and of 20 000 t for oranges, up to a maximum of 20%.

Processed fruit and vegetables

For processed tomato products, maintenance for the next two marketing years of

the threshold system and of the system of restriction on the overall quantity qualifying for aid.

Introduction of a guarantee threshold for dried grapes of the Muscatel varieties of 3 500 tonnes and for peaches in syrup equal to the average quantities produced during the last three marketing years.

Tobacco

The Commission is proposing, on the basis of the maximum overall quantity agreed for the 1988, 1989 and 1990 harvests, maximum guaranteed quantities (MGQs) by variety or group of varieties.

In view of the MGQs proposed, and on the basis of actual requirements for the various varieties, maintenance and variation in the prices and premiums in order to encourage a further drive to variety and quality conversion.

Group	Premiums	Norm price
I	+ 2%	0%
II	+ 1%	0%
III	0%	0%
IV	- 6%	- 6%
V	- 8%	- 8%

Fixing of maximum guaranteed quantities by varieties or groups of varieties within the maximum guaranteed quantity of 385 000 tonnes.

Milk

Maintenance of the price level for the last marketing year and maintenance until 1989/90 of the co-responsibility levy, which would be fixed for 1988/89 at the rate now in force.

Beef/Veal

In view of the slack market in 1987, operators sold large quantities to intervention:

about 533 000 tonnes. As an additional support measure, private storage was activated (during six weeks in the autumn of 1987) in respect of 157 000 t. All in all, public intervention and private storage in 1987 therefore covered 690 000 t. From 6 April 1987 onwards, intervention was activated whenever, at the same time:

- (i) the Community market price was less than 91% of the intervention price, and
- (ii) the price in the relevant Member State was less than 87% of the intervention price.

The initial result of this new arrangement was to keep the buying-in price calculated in this way at about 85% of the intervention price, which yielded substantial savings. But intervention remained attractive for traders. For this reason, the Commission has come to the conclusion that two aspects of the intervention procedures must be discontinued, namely: the clause stipulating that the buying-in price must not be below the market in the Member State having the highest price, and the clause stipulating that the buying-in price must be equal to the average price plus 2.5%.

Agri-monetary measures

1.2.5. In accordance with the Council's decisions of 30 June 1987,¹ for the marketing year 1987/88, the negative MCAs of EMS currencies have been dismantled by about one-half. Also, in accordance with those decisions, as from the 1988/89 marketing year there are no longer any positive MCAs for stable EMS currencies.

Since these last decisions, the currency situation has been relatively calm. For the stable currencies within the EMS, there has been no change, while for certain currencies not complying with the 2.25% fluctuation margin (floating currencies), the monetary gaps have narrowed (sterling and the peseta) or slightly widened (lira and escudo). Only the drachma has shown substantial gaps as a result of the fall of this currency.

¹ Bull. EC 6-1987, points 1.3.1. and 2.1.162 to 2.1.166.

In view of this situation and given the limits which the market surpluses impose as regards prices, the Commission is proposing, for Greece only, a dismantling of existing negative MCAs. This should be of 10 points, to avoid price increases exceeding 7.2%.

Economic and financial implications

1.2.6. The proposals for prices and related measures for the next marketing year have been framed in the light of the conclusions of the European Council, held in Brussels in February.¹ According to these conclusions, the reference basis for the calculation of the annual guideline is the expenditure for 1988 (i.e. 27 500 million ECU), and the rate of

increase in the guideline is 74% of the rate of GNP growth between 1988 and the relevant year. This means in practice that there is no room for manoeuvre at all in 1988 between the budget and the guideline. The Commission takes the view that this guideline must be complied with.

The adoption of the present proposals will yield savings of about 18 million ECU for 1988, which will not enable substantial additional expenditure to be financed. For 1989, estimates point to savings of about 36 million ECU.

1.2.7. The figures corresponding to the proposals for prices and related measures in 1988/89 are shown in Tables 1 to 5.

¹ Bull. EC 2-1988, point 1.1.1.

3. Community-Central America dialogue

Hamburg Ministerial Conference

1.3.1. The fourth ministerial conference between the Community and its Member States and the countries of Central America² and of the Contadora Group³ on the political dialogue inaugurated in San José, Costa Rica, on 28 and 29 September 1984⁴ and continued in Luxembourg on 11 and 12 November 1985⁵ and Guatemala City on 9 and 10 February 1987,⁶ and on economic cooperation between the Community and the countries of Central America, was held on 29 February and 1 March in Hamburg. Mr Cheysson represented the Commission.

Two documents — a joint political declaration and a joint economic communiqué — were issued at the end of the conference.

1.3.2. At the political level, all participants stressed the considerable progress made in the peace process in Central America since the third ministerial meeting in Guatemala in February 1987,⁶ particularly by means of the signature of the Esquipulas II peace agreement (Arias Plan) on 3 August 1987.⁷

1.3.3. On the economic front, the Ministers from the Central American countries presented an immediate action plan provid-

² Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador.

³ Colombia, Mexico, Panama and Venezuela. For internal political reasons the Panamanian delegation was absent.

⁴ Bull. EC 9-1984, point 1.3.1 *et seq.*

⁵ Bull. EC 11-1985, point 1.2.1 *et seq.*

⁶ Bull. EC 2-1987, point 1.3.1 *et seq.*

⁷ Bull. EC 5-1987, point 2.2.23; Bull. EC 6-1987, point 2.2.23.

ing for emergency measures concerning food aid, help in repatriating and resettling refugees and displaced persons, the setting-up of an economic recovery fund, security of energy supplies and external debt, requiring a total of USD 1 431 million in assistance from the international community over three years.

The Community agreed to make funds available immediately for operations concerning food aid and the repatriation of refugees and displaced persons. It will also provide technical and financial support for preparations for elections to a Central American parliament, which it regards as vitally important for the attainment of democracy and peace in Central America.

The Community also agreed in principle to contribute substantially, within the limits of

its means and responsibilities, to operations implemented under the Plan when they have been defined in sufficiently precise terms, within the framework of assistance from the international community.

The participants agreed to hold a fifth ministerial meeting in the spring of 1989 in San Pedro Sula, Honduras.

In general this 'San José IV' meeting confirmed the importance which political and economic cooperation between the Community and its Member States and Central America has acquired since the first conference held in San José in September 1984, and also the role that Europe can play in the search for peace and stability in the world.

4. 'Europe 1992 — The overall challenge'

1.4.1. On 29 March the Commission made an initial examination and published the results of a study carried out at its request by a group of independent experts, on the lines of the Padoa-Schioppa report entitled 'Efficiency, stability and equity: A strategy for the evolution of the economic system of the European Community',¹ under the chairmanship of Mr Cecchini. This study, entitled 'Europe 1992 — The overall challenge', examines the costs of the divisions which exist at present in the internal market, and assesses the advantages which may be gained from the completion of the large market by 1992 as proposed by the Commission in its White Paper in 1985.²

The central proposal

1.4.2. The study deals with the general consequences and effects on industry result-

ing from various types of barriers existing in the Community and the overall implications of eliminating them. The study reflects the group's attitude that the Community economy must be taken as a whole and the various measures for removing the obstacles to completion of the internal market must be defined as inseparable elements of a single strategy.

In its analysis of the probable reactions of the economy to the package of liberalization measures necessitated by integration of the Community market, the study concludes that the anticipated effects will not occur automatically; they will only be produced with everybody's cooperation, political authorities and economic operators alike,

¹ Bull. EC 4-1987, point 1.1.1 *et seq.*

² COM(88) 310; this document is published in the 'Documents' series — Office for Official Publications, Luxembourg. Bull. EC 6-1985, point 1.3.5 *et seq.*

and at this stage they are no more than a possibility.

The results

1.4.3. The total potential economic gain to the Community of implementation of the large market is estimated at some 200 000 million ECU or more equivalent to approximately 5% of the Community's GDP.

This calculation includes not only the results of a microeconomic evaluation of the savings made by removing the barriers which directly affect intra-Community trade (essentially frontier formalities and related costs and delays) but also, and more significantly, the lessons learned from a macroeconomic simulation designed to determine the benefits that will accrue from greater market integration, thereby encouraging competition and facilitating the exploitation of economies of scale.

Microeconomic evaluation

1.4.4. The study took particular account of the work¹ on the cost of frontier formalities, on the existing barriers to both manufacturing industry and services and on the economies of scale and boost to competitiveness promised by completion of the internal market.

1.4.5. The direct costs of frontier formalities and the associated administrative costs to the public and private sector are estimated at around 1.8% of the value of goods traded within the Community. To this must be added the costs to industry of other barriers on the internal market, such as technical regulations and the like, which industrialists questioned in opinion polls put, on average, at just under 2% of their total costs. The combined total, then, adds up to about 3.54% of the value-added by industry.

These figures reflect the specific costs of identifiable barriers. The total gains expected from a totally integrated competitive market in these products are far greater,

particularly in the branches of industry where government procurement plays an important part, and in financial services and transport.

1.4.6. The study highlights substantial potential economies of scale unexploited by European industry. More than half the branches of industry on the Community market can support 20 firms of efficient size, compared with no more than four on each of the largest national markets. Only a truly European internal market can combine the advantages of technical and economic efficiency, since 20 firms operating Community-wide are more likely to produce effective competition than four firms on a national market. Comparing industrial structures today with a more rational, yet still not ideal, structure, an estimated one-third of European industry could see its costs fall by between 1 and 7%, depending on the branch concerned. The aggregate saving from these economies of scale would be around 2% of GDP. Greater competition will generate other efficiency improvements, for example as regards overheads, overmanning and inefficient stock management. Evidence from a variety of sources suggests that these factors can be of considerable importance. What is more, the disappearance or weakening of the monopolies currently dominating certain protected markets will give consumers the benefit of lower prices. Although indirect taxation accounts for much of the difference in consumer prices from one country to another, inefficiency and non-competitive

¹ This work undertaken by independent economic experts, consultancy organizations and research institutes, in collaboration with the relevant Commission departments, was followed up by an opinion poll asking European industrialists about the likely effects. It was backed up by using various econometric models providing macroeconomic data. A book by Mr Cecchini and his colleagues, presenting the main findings, will be published in late April. At the same time, details of the underlying economic analysis will be published in a special edition of *European Economy*, by the Directorate-General for Economic and Financial Affairs. All the individual reports on which the main study is based will be published in turn.

fragmentation of the market are to blame for the rest.

1.4.7. The study gives no systematic breakdown of these gains between the Member States. However, it clearly shows that all stand to gain. Since many of the potential gains from market integration stem from more efficient production methods and lower unit costs, the new Member States should gain more than average, particularly after the recent decision to double the Community's structural Funds.

Macroeconomic simulation

1.4.8. This detailed sector by sector analysis and calculation of the aggregate potential economic gains is followed by an assessment of the dynamic effects of the internal market programme in the form of a series of macroeconomic simulations of the impact of the programme on variables such as real GDP, inflation and employment over a six-year period. For this purpose, the effects of the internal market programme revealed by the microeconomic evaluation were divided into three main categories, each with a different type of macroeconomic impact: the removal of frontier delays and costs; the opening-up of public procurement contracts to competition; and the liberalization and integration of financial services. Account was also taken of more general supply-side effects, reflecting changes in firms' strategy in their new competitive environment.

Clearly the results depend on the macroeconomic policy accompanying the 1992 programme. In the absence of specific back-

up measures the net effect of the 1992 programme, over five or six years, will be a 4.5% increase in GDP and a fall of some 6% in prices. The programme should also generate some 2 million jobs in the medium term.

Backed up by a more active macroeconomic policy to tap the potential for even faster growth, the aggregate increase in GDP could be as high as 7%, with as many as 5 million jobs created.

Completion of the internal market: an indivisible programme

1.4.9. The microeconomic evaluation and the macroeconomic simulations support each other. However the figures may well be underestimates since they exclude certain dynamic, continuing benefits that only market integration can bring.

The study confirms that for the full benefits of the internal market programme to be felt, all barriers to trade within the Community must be removed. In particular, European industrialists and businessmen must be convinced that the 1992 target will be achieved. Competition policy must be enforced effectively both by the Community and by the national administrations to ensure that the barriers removed are not replaced by other anti-competitive practices. Above all, both the benefits and the costs must be shared out fairly. Experience with the removal of customs barriers in the Community has shown that the moves have only a modest redistributive effect. Consequently, measures will undoubtedly have to be taken to assist the Community's less-favoured and declining regions and areas where restructuring has hit jobs.

5. News in brief

Internal market and businesses

On 22 March the Council adopted a Directive designed to ensure the genuine opening-up of public supply contracts by improving the procedures for awarding them (→ point 2.1.26).

Under the small business action programme and the company law coordination programme, on 2 March the Commission adopted a proposal for a twelfth company law Directive which will permit introduction throughout the Community of single-member companies (→ point 2.1.93).

Competition

In preparation for the completion of the internal market, on 2 March the Commission adopted an amended proposal for a merger control Regulation (→ point 2.1.59).

Economic and social cohesion

On 23 March the Commission amended its proposal for a framework Regulation on the reform of the structural Funds to give effect to the conclusions of the February European Council (→ point 2.1.108).

Environment and quality of life

In the field of biotechnology, on 29 March the Commission approved two proposals for Directives on the contained use of genetically modified microorganisms and on the deliberate release to the environment of genetically modified organisms (→ point 2.1.125).

People's Europe and consumer policy

In the context of the Community's consumer programme and its tourism policy, on 29 March the Commission adopted a proposal for a Directive on package travel, including package holidays and package tours (→ point 2.1.134).

PART TWO

**ACTIVITIES
IN MARCH 1988**

1. Building the Community

Economic and monetary policy

The cost of non-Europe

2.1.1. On 29 March the Commission carried out an initial examination of the findings of a study undertaken at its request by a group of independent experts chaired by Mr Cecchini (→ point 1.4.1 *et seq.*). The study which is entitled '1992—The overall challenge', and which assesses 'the cost of non-Europe', identifies the costs of the current fragmentation of the internal market and evaluates the benefits which are likely to flow from completion of the internal market by 1992 as proposed by the Commission in its 1985 White Paper.¹

Council

2.1.2. On 7 March the Council (Economic and Financial Affairs) discussed implementation of the conclusions on budgetary discipline reached by the European Council in Brussels and conducted the first quarterly review of the economic situation in the Community (→ point 2.1.3).

Economic situation

2.1.3. On 7 March the Council (Economic and Financial Affairs) carried out the first quarterly review of the economic situation in the Community, acting on the basis of a Commission communication² sent to it on 25 February and in accordance with Article 2 of its Decision of 18 February 1974 relating to convergence.³ After discussion, the Council agreed with the Commission that, while there was no need to amend the economic policy guidelines contained in the annual economic report 1987-88⁴ which it had adopted in December 1987, they should be applied consistently in all areas.

Development of new financial instruments — financial engineering

2.1.4. On 16 March the Commission adopted a communication to the Council and to Parliament on the promotion and financing of transnational technological and industrial cooperation.⁵ The document is a follow-up to a communication⁶ which the Commission transmitted in December 1986, emphasizing that the financing of high technology and industrial renovation would be one of the priorities of its financial engineering activity. The new communication takes account of the lessons drawn by the Commission from in-depth contacts with entrepreneurs and financial operators in the Community.

First, the communication analyses the difficulties facing firms and funding agencies that undertake transnational technological and industrial cooperation projects. These difficulties stem, in essence, from the tax, legal and financial environment within which operators carry out their activities.

Second, it puts forward selective and concrete proposals aimed at facilitating the transition to the industrial application stage of cooperative ventures that already exist at the pre-competitive stage, in particular through Community programmes in the field of research and technological development. Drawn together into an action programme, these proposals are based on three main themes: improving the tax, legal and financial environment; promoting the establishment of appropriate investment mechanisms; and stimulating interaction between

¹ COM(85)310, published in the 'Document' series by the Office for Official Publications in Luxembourg. Bull. EC 6-1985, point 1.3.5 *et seq.*

² COM(88) 54 final; Bull. EC 2-1988, point 2.1.2.

³ OJ L 63, 5.3.1974.

⁴ OJ L 394, 31.12.1987; Bull. EC 10-1987, point 1.4.1 *et seq.*

⁵ COM(88) 114 final.

⁶ OJ C 80, 27.3.1987; Bull. EC 12-1986, points 1.3.1 to 1.3.7.

scientific, industrial and financial operators.

*

2.1.5. On 22 March the Commission transmitted to the Council a communication, together with a proposal for a Decision, on the European stimulation plan for economic science 1989-92 (SPES) (→ point 2.1.47).¹

Internal market

Completing the internal market

The cost of non-Europe

2.1.6. On 29 March the Commission revealed the results of a major study to evaluate scientifically the benefits of the single market. The study provides hard evidence to confirm what those who are engaged in building Europe have always known: the failure to achieve a single market has been costing European industry dearly in unnecessary expense and lost opportunities; the completion of the internal market will provide the context for the regeneration of European industry in both goods and services; and it will give a permanent boost to the prosperity of the people of Europe (→ point 1.4.1 *et seq.*).

Council

2.1.7. On 22 March the Council adopted a Directive designed genuinely to open up public supply contracts (→ point 2.1.26). The Council also held a preliminary policy debate on the proposal for a Directive aimed at the harmonization of the pursuit of broadcasting activities² which made it possible to clarify Member States' positions concerning the work in progress within the Council of Europe on the conference to be held in Vienna in April on a convention on

the subject, and to give a political impetus to the discussions on the proposal. Lastly, Lord Cockfield, the Commission Vice-President with special responsibility for the internal market, made a statement concerning progress with the completion of the internal market³ (→ point 2.1.9).

2.1.8. On 24 March Lord Cockfield presented to the Economic and Social Committee the third report on the implementation of the White Paper on completing the internal market (→ point 2.4.28).

Implementing the White Paper

2.1.9. On 16 March the Commission adopted⁴ its third report to the Council and Parliament on the implementation of its White Paper on completing the internal market.⁵ The report mainly covers developments since April 1987. The Commission has, to date, presented the Council with 208 of the 300 proposals originally envisaged in the White Paper programme (as a result of a revision of the original programme, there are now only 286 proposals envisaged). The Commission intends to present another 50 proposals this year so that over 90% of the programme can be implemented.

The Council has adopted only 69 of the proposals and has partially adopted another six. Some 126 others are still being examined and the Council has already adopted a common position on 14 of these. The Commission deplores the fact that there are so many proposals pending before the Council despite the undertaking given by the Heads of State or Government, politically and in the Treaty, to complete the single market by 1992. However, the delays in the Council can to some extent be attributed to the way in which the decision-making process provided for in the Single

¹ OJ C 109, 26.4.1988; COM(88) 98 final.

² OJ C 179, 17.7.1986; Supplement 5/86 — Bull. EC; Bull. EC 3-1986, point 1.2.1 *et seq.*

³ Bull. EC 6-1985, point 1.3.1 *et seq.* (White Paper).

⁴ COM(88) 134 final.

⁵ Bull. EC 5-1987, point 2.1.7 (second report).

Act works. Parliament's workload has increased appreciably with the introduction of the cooperation procedure provided for in the Single Act.

Free movement of persons — Freedom to provide services

Mutual recognition of diplomas — Access to economic activities

Medical professions

2.1.10. On 24 March the Economic and Social Committee issued a favourable opinion on the proposal for a Directive¹ making technical amendments to five Directives concerning the mutual recognition of medical diplomas,² diplomas of nurses responsible for general care,³ diplomas of dental practitioners,⁴ diplomas of veterinary surgeons,⁵ and midwives diplomas⁶ (→ point 2.4.29).

Nurses

2.1.11. On 24 March the Economic and Social Committee also issued an opinion on the proposal for a Directive amending the Directives of 27 June 1977 on the activities of nurses responsible for general care (→ point 2.4.30).

Free movement of goods

Standardization, certification and testing

Technical standards and regulations

2.1.12. On 22 March the Council adopted a Directive⁷ amending the Directive of 28 March 1983⁸ laying down a procedure for the provision of information in the field of technical standards and regulations.⁹ The aim of the amendment is to include a num-

ber of sectors that were provisionally excluded, so that in future all products— industrial as well as agricultural—will be covered.

Removal of technical barriers to trade

Industrial products

2.1.13. On 24 March the Commission adopted a Directive¹⁰ adapting to technical progress the Council Directive of 16 December 1980¹¹ relating to the engine power of motor vehicles. The Directive introduces a more accurate test procedure and allows the use of two types of fuel which have recently become available, in particular unleaded petrol.

2.1.14. On 24 March the Commission also adopted a Directive¹⁰ adapting to technical progress the Council Directive of 26 July 1971 on the approximation of the laws of the Member States relating to the braking devices of certain categories of motor vehicles and their trailers.¹² The Directive contains provisions concerning the compulsory fitting of anti-lock devices on certain heavy vehicles and trailers.

2.1.15. On 9 March Parliament adopted an opinion in first reading¹³ on the two proposals for Directives relating to spray-suppression devices and lateral protection

¹ OJ C 353, 30.12.1987, Bull. EC 11-1987, point 2.1.15.

² OJ L 167, 30.6.1975.

³ OJ L 176, 15.7.1977.

⁴ OJ L 233, 24.8.1978.

⁵ OJ L 362, 23.12.1978.

⁶ OJ L 33, 11.12.1980.

⁷ OJ L 81, 26.3.1988.

⁸ OJ L 109, 26.4.1983; Bull. EC 3-1983, point 2.1.8.

⁹ 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 2.1.18.

¹⁰ OJ L 92, 9.4.1988.

¹¹ OJ L 375, 31.12.1980.

¹² OJ L 202, 6.9.1971.

¹³ OJ C 94, 11.4.1988.

(side guards) of certain motor vehicles and their trailers.¹

2.1.16. On 9 March Parliament also adopted a Decision² approving the Council's common position³ on the proposal for a Directive relating to the type-approval of wheeled agricultural or forestry tractors,⁴ subject to an amendment concerning committee procedure which was considered acceptable by the Commission.

2.1.17. On 24 March the Economic and Social Committee issued an opinion on the proposal for a Directive on electromagnetic compatibility⁵ (→ point 2.4.31).

Foodstuffs

2.1.18. On 9 March Parliament adopted a Decision² amending the Council's common position⁶ on the proposal for a Directive relating to flavourings for use in foodstuffs and to source materials for their production.⁷ Some of the amendments adopted were approved by the Commission.

2.1.19. On 17 March⁸ the Commission adopted, for transmission to the Council, an amendment to its proposal for a Directive⁹ amending for the eighth time the Directive of 23 October 1962 concerning the colouring matters that are authorized for use in foodstuffs intended for human consumption.¹⁰ The amended proposal takes account of new data which have become available since 1985 on the safety of colouring matters.

Pharmaceutical products

2.1.20. On 9 March Parliament adopted an opinion² in first reading on the proposal for a Directive relating to the transparency of measures regulating the pricing of medicinal products for human use and their inclusion within the scope of the national health insurance system.¹¹ It approved the proposal but put forward 21 amendments which the Commission said it could accept.

2.1.21. The Council considered an interim report from the Commission on the first phase of the negotiations it had conducted with the Secretariat of the Council of Europe regarding the accession by the Community to the Convention on the Elaboration of a European Pharmacopoeia¹² and decided that, in the light of the outcome of the negotiations, the Community could accede to the Convention.

2.1.22. On 25 March¹³ the Commission sent the Council the fifth report¹⁴ on the functioning of the Committee for Proprietary Medicinal Products.

Fertilizers

2.1.23. On 22 March the Council adopted a Directive¹⁵ amending the Directive of 18 December 1975¹⁶ in respect of fluid fertilizers.¹⁷ Under the amendment the scope of the 1975 Directive, which originally laid down rules governing the marketing of solid fertilizers, will be extended to include fluid fertilizers.

2.1.24. On 24 March the Economic and Social Committee issued an opinion on the proposal for a Directive supplementing and amending the Directive¹⁶ of 18 December 1975 on fertilizers (→ point 2.4.32).¹⁸

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

² OJ C 94, 11.4.1988.

³ Bull. EC 11-1987, point 2.1.11.

⁴ OJ C 88, 3.4.1987; Bull. EC 1-1987, point 2.1.9.

⁵ OJ C 322, 2.12.1987; Bull. EC 11-1987, point 2.1.22.

⁶ Bull. EC 10-1987, point 2.1.11.

⁷ OJ C 144, 13.6.1980; Bull. EC 5-1980, point 2.1.7; OJ C 103, 24.4.1982; Bull. EC 4-1982, point 2.1.8.

⁸ COM(88) 132 final.

⁹ OJ C 278, 30.10.1985; Bull. EC 9-1985, point 2.1.10.

¹⁰ OJ 115, 11.11.1962.

¹¹ OJ C 17, 23.1.1987; Bull. EC 12-1986, point 2.1.31.

¹² Bull. EC 12-1986, point 2.1.32; Bull. EC 5-1987, point 2.1.18.

¹³ COM(88) 143 final.

¹⁴ Bull. EC 12-1982, point 2.1.12.

¹⁵ OJ L 83, 29.3.1988.

¹⁶ OJ L 24, 30.1.1976.

¹⁷ OJ C 12, 16.1.1987; Bull. EC 12-1986, point 2.1.33.

¹⁸ OJ C 20, 26.1.1988; Bull. EC 12-1987, point 2.1.19.

Businesses

Improving the business environment

Business and commercial law

2.1.25. On 2 March the Commission adopted a proposal for a Council Directive on the recognition of single-member companies throughout the Community. This form of company already exists in several Member States where it is particularly important for small firms, in that it enables entrepreneurs to limit their liabilities to the capital value of the company's shares, as distinct from their personal wealth. It also has advantages as regards the transfer or inheritance of businesses and, hence, their continuity (→ point 2.1.93).

Public procurement

2.1.26. On 22 March the Council adopted a Commission proposal¹ for a Directive amending the Directive of 21 December 1976 coordinating procedures for the award of public supply contracts² and deleting certain provisions of the Directive of 22 July 1980.³ This new Directive applies the recent GATT government procurement obligations⁴ aiming, in particular, at keeping all concerned, particularly businesses, better informed and at improving the transparency of public supply contracts. For example, the national contracting authorities are now required regularly to publish a programme of all supply contracts to be awarded over the next 12 months and to extend the time-limits to give firms from other Member States time to respond. Another safeguard to ensure that contracts are awarded fairly is the obligation to report to the Commission on the results of all contracts awarded. The Directive calls for reference to European standards and other technical specifications (except in specific cases). It also covers defence contracts

(apart from a few specifically military products). The Directive allows, until 1992, the application of national provisions aimed at the exercise of regional preferences provided that the provisions in question are compatible with the Treaty.

Services to promote business start-ups and expansion

Euro-Info-Centres

2.1.27. On 23 March the Commission adopted, for transmission to the Council and Parliament, a communication⁵ evaluating the first phase of the Euro-Info-Centre project.⁶ It shows that the idea has been such a remarkable success that there is every reason to extend the network beyond the current 39 centres, so as to ensure broad coverage of each section of society and the economy in all 12 Member States. This will be achieved by publishing a call for tenders from would-be host organizations. The Member States would also be closely involved with the carrying-out of the project.

Business cooperation

2.1.28. Also on 23 March the Commission adopted a communication to the Council and Parliament describing the specific measures taken and planned to strengthen transnational cooperation between firms.⁷ For example, to help small firms in Europe reap the full benefit of the opportunities and challenges presented by completion of the internal market, the Commission has been

¹ 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.

² OJ L 13, 15.1.1977.

³ OJ L 215, 18.8.1980; Bull. EC 7/8-1980, point 2.1.20.

⁴ OJ L 345, 9.12.1987; Bull. EC 11-1987, point 2.2.71.

⁵ COM(88) 161 final.

⁶ Bull. EC 4-1987, point 2.1.18; Bull. EC 7/8-1987, point 2.1.23; Bull. EC 2-1988, point 2.1.21.

⁷ COM(88) 162 final.

running Community-wide schemes like the Business Cooperation Network (BC-NET)¹ alongside schemes for selected regions (e.g. the Europartnership programme)² or sectors (subcontracting) to implement a cooperation strategy.

Industrial strategy and services

Steel

The Community steel industry

Market management

Transitional measures

Protective measures

2.1.29. The Commission made public its Decision³ of 2 March, adopted pursuant to Article 379 of the Act of Accession of Spain and Portugal, to limit until 31 December 1988 imports of certain steel products originating or in free circulation in other Member States. This new measure⁴ follows a request from Spain to apply protective measures, and concerns the following quantities: 250 000 tonnes for hot-rolled sheets and plates, excluding coils for use by the Spanish steel industry, 252 000 tonnes for cold-rolled sheets, 56 000 tonnes for plates, 10 000 tonnes for galvanized sheets, 67 000 tonnes for wire rod and 90 000 tonnes for tinplate.

Monitoring and control

2.1.30. On 17 March the Commission again decided⁵ to amend for Spain and Portugal⁶ the questionnaires designed to provide a full, accurate and coherent survey of the production and deliveries of steel undertakings in all the Community

countries.⁷ The amendments were made necessary by the Decision of 6 January extending the system of monitoring and production quotas.⁸

Forward programme

2.1.31. On 9 March the Commission adopted the forward programme for steel for the second quarter of 1988, on which the ECSC Consultative Committee expressed its opinion on 23 March (→ point 2.4.40).

The analysis shows that the economic outlook is relatively satisfactory. The effects of the stock exchange crash and the decline in the value of the US dollar seem less severe than was feared some months ago. Growth should continue at a rate of approximately 2% (compared with 2.5% in 1987) and investment, which grew by 6% in 1987, should continue to improve this year but at a lower rate (around 4%).

The satisfactory performance in the steel industry should continue. Company order books are full for all products, and prices should continue to increase, although the rate of increase will vary from sector to sector and country to country. The forward programme puts actual consumption of steel at 26.7 million tonnes, exports at 6.9 million tonnes, imports at 2.6 million tonnes and production of crude steel at 32 million tonnes. Stocks are expected to increase by one million tonnes.

Trade with non-member countries

2.1.32. Under the quarterly forward programme for steel (→ point 2.1.31), trade

¹ OJ C 224, 21.8.1987; Bull. EC 7/8-1987, point 2.1.24.

² Bull. EC 12-1987, point 2.1.24

³ OJ C 60, 4.3.1988.

⁴ OJ L 80, 25.3.1986; Bull. EC 3-1986, point 2.1.25; OJ L 305, 31.10.1985; Bull. EC 10-1986, point 2.1.26; Bull. EC 12-1986, point 2.1.50.

⁵ OJ L 72, 18.3.1988.

⁶ OJ L 351, 28.12.1985, Bull. EC 12-1985, point 2.1.29; OJ L 101, 11.4.1987; Bull. EC 4-1987, point 2.1.22.

⁷ OJ L 370, 29.12.1982; Bull. EC 12-1982, point 2.1.16a; OJ L 340, 18.12.1985, Bull. EC 11-1985, point 2.1.24.

⁸ OJ L 25, 29.1.1988, Bull. EC 1-1988, point 2.1.14.

with non-member countries should continue at virtually the same level. There is likely to be little change in exports since fluctuations on the financial and currency markets have not had much impact. There is still relatively little prospect of exporting to the USA, and because of the low level of the dollar, it is possible that some American producers will be in a position to compete against European producers. The Scandinavian market remains stable and the only possibility for improvement seems to lie in Eastern Europe, South America and South-East Asia.

Turning to imports, non-member countries with arrangements might be able to increase their deliveries since prices are firm at the moment. On the other hand, taking a firm attitude towards non-member countries which do not have arrangements by imposing anti-dumping measures, and the withdrawal of some countries which traditionally export to the Community, namely Japan and South Korea, could counteract this trend towards increased imports.

External aspects of the transitional measures

Protocol to the Agreement with Syria

2.1.33. On 22 March the Commission sent the Council¹ two proposals for Decisions, the first on a Protocol to the Agreement between the Member States of the European Coal and Steel Community and Syria following the accession of Spain and Portugal to the ECSC (this Protocol is accompanied by recommendations designed to bring about economic and technical adjustment and lay down transitional measures), and the second concerning the conclusion of an additional Protocol and the Protocol to the Cooperation Agreement between the EEC and Syria (→ point 2.2.28).

Shipbuilding

2.1.34. On 23 March the Commission adopted the broad outline of an external commercial policy on shipbuilding. Observing that since 1950 the share of the world market in the hands of the 11 Community shipbuilding countries has fallen from 64% to 13% and that shipbuilding in the Community is a sector of heavy industry which does not currently benefit from any form of external protection — a position which threatens it with virtual exclusion from the world market — the Commission proposes to help to put the international market back on a sound footing. Accordingly it intends to hold exploratory talks with Japan (50% of world production in 1986, 10% in 1950) and South Korea (15% of world production in 1986, 0% in 1950) in order to stabilize trade, to bring about a fair reduction in capacity, to restore prices to a normal level and to introduce transparency with regard to prices, subsidy and financing. To this end, the Commission will send the Council a proposal for formal negotiating guidelines.

Research and technology

Community RTD policy

Framework programme

Programme for 1987-91

2.1.35. On 28 March the Council adopted a Decision² supplementing the Decision of 28 September 1987 adopting the framework programme of Community research and technological development activities (1987-91).³ This Decision releases 417 million

¹ COM(88) 104.

² OJ L 89, 6.4.1988.

³ OJ L 302, 24.10.1987, Bull. EC 9-1987, points 2.1.32 to 2.1.34.

ECU to be added to the amount deemed necessary for specific programmes (provisionally set at 4 979 million ECU in September).

Joint Research Centre (JRC)

2.1.36. On 10 March Parliament adopted a resolution on the monitoring of the utilization of the appropriations allocated for research activities in the Community (funding, management, assessment) (→ point 2.4.20).¹

2.1.37. On 9 March,² Parliament adopted a legislative resolution (first reading) embodying its opinion on the proposal for a Decision adopting specific research programmes to be implemented by the JRC for the EEC³ and two opinions on proposals for Decisions, the first adopting specific programmes and the second a supplementary programme to be implemented by the JRC for the EAEC.³ The Commission accepted Parliament's proposed amendments which relate, in particular, to the description of the JRC's activities (specific research programmes, S/T support for the Commission, work for third parties and exploratory research), the final amount of appropriations and number of staff, evaluation of the JRC's research work by independent experts and a more precise definition of certain activities executed under the framework programme.⁴

Coordination of national policy

2.1.38. At its meeting on 10 and 11 March the Scientific and Technical Research Committee (Crest) discussed in detail the position of the Community in international science and technology, and in particular *vis-à-vis* its major economic partners Japan and the USA, as part of its regular comparative review of the S/T policies of the Member States (Copol). The Committee noted that the strategies proposed by the Member States for implementing their science and technology policies were directed towards similar objectives, although there were

some differences in approach. While the forecasting and planning of the initiatives to be taken in the newly developing sciences was still difficult in most of the Member States and tended to be the responsibility of the scientists themselves, the objectives of the various national S/T policies had much in common and were principally concerned with improving and strengthening the S/T potential (research scientists, facilities, funding), encouraging efforts to create an environment conducive to the development of RTD by means of indirect measures (tax incentives, utilization of results) and promoting international cooperation. The Committee felt that although it was difficult to transpose the measures taken in these areas in both the USA and Japan into a Community context, the Commission could usefully propose initiatives aimed at promoting the coordination of the Member States' S/T policies and RTD programmes.

The Committee also gave a favourable opinion on the Commission's proposals regarding the future role of the JRC.⁵ It felt in particular that the JRC should be overhauled and adapted to its future role and that the Commission's proposals formed a sound basis for discussion.

International cooperation

Framework agreements with the EFTA countries

2.1.39. On 24 March the Commission adopted, for transmission to the Council, a recommendation for a Decision authorizing it to negotiate a framework agreement for scientific and technical cooperation between the EEC, the EAEC and the Republic of Iceland.⁶ This agreement will broadly

¹ OJ L 89, 6.4.1988.

² OJ C 94, 11.4.1988.

³ Bull. EC 10-1987, point 1.3.1 *et seq.*

⁴ OJ L 302, 24.10.1987, Bull. EC 9-1987, point 2.1.32 *et seq.*

⁵ Bull. EC 10-1987, point 1.3.1 *et seq.*

⁶ COM(88) 152 final.

follow the pattern of the agreements already concluded with other EFTA countries,¹ namely Austria, Finland, Norway, Sweden and Switzerland, and is intended to provide a framework for facilitating contacts, coordinating projects and promoting mutually beneficial initiatives.

2.1.40. On 22 March the Commission also sent the Council a proposal for a Decision concerning the conclusion of the Cooperation Agreement between the EEC and Sweden on research in the field of the recycling and utilization of waste,² which is a subprogramme of the research programme on raw materials and advanced materials (1986-89).³

COST

2.1.41. On 3 March Spain signed the Memoranda of Understanding in respect of COST Projects 73 (Weather radar networking), 211 bis (Redundancy reduction techniques for coding of broadband video signals), 212 (Human factors in information services), 215 (High bit rate optical fibre systems), 216 (Optical switching and routing devices), 217 (Optical measurement techniques for advanced optical fibre devices and systems), 219 (Future telecommunication and teleinformatics facilities for disabled persons) and 307 (Rational use of energy in inter-regional transport).

The Memoranda of Understanding in respect of the following COST projects were also signed: 309 (Road meteorology and maintenance conditions) by Spain and Portugal; 311 (Maritime traffic simulation) by the Netherlands, Finland, France and Spain; 506 (Industrial applications of light alloys) by France, and 220 (Communication protocols and user interfaces for keyboard and display equipment intended for telecommunications used by disabled persons) by the United Kingdom and Spain.

Main areas of Community RTD

Biological resources

Biotechnology

2.1.42. On 9 March Parliament adopted a legislative resolution⁴ embodying its opinion in first reading on the proposal for a Decision⁵ revising the multiannual research action programme in the field of biotechnology (1985-89).⁶ The Commission approved Parliament's amendments, which related in particular to budgetary, staff and safety matters.

2.1.43. On 23 March the Commission sent⁷ the Council an amended proposal⁵ incorporating Parliament's amendments.

Agro-industrial technology

2.1.44. On 24 March the Economic and Social Committee adopted an opinion on the proposal for a Decision to adopt a first multiannual programme (1988-93) for biotechnology-based agro-industrial research and technological development —Eclair⁸ (→ point 2.4.33).

Energy

Nuclear fusion

2.1.45. On 10 March Parliament adopted a legislative resolution⁴ embodying its opinion in first reading on the proposal

¹ OJ L 313, 28.8.1985; Bull. EC 11-1985, point 2.1.183; OJ L 78, 24.3.1986, Bull. EC 3-1986, point 2.1.39; OJ L 216, 5.8.1986; Bull. EC 7/8-1986, point 2.1.37.

² OJ C 92, 9.4.1988; COM(88) 39 final.

³ OJ L 159, 14.6.1986; Bull. EC 6-1986; point 2.1.65.

⁴ OJ C 94, 11.4.1988.

⁵ OJ C 15, 20.1.1988, Bull. EC 10-1987, point 2.1.39.

⁶ OJ L 83, 25.3.1985; Bull. EC 12-1984, points 1.7.1 and 1.7.2.

⁷ OJ C 99, 14.4.1988, COM(88) 169 final.

⁸ OJ C 62, 5.3.1988; Bull. EC 12-1987, point 2.1.58.

for a Regulation adopting a research and training programme (1987-91) in the field of controlled thermonuclear fusion.¹ The Commission approved Parliament's amendments, which dealt with such matters as the legal form (a Decision instead of a Regulation), budgetary and staff questions and assessment.

2.1.46. On 30 March the Commission sent² the Council an amended proposal¹ incorporating Parliament's amendments.

European scientific and technical cooperation

A researchers' Europe

2.1.47. On 22 March the Commission sent the Council a proposal for a stimulation plan for economic science (SPES)³ the aim of which is to extend to economic science the cooperation and interchange between researchers which has been taking place in the exact and natural sciences since 1983 under the 1985-88 stimulation plan⁴ and are due to continue under the future Science programme.⁵

By creating networks for cooperation between European research institutes and by encouraging the mobility of European teachers, researchers and doctoral students in economic science, it should be possible to make profitable use of Europe's vast potential in the field of economic research on subjects of European interest.

A budget of 6 million ECU is proposed for the experimental phase, which is to cover the period 1989-92.

2.1.48. On 11 March the Commission sent the Council an amendment⁶ to its proposal for a Decision adopting a plan to stimulate the international cooperation and interchange needed by European scientists (Science),⁵ which incorporates the amendments proposed by Parliament.⁷

FAST

2.1.49. On 9 March Parliament adopted a legislative resolution⁸ embodying its opinion in first reading on the proposal for a Decision concerning Community action in the field of forecasting and assessment in science and technology (FAST).⁹ The Commission endorsed all of the amendments adopted by Parliament, which dealt mainly with budgetary and staff matters, assessments, agreements with non-member countries and the dissemination of information.

Telecommunications, information industries and innovation

Information technology

Esprit

2.1.50. On 25 March the Commission published a first call for proposals¹⁰ for basic research actions within the European strategic programme for research and development in information technology (second phase of Esprit, 1987-91).¹¹ The basic research actions should aim at clearly fundamental research addressing topics in the areas of microelectronics, computer science, artificial intelligence and cognitive science.

¹ OJ C 247, 15.9.1987, Bull. EC 7/8-1987, point 2.1.55.

² OJ C 103, 19.4.1988, COM(88) 177 final.

³ OJ C 109, 26.4.1988; COM(88) 98 final.

⁴ OJ L 83, 25.3.1985; Bull. EC 12-1984, point 1.7.1 *et seq.*

⁵ OJ C 14, 19.1.1988; Bull. EC 9-1987, point 2.1.51.

⁶ COM(88) 113 final.

⁷ OJ C 68, 14.3.1988; Bull. EC 2-1988, point 2.1.41.

⁸ OJ C 94, 11.4.1988.

⁹ OJ C 39, 11.2.1988, Bull. EC 10-1987, point 2.1.33.

¹⁰ OJ C 75, 25.3.1988.

¹¹ OJ C 283, 21.10.1987, Bull. EC 7/8-1987, point 2.1.65

Combined use of IT and telecommunications in general applications

Delta

2.1.51. On 11 March Parliament adopted in first reading its opinion¹ on the proposal for a Regulation on the pilot phase of a Community action in the field of learning technology (Delta).² The Commission accepted the proposed amendments, which concerned the type of committee and budgetary and staff matters.

2.1.52. Following this opinion, on 24 March the Commission sent the Council an amended proposal³ containing Parliament's amendments.

Drive

2.1.53. On 11 March Parliament adopted its opinion¹ on the proposal for a Regulation on a Community programme on information technology and telecommunications in the field of road transport (Drive).⁴ The Commission accepted the proposed amendments, which concerned the type of committee, budgetary and staff matters and links with Eureka.

2.1.54. Following this opinion, on 24 March the Commission sent the Council an amended proposal⁵ containing Parliament's amendments.

Customs union and indirect taxation

Customs union

General legislation

Relief from customs duty

2.1.55. Parliament having given its approval,⁶ on 11 March the Commission

sent the Council an amended version⁷ of its proposal for a Regulation⁸ amending the Regulation of 28 June 1968 on the Common Customs Tariff⁹ and the Regulation of 28 March 1983 setting up a Community system of reliefs from customs duty.¹⁰ This amendment is intended to take account of the introduction of the new tariff and statistical nomenclature,¹¹ and the arrangement for Andorra provided for in the Act of Accession for Spain.

Temporary use

2.1.56. In accordance with Article 17 of the Regulation of 19 December 1983 introducing arrangements for movement within the Community of goods sent from one Member State for temporary use in one or more other Member States, on 16 March¹² the Commission sent a report to the Council concerning the application of the arrangements.¹³ Together with the report was a proposal for a Regulation extending the validity of the Regulation of 19 December 1983, which is in force for a trial period ending on 30 June 1988.¹²

Origin of goods

2.1.57. On 7 March the Council, acting on a proposal from the Commission,¹⁴ adopted two Regulations on the origin rules applicable to trade with the customs territory of the Community,¹⁵ replacing the Regulation

¹ OJ C 94, 11.4.1988.

² OJ C 265, 5.10.1987, Bull. EC 7/8-1987, point 2.1.67.

³ COM(88) 166 final.

⁴ OJ C 355, 31.12.1987; Bull. EC 7/8-1987, point 2.1.68.

⁵ COM(88) 167 final.

⁶ OJ C 13, 18.1.1988; Bull. EC 12-1987, point 2.1.77.

⁷ COM(88) 115 final.

⁸ OJ C 254, 11.10.1986; Bull. EC 9-1986, point 2.1.45.

⁹ OJ L 172, 22.7.1968.

¹⁰ OJ L 105, 23.4.1983, Bull. EC 3-1983, point 2.1.28.

¹¹ OJ L 256, 7.9.1987, Bull. EC 7/8-1987, point 2.1.80.

¹² OJ L 2, 4.1.1984; Bull. EC 12-1983, point 2.1.25.

¹³ COM(88) 46 final.

¹⁴ Bull. EC 12-1987, point 2.1.92.

¹⁵ OJ L 56, 1.3.1986; Bull. EC 2-1986, point 2.1.59.

of 24 February 1986 on Ceuta and Melilla¹ and the Regulation of 3 March 1986 on the Canary Islands,² as amended by the Regulation of 24 July 1986 on trade between Spain and Portugal during the transitional period following accession.

The Regulations adapt the wording of the existing rules to take account of the introduction of the Harmonized System nomenclature on 1 January 1988.

Changes have also been made to the rules for the Canary Islands and Ceuta and Melilla which meet the need to maintain traditional trade flows between these territories and the rest of the Community. This means their exporters will henceforth be able to incorporate materials from EFTA countries in the products they export to the mainland of the Community without being disqualified from the preferential scheme for exports. The documentation system which enables customs administrations to identify originating products has also been simplified: an example of this is that in certain circumstances exporters will be able to make their declarations on invoices thus replacing the movement certificates issued by the customs authorities.

2.1.58. On 4 March the Commission adopted a Regulation on the concept of originating products for the application of tariff preferences granted by the Community in respect of certain products from developing countries.³ On 14 March the Commission adopted a Regulation on the definition of the concept of 'originating products' and on methods of administrative cooperation applicable to imports into the Community of products originating in the Occupied Territories.⁴ The two Regulations, which apply with effect from 1 January 1988, replace the Regulations in force until the end of 1987. They take account of the introduction on 1 January 1988 of the Harmonized System.⁵ The new Regulations also improve and simplify the presentation of the original rules.

Competition

General rules applying to businesses

2.1.59. On 2 March the Commission amended its proposal currently before the Council for a European merger control Regulation.⁶ The Council had asked the Commission to present an amended text when it approved the broad lines of the proposed Regulation on 30 November 1987.⁷ The original proposal⁸ had previously been amended three times,⁹ without securing the Council's approval. With the advent of a single EC market, however, the need for EC control of cross-frontier mergers has increased. The amended proposal retains the main features of the original one: projected mergers having a 'Community dimension', i.e. those involving firms with an aggregate turnover above a certain threshold (now 1 000 million ECU), will be notifiable to the Commission, except for those where the firm to be acquired has sales of less than 50 million ECU; notifiable merger proposals must be notified in advance before the merger is consummated; and finally, the Commission must decide expeditiously (under the amended proposal, within four months of initiating its investigation) whether the merger can take place.

Block exemption Regulation for know-how licensing agreements

2.1.60. On 24 March the Economic and Social Committee adopted an own-initiative opinion on the Commission's proposed

¹ OJ L 83, 27.3.1986; Bull. EC 3-1986, point 2.1.63.

² OJ L 212, 2.8.1986; Bull. EC 7/8-1986, point 2.1.59.

³ OJ L 77, 22.3.1988.

⁴ OJ L 86, 30.3.1988.

⁵ OJ L 198, 20.7.1987; Bull. EC 4-1987, point 2.1.49.

⁶ COM(88) 97.

⁷ Bull. EC 11-1987, point 2.1.92.

⁸ OJ C 92, 31.10.1973.

⁹ OJ C 36, 12.2.1982; Bull. EC 12-1981, point 2.1.31. OJ C 51, 23.2.1984; Bull. EC 2-1984, point 2.1.42. OJ C 324, 17.12.1986.

Regulation to grant know-how licensing agreements a block exemption under Article 85(3) of the EEC Treaty from the EEC restrictive business practices rules.¹ (→ point 2.4.34).

Restrictive practices, mergers and dominant positions: specific cases

Abuse of dominant positions Boosey & Hawkes (UK)

2.1.61. The Commission dropped proceedings under Article 86 of the EEC Treaty against the leading British brass band instrument manufacturer Boosey & Hawkes. The case arose when Boosey cut off supplies to its largest customer, Gabriels Horn House, after Gabriels and the specialist brass instrument repairer RSN had set up in late 1986 a new company, called Brass Band Instruments Ltd, to make brass band instruments in competition with Boosey. In response to BBI's complaint, the Commission in July 1987 issued an interim order² against Boosey requiring it to resume minimum supplies to Gabriels until the end of 1987, when the new BBI range of instruments would be available. Around the same time, BBI commenced a civil action for damages based on Article 86 in the High Court in London. After this action was settled, however, the complainants asked the Commission to discontinue its own proceedings against Boosey.

Joint ventures

Dortmunder Shredder GmbH/Eisen und Metall AG, Hansa Rohstoffe GmbH and Hoesch Rohstoffe GmbH

2.1.62. On 7 March the Commission authorized the three large German scrap merchants, Eisen und Metall AG of Gelsenkirchen, Hansa Rohstoffe GmbH of Düsseldorf and Hoesch Rohstoffe GmbH, to operate the Dortmund scrap processing and dis-

tributing firm Dortmunder Shredder GmbH as a joint venture. Dortmunder Shredder specializes in 'shredder' scrap, i.e. scrap which has been put through a machine called a shredder. The company, previously wholly owned by Hoesch, operates only one of the 171 shredders in the Community, producing 1% of EC output of this type of scrap. Neither of the other two partners has a shredder. The Commission considered, therefore, that the joint venture was unobjectionable on the criteria of Article 66(2) of the ECSC Treaty and should be allowed to go ahead.

Mergers

Hoogovens BV/Thumann Stahl Service GmbH and Hille & Müller KG

2.1.63. On 4 March the Commission authorized Hoogovens BV of IJmuiden to acquire 50% of the share capital of the two German companies Thumann Stahl Service GmbH of Schwelm and Hille & Müller KG of Düsseldorf. Thumann is a steel service centre holding about 1% of the German steel stockholding market, while the steel processor Hille-Müller is one of the biggest firms in its field, the cold rolling and coating of narrow strip, in Germany. The acquisition of Thumann and Hille-Müller thus slightly strengthened Hoogovens' position on the German market, without enabling it to dominate the market. The deal was therefore considered to be authorizable under Article 66(2) of the ECSC Treaty.

Arbed SA/Flamm-Stahl GmbH

2.1.64. On 7 March the Commission gave the go-ahead for Arbed SA, the Luxembourg steelmaker, to acquire the entire share capital of the German steel stockholding company Flamm-Stahl GmbH of Ratingen. Flamm-Stahl specializes in beams and heavy sections. Despite its importance as a

¹ OJ C 214, 12.8.1987; Bull. EC 5-1987, point 2.1.68.

² OJ L 286, 9.10.1987; Bull. EC 7/8-1987, point 2.1.94.

producer, Arbed has never had a strong presence in the stockholding of long products in Germany. The acquisition strengthened Arbed's position on that market, but not so much as to enable it to distort competition. The Commission therefore saw no objection to authorization of the acquisition under Article 66(2) of the ECSC Treaty.

*British Airways/
British Caledonian*

2.1.65. The Commission secured a number of important undertakings from British Airways in connection with its merger with British Caledonian. The Commission had been concerned that the merger on the terms originally proposed could substantially reduce airline competition within the common market. The undertakings given by BA, which are additional to those previously given to the UK Monopolies and Mergers Commission, should increase the opportunities for new competitors to emerge by improving substantially the prospects for other carriers to be licensed on a number of former BCal European routes (including some on which BCal did not operate its licences), limiting the merged airline's share of slots at Gatwick airport and ensuring that other airlines can compete for available slots at Heathrow.

The Commission will monitor observance of the undertakings on the basis of twice-yearly reports to be made by BA and will take any action necessary in the event of their not being honoured. In view of the BA undertakings, the Commission was able to close its investigations into the merger.

The case was the first example of Commission action under the competition rules in relation to mergers in the civil aviation industry, a sector in which merger control is likely to assume increasing importance as the market is progressively liberalized.

State aid

General schemes

Aid for research and development

Germany

2.1.66. On 16 March the Commission authorized a German scheme to support research and development in manufacturing technology. The scheme has a total budget of 190 million ECU for the period 1988-93. The rates of aid will vary between 20 and 50%, with a maximum of 30% for applied research but with higher rates available for basic industrial research.

Belgium

2.1.67. On 29 March the Commission cleared a scheme to encourage Belgian participation in European research and development programmes. The scheme, which will have an annual budget of roughly 19 million ECU, will provide loans which are repayable in the event of results being achieved that are capable of commercial exploitation. The Commission had no doubt that the scheme was in the Community interest and noted that the aid levels were within the limits laid down in the Community guidelines on R&D aid.

2.1.68. The Commission simultaneously approved five loans to Belgian firms taking part in large Eureka projects (i.e. those with a total cost, including the contribution from other participating countries, in excess of 20 million ECU). The four projects are Moses (Multimedia Open Standard European System), ES2 (automated design of integrated circuits), 10 kW CO₂ (laser modules and related systems), Eurolaser, and Paradi (development of flexible and integrated systems). Besides the fact that the projects are in areas of research which have a high priority for the Community, the Commission took into account the technical and finan-

cial risks involved for the small firms participating in four of the five projects.

France

2.1.69. On 2 March the Commission approved a French tax credit scheme for firms which increase their R&D spending. Under the scheme, which was introduced in 1983 and ends in 1988, firms can claim a tax credit on 50% of any year-on-year increase in their spending on R&D, with a limit of FF 5 million per firm. The scheme is available to firms in any industry for both basic and applied research. The level of aid varies between 2 and 10%, depending on the size of the firm and the increase in research spending. In 1987 the scheme is estimated to have cost about 160 million ECU in lost tax revenue (or 'tax expenditure').

Having scrutinized the scheme under Article 92(1) and 92(3) EEC, the Commission decided that it was compatible with the common market and within the Community R&D aid guidelines.

Italy

2.1.70. On 16 March the Commission approved an Italian scheme for supporting the cost of research contracted out to researchers or research organizations connected with universities.

The permanent scheme, which has an annual budget of 2.17 million ECU and is administered by the National Research Council, supports only basic research.

After examining the scheme, the Commission found that it was in the interest of the Community and operated in such a way as to have little effect on trade.

2.1.71. The same day the Commission also approved a scheme notified by the Italian Government to support research and development of alternative (non-oil-based) energy sources. The scheme is administered by the Nuclear and Alternative Energies

Agency ENEA and has a budget for 1988 of 90 million ECU. Both basic and applied research are supported. Contracts are placed by the ENEA with universities, research institutes and public bodies and collaborative research ventures are arranged with firms both in Italy and abroad.

2.1.72. On 29 March the Commission also cleared the aid granted under a programme that had been in operation since 1976 for subsidizing research carried out under contracts backed by the National Research Council (CNR).

Under the programme, funds are allocated each year to finance research in areas identified as having priority for the achievement of major economic and social goals. The research can be basic or applied and the programmes run for an average of five years. At present 12 programmes are in progress in areas as diverse as medicine, electronics, energy, mechanical engineering, geodynamics and transport. The research is contracted out to universities, public bodies and private firms. Private firms in 1986 received a total of 40 million ECU, spread over about 450 contracts.

The Commission found that over the 1976-86 period the scheme had qualified for exemption from the State aid rules under Article 93(3)(c) and that since 1987 it had no longer involved aid at all because the contracts were put out to tender.

Portugal

2.1.73. On 2 March the Commission approved a change in the cooperation agreement between the Portuguese Industry and Energy Ministry and Centrel Automática Eléctrica Portuguesa, which raised the amount of aid originally committed to Centrel to ESC 470 million (2.77 million ECU) and concentrated the aid on the actual R&D stages of projects to develop new telecommunications equipment and software.

Energy conservation

Germany

2.1.74. On 2 March the Commission approved a scheme introduced by Lower Saxony to encourage the exploitation of renewable energy sources. To avoid such projects ceasing to be carried out because of the fall in the prices of conventional fuels, Lower Saxony has allocated DM 2.5 million in 1988 for grants covering 30% of the investment cost in windmills of under 150 kW, hydroelectric power plants of under 500 kW and plants for obtaining energy from waste.

Environment

Germany

2.1.75. Also on 2 March the Commission approved a scheme in Hesse to support projects which reduce the problem of waste disposal, such as separate collection of recyclable waste, recycling, development of substitutes from recycled waste, setting up controlled waste dumps, development of new methods of disposal, and producing energy from waste. With a total budget of DM 3.8 million, the scheme provides grants of 20% before tax for investment projects and 50% for demonstration projects. Noting that the scheme had been introduced illegally without the required notification under Article 93(3) EEC (although so far only provisional awards had been made), the Commission decided not to open proceedings, as the German Government had undertaken to notify the final scheme which would be brought forward in 1988. The successive annual budgets of the scheme would also be notified.

Community control of national aid for regional development

France

2.1.76. The Commission approved plans by the French Government to grant tax

concessions to firms setting up in a number of free zones that have been established close to ports and airports in the French overseas departments of Saint-Pierre-et-Miquelon and Mayotte. To attract investment to development centres in the territories, the government is offering firms exemption from local business tax ('taxe professionnelle'), initially for three years. The Commission also approved other forms of aid not necessarily linked to investment (i.e. operating aid). The approval was given under the principles and criteria for applying the Article 92(2)(a) 'gateway' for national regional aid which the Commission had adopted on 29 April 1987.¹ The situation will be reviewed before the end of the initial three-year term of the scheme.

Italy

2.1.77. On 2 May the Commission took a decision on outstanding aspects of the new Mezzogiorno aid scheme introduced by Act 64/1986. Application of the scheme in 30 of the 39 provinces of the Mezzogiorno had been cleared by the Commission by April 1987,² but in the other nine provinces the Commission had doubts about the need for aid for regional development and so opened the Article 93(2) scrutiny procedure.³

The results of the further investigation² led the Commission to the conclusion that regional aid should be discontinued in some of the provinces, whose general level of development was comparable to that in other unassisted parts of Italy and other Member States.

The main points of the decision are as follows:

(i) In Aquila, Teramo, Pescara and Chieti (the Abruzzi), aid under the new scheme is allowed to continue until the end of 1990,

¹ Bull. EC 4-1987, point 2.1.61.

² Bull. EC 4-1987, point 2.1.62.

³ OJ C 259, 29.9.1987; Bull. EC 4-1987, point 2.1.62.

when the Commission will review the situation.

(ii) Frosinone is allowed to retain assisted status, but after the end of 1990 a ceiling of 30% will be applied.

(iii) In Latina and Rieti aid must be phased out by the end of 1992. The Commission will review the situation in these provinces at the same time as it does so for the Abruzzi provinces.

(iv) Aid in Ascoli-Piceno and Rome has to be phased out by the end of 1990.

Regional schemes

France

2.1.78. On 29 March the Commission took a final decision on the French Government's proposal to allow certain areas to remain temporarily within the regional planning (PAT) grants scheme for the three years 1987-89. It had opened the Article 93(2) procedure against the proposal on 18 March 1987.¹

After an economic analysis of the areas using its usual method for determining eligibility for aid under Article 92(3)(c), the Commission decided that:

(i) The former PAT areas of the departments of Eure, Sarthe, Doubs and Territoire de Belfort could not be allowed to remain temporarily within the PAT scheme.

(ii) The former PAT areas of the arrondissement of Vésoul (department of Haute-Saône) and the Creusot development zone, however, could retain PAT status for the three-year period proposed.

2.1.79. Also on 29 March the Commission closed the Article 93(2) proceedings commenced on 19 February 1986 against the inclusion of four areas of the Nord-Pas-de-Calais region — Roubaix-Tourcoing, Boulogne, Bruay and Douai — in a special employment premium scheme under which the government paid part of the wage costs associated with newly created jobs.² As the

operation of the scheme had been suspended and the effect of the aid had ceased, the Commission felt there was no need for further action on the case.

Industry schemes

Shipbuilding

France

2.1.80. On 29 March the Commission cleared three awards of production aid and several awards of aid for restructuring to French shipyards under the sixth shipbuilding aid Directive.³ The French Government has given assurances that the production aid packages will not exceed the 28% ceiling (20% for vessels costing less than 6 million ECU). The restructuring aid is for the partial or complete closure of yards, including the Normed yards, where there will be about 7 000 redundancies, and six other small or medium-sized new building or repair yards where about 3 000 job losses are expected.

Netherlands

2.1.81. The same day the Commission also approved under the sixth Directive⁴ three Dutch programmes for the shipbuilding industry. They were: the total production aid budget to shipyards for 1987-89, the 1987 tax incentives schemes for investment in ships, and an interest subsidy scheme which was within the OECD export credits guidelines.⁴ All the programmes involved direct or indirect operating aid coming within Chapter II of the sixth Directive.

¹ Bull. EC 3-1987, point 2.1.75.

² Bull. EC 2-1986, point 2.1.62.

³ OJ L 69, 12.3.1987, Bull. EC 12-1986, point 2.1.122; Bull. EC 1-1987, point 2.1.49.

⁴ Bull. EC 4-1985, points 2.2.5 and 2.2.49; Bull. EC 7/8-1985, point 2.3.5.

In notifying the programmes, the Dutch Government had given strict assurances that aid packages would be kept within the production aid ceilings of 28% for large vessels and 20% for those costing less than 6 million ECU.

Motor industry

France

2.1.82. On 29 March the Commission cleared FF 20 000 million of government aid to Renault, ending Article 93(2) proceedings against four separate cases of financial assistance to the firm.¹ FF 8 000 million of new capital had been injected into the firm since 1985, and the government now proposed to write off FF 12 000 million of Renault's debts. The Commission was satisfied that none of the previous aid had been used to undercut prices, and noted that Renault's market share had fallen since embarking on its restructuring plan, which started in 1984 and is only due to be completed in 1990. However, the Commission decided that Renault must pay normal interest on a FF 1 250 million loan from the Industrial Modernization Fund and repay the FF 248 million interest subsidy on the loan.

The clearance of the debt write-off is conditional on the planned change in Renault's status from a government 'régie' to an ordinary public limited company.

United Kingdom

2.1.83. On 29 March the Commission decided to start an investigation into a capital injection which the British Government had announced it wished to make to the State-owned Rover Group in order to reduce its debt prior to sale to British Aerospace which had agreed to take over the vehicles manufacturer. The Commission had not been given a precise figure for the proposed debt write-off or details of the restructuring of the company, and so

needed more information in order to be able to assess how the government funding of Rover would affect intra-Community trade and hence whether it was compatible with the common market. The capital injection plan must be suspended until the investigation is completed.

Farm machinery

France

2.1.84. Also on 29 March the Commission decided to disallow assistance given by the French Government to the farm machinery subsidiary of the US company Tenneco on the ground that it was incompatible with the common market. The farm machinery industry has been in recession since the early 1970s and output has halved. The tractor and combine harvester market is dominated by a few multinational companies, which have all had to adapt their production and marketing strategies to the EC market. When in 1984 International Harvester decided to withdraw from this business, the US company Tenneco acquired some of its farm machinery and equipment assets in the US with an option to acquire the French and German subsidiaries also. After negotiations with the French Government on financial help to restructure the balance sheet of IH France, which was on the verge of bankruptcy, Tenneco exercised its option to take over the French subsidiary in 1985 in return for a government grant of FF 40 million (5.7 million ECU) and a subsidized loan of FF 135 million (19.3 million ECU). One of the three production sites in France was later closed.

In view of the overcapacity in the industry and the influence the French Government aid had had on Tenneco's decision to invest in France rather than in other Member States, the Commission decided that the

¹ OJ C 144, 11.6.1986; Bull. EC 12-1985, point 2.1.71; OJ C 269, 25.10.1986; Bull. EC 7/8-1986, point 2.1.80; OJ C 289, 29.10.1987, Bull. EC 7/8-1987, point 2.1.113; OJ C 39, 11.2.1988; Bull. EC 11-1987, point 2.1.102.

assistance could not be allowed to stand and gave the French Government two months to recover the aid.

Man-made fibres

France

2.1.85. On 2 March the Commission decided to open the Article 93(2) scrutiny procedure against a FF 5 million grant to Filature du Hainaut at Valenciennes. The assistance, under the Regional Planning Grant (PAT) scheme, is to support investment costing FF 49.1 million in a production unit for polypropylene filament yarn. The commission felt that aid to the project would breach the man-made fibres aid code,¹ because the product is a direct substitute for polyester and polyamide yarn, in which there is considerable intra-Community trade and fierce competition, and the aid would therefore tend to affect trade and direct competition.

Flat glass

Italy

2.1.86. On 16 March the Commission decided to extend the Article 93(2) proceedings opened on 24 March 1987 against LIT 41 000 million (26.96 million ECU) of funding provided to the State-owned flat glass industry² to a further injection of LIT 50 million (32.98 million ECU) in the industry. The new funding, again in the form of a bond subscribed by the government, is to help finance a float glass line built by Veneziana Vetro at Porto Marghera. The funding was not notified to the Commission in advance as required by Article 93(3) EEC.

Almost all Veneziana Vetro's investment has been financed, directly or indirectly, by government bonds. The Commission did not think any of the exceptions from the State aid rules under Article 92 was applicable.

Electrical engineering

France

2.1.87. On 16 March the Commission dropped the Article 93(2) proceedings started on 29 January 1986³ against a soft loan of FF 70 million (10 million ECU) from the Industrial Modernization Fund (FIM) which had been given in 1984-85 to Merlin-Gerin, a manufacturer of heavy electrical plant. The French Government had supplied further information to the Commission showing that the company had borne all its costs of modernization and that the FIM loan had only supported investment in innovation, which helped improve the technological standards of the industry as a whole.

High-definition television

Netherlands

2.1.88. Six EC⁴ and three non-EC European countries are involved in a 180 million ECU Eureka project aimed at developing a European proposal for standardizing new TV systems by 1989. The new high-definition TV system will be compatible with both the PAL and Secam systems. US and Japanese firms are also working on new TV systems and in 1990 the International Radio Consultative Committee (CCIR) will adopt new international standards. It is hoped that if the Eureka project is successful, the European standard will be adopted by the CCIR.

The Dutch Government recently announced its intention of giving Philips a grant of HFL 24 million (10.3 million ECU) to cover 40% of its share of the project in 1987-88. Philips

¹ OJ C 183, 11.7.1987; Bull. EC 4-1987, point 2.1.63.

² Bull. EC 3-1987, point 2.1.85.

³ Bull. EC 1-1986, point 2.1.54.

⁴ Netherlands (Philips), France (Thomson and others), UK (Thorn EMI and others) Germany (Grundig, Schneider, SEC and others) Belgium (Barco), Italy (Seleco, Telettna).

is responsible for the MAC coding/decoding system and for carrier systems. The Commission approved the aid as it was supporting a project of common European interest and was in line with direct EC efforts in the area.

Textiles

Belgium

2.1.89. In May 1987 the Commission commenced proceedings under Article 93(2) EEC against a scheme to support the Belgian textiles and clothing industry.¹ From the information it had at the time the Commission believed the scheme might be used to finance investment by specific companies, although the textile and clothing industry was in generally good shape and ought to finance its own investment and restructuring.

During the proceedings, the Belgian Government informed the Commission that the funding would be provided only to the Belgian Textiles and Clothing Institute for collective promotional activities for the textile industry as a whole and not for particular companies. Also, the budget of the scheme has been reduced from BFR 2 070 million to 1 520 million and its allocation between the various activities of the Institute reviewed to give greater emphasis to programmes of research and education and training. The export promotion work previously carried out by the Institute has been discontinued, and the Institute will stop receiving government support as from the end of 1989.

In the light of this information and the changes to the originally proposed scheme, the Commission approved the scheme which was now within the Commission's guidelines for the textile and clothing industries.

Public enterprises

Spain

2.1.90. The Spanish Government informed the Commission of the action it had taken to comply with the decision of 22 June 1987² under Article 90(3) EEC, in which the Commission had ordered the government to discontinue its arrangements for subsidizing air and ferry fares of Spanish residents of the Canary and Balearic Islands.

An additional provision in the 1988 Finance Act has extended the subsidized fares to nationals of other Member States from 1 January 1988.

Financial institutions and company law

Financial institutions

Banks and other financial institutions

2.1.91. In the light of the opinions delivered by Parliament³ and the Economic and Social Committee,⁴ on 11 March the Commission sent the Council amendments⁵ to its proposal for a Directive on the obligations of branches established in a Member State by credit institutions and financial institutions having their head offices outside that Member State regarding the publication of annual accounting documents.⁶ These clarify its original proposal and make adjustments necessitated by recent developments in Community legislation, in particular by including specific references to various provisions contained in the Council

¹ OJ C 213, 11.8.1987; Bull. EC 5-1987, point 2.1.83.

² OJ L 194, 15.7.1987; Bull. EC 7/8-1987, point 2.1.121.

³ OJ C 345, 21.12.1987; Bull. EC 11-1987, point 2.1.105.

⁴ OJ C 319, 30.11.1987; Bull. EC 9-1987, point 2.4.30.

⁵ COM(88) 118 final.

⁶ OJ C 230, 11.9.1986, Bull. EC 7/8-1986, point 2.1.86

Directive on the annual accounts and consolidated accounts of banks and other financial institutions¹ and certain obligations incumbent on branches stipulated in the proposal for an 11th company law Directive.²

Stocks and transferable securities

2.1.92. On 22 March the Council adopted,³ on a proposal from the Commission,⁴ on which it had adopted a common position,⁵ an amendment, as regards the investment policy of certain undertakings for investment in transferable securities (Ucits), to the limits laid down in Article 22 of the Directive of 20 December 1985 on Ucits.⁶

Company law, company taxation and capital movements

Company law

2.1.93. In the context of the action programme for SMEs and as part of the programme to coordinate company law, the Commission adopted on 2 March, for transmission to the Council, a proposal for a 12th Directive⁷ under which single-member companies could be established in any part of the Community.

Incorporation affords third parties the requisite safeguards while enabling a sole trader to limit his liability by separating the assets of his business from his private assets. For that reason the proposed directive seeks to limit, as far as possible, use of a single member company to natural persons and small and medium-sized enterprises. By virtue of its separate legal personality a company is better able to continue to exist in the event of the death of its proprietor and the business can be transferred more easily. Under the proposed Directive Member States must allow private limited companies to be accorded the status of a single-member company. Furthermore, there is nothing to

prevent them allowing public limited companies with a single shareholder. In that case, the provisions of the Directive would also apply to such public limited companies.

The proposed Directive provides for a number of safeguards in respect of third parties. It lays down, for example, that the fact that a company has only one member must be disclosed; it prohibits delegation of the powers of the general meeting to a person other than the sole shareholder; it requires decisions taken by the sole member acting as general meeting to be recorded in minutes; and it provides that agreements between the sole member and the company must be drawn up in writing and that any agreements between the sole shareholder and the company represented by him must be authorized by the memorandum or articles of association.

The proposal also includes a timetable which lays down that the Member States are to bring into force the requisite laws, regulations and administrative provisions by 1 January 1990. However, they may provide that in the case of companies already in existence on 1 January 1990 the Directive shall not apply until 1 January 1991.

Employment, education and social policy

Employment

Free movement of workers

2.1.94. On 18 March⁸ the Commission published a communication on the freedom

¹ OJ L 372, 31.12.1986; Bull. EC 12-1986, point 2.1.127.

² OJ C 203, 12.8.1986; Bull. EC 7/8-1986, point 2.1.16.

³ OJ L 100, 19.4.1988.

⁴ OJ C 155, 21.6.1986; Bull. EC 5-1986, point 2.1.61

⁵ Bull. EC 11-1987, point 2.1.108.

⁶ OJ L 375, 31.12.1985; Bull. EC 12-1985, point 2.1.82.

⁷ COM(88) 101.

⁸ OJ C 72, 18.3.1988.

of movement of workers and access to employment in the public services of the Member States, outlining what it intends to do with regard to the application of Article 48(4) of the Treaty, which excludes employment in national civil services from the principle of the free movement of workers.

The Commission intends to focus on the following areas: bodies responsible for administering commercial services, public health care services, teaching in State educational establishments and research for non-military purposes in public establishments. This should be seen as part of the achievement of a single internal market by 1992; an area without frontiers in which the free movement of persons plays a crucial part.

Financial instruments

Aid for workers in the ECSC industries

2.1.95. On 29 March the Commission decided to approve the principle of implementing a common system for ECSC redeployment aid aiming at standardizing the ECSC contribution to the cost of the various types of aid in the Community, at standardizing the level of overall contribution per worker taking account of the economic capacity of the various Community regions, and at achieving greater control over the cost of ECSC redeployment aid in the light of shrinking budget resources.

2.1.96. On the same day the Commission also adopted a series of Decisions regarding a transitional solution (including the exceptional advance on ECSC reserves of 50 million ECU) for the financing of the 1988 social measures and the means to ensure (e.g. by raising the levy provided for by Article 49 of the ECSC Treaty from 0.31% to 0.39%) the financing of the social measures for 1989 and 1990. The amounts to be

reallocated from the 1987 ECSC budget to the 1988 budget will not be known until June.

Education and vocational training

Higher education

2.1.97. On 16 March the Commission decided to set aside a budget of 500 000 ECU for the Arion programme¹ which arranges study visits for specialists in education. During the 1988/89 academic year 70 visits will be organized in all Member States to enable individuals with responsibilities in education to keep abreast of the latest developments and trends in their field, and to increase their professional experience in a wider, European context.

Transition from school to working life

2.1.98. On 12 March² the Commission published a notice of invitation to tender for technical support concerning an action programme for the vocational training of young people and their preparation for adult and working life, with a view to implementing the Decision taken by the Council in this field on 1 December 1987.³

Living and working conditions and social protection

Equal opportunities for men and women

2.1.99. On 21 March the Council agreed on the arrangements for the Community's

¹ Actieprogramma. Reizen met een Instructief karakter voor Onderwijsspecialisten.

² OJ C 67, 12.3.1988.

³ OJ L 346, 10.12.1987, Bull. EC 12-1987, point 2.1.143.

participation in the proceedings of the United Nations Commission on the Status of Women (Vienna, 14 to 23 March) (→ point 2.2.69).

2.1.100. On 25 March¹ the Commission transmitted a report to the Council on action taken by the Member States to implement the Council resolution of 7 June 1984² concerning action to combat unemployment among women. This report confirms that the level of female unemployment is higher than among men, and that it shows a number of specific characteristics which call for equally specific measures. The report's provisional conclusions emphasize the fact that most schemes undertaken by the Member States in this area take the form of vocational training, information and counselling and measures designed to improve ways of sharing responsibilities.

2.1.101. On 5 April³ the Commission sent to the Council an interim report on a number of aspects of the implementation by the Member States and by the Commission of measures under the Community's medium-term programme 1986-90⁴ on equal opportunities for women, which was also the subject of a Council resolution of 26 June 1986.⁵ The report shows that many positive measures have been, or are about to be, undertaken in all areas concerned (national governmental services, overall policy, taxation policy, education and training, social security systems, the setting-up of businesses, etc.).

2.1.102. On 10 March⁶ the European Parliament adopted resolutions dealing with the problem of women and employment, and with the non-compliance with Directives concerning equal treatment for men and women (indirect discrimination) (→ point 2.4.20).

Social integration of people with disabilities

2.1.103. On 9 March the Commission published an invitation to tender⁷ concern-

ing the operation of a team of experts responsible for implementing the second Community action programme for people with disabilities.⁸

Social security of migrant workers

2.1.104. On 24 March the Economic and Social Committee adopted an opinion on the proposal⁹ to amend the Regulations on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community¹⁰ (→ point 2.4.35).

Health and safety

Health and safety at work

2.1.105. On 25 March the Commission approved, for transmission to the Council, the proposal for a Council Directive on the protection of workers from the risks related to exposure to biological agents at work,¹¹ which aims at encouraging the harmonization of the conditions in this field.

The Commission's communication on its programme concerning safety, health and hygiene at work,¹² which was welcomed by the Council in its resolution of 21 December 1987¹³ and which is based on the Council

¹ COM(88) 135 final.

² OJ C 161, 21.6.1984; Bull. EC 6-1984, point 2.1.57.

³ COM(88) 150 final.

⁴ Supplement 3/86 — Bull. EC, OJ C 356, 31.12.1985; Bull. EC 12-1985, point 2.1.106.

⁵ OJ C 203, 12.8.1986; Bull. EC 6-1986, point 2.1.116.

⁶ OJ C 94, 11.4.1988.

⁷ OJ C 64, 9.3.1988.

⁸ OJ C 257, 28.9.1987; Bull. EC 7/8-1987, point 2.1.141; Bull. EC 11-1987, point 2.1.131.

⁹ OJ C 52, 24.2.1988, Bull. EC 1-1988, point 2.1.47.

¹⁰ OJ L 149, 5.7.1971; OJ L 74, 27.3.1972; OJ L 230, 22.8.1983; Bull. EC 7/8-1983, point 2.1.66; OJ L 355, 16.12.1986; Bull. EC 12-1986, point 2.1.156.

¹¹ COM(88) 165.

¹² Bull. EC 10-1987, point 2.1.93.

¹³ OJ C 28, 3.2.1988.

Directive of 27 November 1980¹ on the protection of workers from harmful exposure to chemical, physical and biological agents at work, already contains a statement on the subject of biological agents.

2.1.106. On 9 March² Parliament approved the Council's common position³ on the proposal for a Directive on the protection of workers by the proscription of specified agents and/or work activities.⁴

Regional policy

Financial instruments

Aid for disaster victims

2.1.107. On 10 March Parliament adopted a resolution on the destruction caused by the storms which hit the North-West of Ireland² (→ point 2.4.20).

Coordination of structural instruments

Reform of the structural Funds

2.1.108. In the light of the outcome of the European Council meeting in Brussels on 11 to 13 February⁵ and of the amendments proposed by Parliament,⁶ on 23 March the Commission sent to the Council an amended⁷ proposal for a framework Regulation on the reform of the structural Funds.⁸

The list of regions concerned by the objective of helping the less-developed regions to catch up (Objective No 1) has been extended. In addition to the regions with a per capita GDP, on the basis of figures for the last three years, of less than 75% of the Community average, it now includes

Northern Ireland, the French overseas departments and other regions whose per capita GDP is close to 75% of the Community average and which have been added for special reasons. The following initial list of regions is thus proposed: Andalusia, Asturias, Castile-Leon, Castile-La-Mancha, Ceuta and Melilla, Valencia, Extremadura, the Canary Islands and Murcia (Spain); the French overseas departments and Corsica (France); the whole of Greece; the whole of Ireland; Abruzzi, Basilicata, Calabria, Campania, Molise, Apulia, Sardinia, Sicily (Italy); the whole of Portugal; Northern Ireland (United Kingdom). This list will have to be reviewed by the Council, acting by a qualified majority on a proposal from the Commission and in consultation with Parliament, within five years of the date on which the reform of the Funds enters into force.

The areas concerned by the objective of converting declining industrial areas (Objective No 2) must satisfy the following criteria: the average rate of unemployment must have been at least 15% above the Community average in the last three years; the percentage share of industrial employment in total employment must have exceeded the Community average in any of the last 10 reference years; there must have been a fall in industrial employment. Also eligible for Community assistance are areas which have experienced substantial job losses over the last three years in certain specific industries (coal, steel, textiles/clothing and shipbuilding), and areas threatened with substantial job losses as a result of restructuring plans in these same industries, with the job losses in both cases producing serious aggravation of unemployment. As

¹ OJ L 327, 3.12.1980; Bull. EC 11-1980, point 2.1.38.

² OJ C 94, 11.4.1988.

³ Bull. EC 12-1987, point 2.1.138.

⁴ OJ C 270, 10.10.1984; Bull. EC 9-1984, point 2.1.51; Bull. EC 6-1985, point 2.1.22; OJ C 3, 7.1.1988; Bull. EC 11-1987, point 2.1.136.

⁵ Bull. EC 2-1988, point 1.1.1 *et seq.*

⁶ OJ C 345, 21.12.1987; Bull. EC 11-1987, point 1.1.8.

⁷ COM(88) 144 final.

⁸ OJ C 245, 12.9.1987; Bull. EC 7/8-1987, point 1.1.2.

soon as the reform has entered into force, the Commission will draw up an initial list of the areas in question, which it will review each year.

Similarly, the Commission made it clear that Objective No 5 was designed to continue and expand a number of measures aimed at speeding up the adjustment of agricultural structures (Objective No 5a) and to see whether the development plans for rural areas (Objective No 5b) are consistent with the stipulated objectives.

The Commission has taken account of the outcome of the Brussels European Council: The Commitment appropriations for the three structural Funds taken together will be doubled in real terms between 1987 and 1993. The contribution of the structural Funds to the regions covered by Objective No 1 will be doubled in real terms between 1987 and 1992.

As requested by the European Council,¹ this framework Regulation should be adopted by 31 May 1988 and enter into force on 1 May 1989.

2.1.109. On 8 March Parliament adopted a resolution on methods of financing under the Community's structural Funds (→ point 2.4.20).²

Integrated Mediterranean programmes

2.1.110. On 16 March the Commission adopted two new draft Italian IMPs:

- The draft IMP for Basilicata aims to improve the region's socio-economic structures and covers sectors as varied as agriculture (in particular livestock farming), small crafts, industry, services, training facilities and tourism. Four central development priorities are proposed to that end: development of inland areas; upgrading of existing infrastructures (in particular artificial lakes and the improvement of marketing of typical agricultural products); launch of a series of small-scale tourism ventures; major effort to improve vocational training. The total cost over the period 1986-92 is

put at approximately 130 million ECU, of which some 42% (66.5 million ECU) will be met from the Community budget. This assistance will be accompanied by European Investment Bank (EIB) loans which might total some 35 million ECU.

- The draft IMP for Tuscany, which excludes the Florence conurbation and built-up coastal strip, where only fisheries and aquaculture projects may be assisted, covers sectors such as agriculture, forestry, small crafts, services, industry, tourism and the environment. Five central development priorities have been identified: exploitation of typical regional products (livestock farming, high-quality food products, etc.); conservation and improvement of the forest; support for and modernization of industry and craft industries (technological innovation, management, new industrial parks, etc.); protection and improvement of the environment in certain inland areas and enhancement of their tourism potential; help with fisheries projects and the creation of a business and innovation centre may be examined at a later date. The total cost over the period 1987-92 is put at 226.5 million ECU, of which approximately 31% (69.6 million ECU) will be met from the Community budget. The EIB will contribute loan finance.

2.1.111. On 29 March the Commission also adopted a draft IMP for Liguria (Italy). Its main aim is to redirect activities in inland areas which are particularly underdeveloped compared to the coastal strip. To that end, the draft IMP for Liguria concentrates on three development priorities: development of inland areas and of specialized crops (local flowers and high-quality early fruit and vegetables, promotion of inland tourism); dynamization of the network of small and medium-sized firms, particularly through financial engineering (venture capital and guarantee fund); intensification of forestry schemes to maintain income and employment in rural areas and

¹ Bull. EC 2-1988, point 1.1.1 *et seq*

² OJ C 94, 11.4.1988.

the balance between tourism and the environment in the areas concerned. Its total cost over the period 1986-92 should be some 187 million ECU, of which almost 30% (52 million ECU) will be met from the Community budget. The EIB will also provide finance.

2.1.112. The programme contracts for the IMPs concerning the Molise,¹ Marche² and Abruzzi³ regions were signed on 5, 24 and 25 March.⁴ These are the first three Italian IMPs to be implemented.

2.1.113. Earlier, on 2 March, the Advisory Committee on IMPs delivered a favourable opinion on the draft IMPs concerning the Abruzzi region³ and the Marche region.²

2.1.114. In accordance with the Regulation of 23 July 1985 concerning the integrated Mediterranean programmes,⁵ the Commission adopted on 29 March its first detailed report on the implementation of the IMPs in 1986 and 1987. The report shows that the IMPs have enabled conditions to be created in which dialogue and consultation are making an essential contribution to programming; they have also encouraged a measure of innovation in the economic activities of the regions concerned and have introduced decentralized and cross-sectoral mechanisms which should ensure that programmes are implemented more satisfactorily. An annex contains a list of all the Community's financial operations to provide structural assistance, indicating which of them contribute to the implementation of the IMPs.

Other integrated approaches

2.1.115. On 16 March the Commission adopted a proposal for a Regulation,⁶ for transmission to the Council, on financial support for Portugal for a specific industrial development programme (Pedip).⁷

Environment and consumers

Environment

Council

2.1.116. On 21 March the Council approved a resolution on the close of the European Year of the Environment (→ point 2.1.117); it reached agreement on a proposal for a Directive establishing limit values and quality objectives for discharges of chloroform into the aquatic environment (→ point 2.1.120). It continued its examination of the proposal for a Directive on water quality objectives for chromium and limits on chromium concentrations in water⁸ on the basis of a compromise proposal from the Presidency, but was unable to reach agreement at this stage; the Council acknowledged the importance of the proposal for a Directive on waste from the titanium dioxide industry⁹ and the need to make every effort for it to be adopted at its June meeting; it also continued¹⁰ its examination of the proposal for a Directive on the limitation of emissions of pollutants into the air from large combustion plants¹¹ on the basis of a compromise proposal from the Presidency, and expressed its desire to take a decision at its June meeting. It also further discussed the proposal for a Decision establishing a five-year Community-wide programme of projects illustrating how environmental action can also contribute to employment creation,¹² mainly con-

¹ Bull. EC 12-1987, point 2.1.173.

² Bull. EC 1-1988, point 2.1.53.

³ Bull. EC 1-1988, point 2.1.52.

⁴ OJ L 107, 28.4.1988.

⁵ OJ L 197, 27.7.1985, Bull. EC 7/8-1985, point 2.1.106.

⁶ COM(88) 141 final.

⁷ Bull. EC 10-1987, point 2.1.112.

⁸ OJ C 351, 31.12.1985; Bull. EC 12-1985, point 2.1.141.

⁹ OJ C 138, 26.5.1983; Bull. EC 4-1983, point 2.1.82, OJ C 167, 27.6.1984; Bull. EC 6-1984, point 2.1.75.

¹⁰ Bull. EC 12-1987, point 2.1.180.

¹¹ OJ C 49, 21.2.1984; Bull. EC 12-1983, point 2.1.118; OJ C 76, 22.3.1985, Bull. EC 2-1985, point 2.1.62.

¹² OJ C 141, 27.5.1987; Bull. EC 2-1987, point 2.1.83; Bull. EC 2-1988, point 2.1.99.

centrating on the financial aspects of the proposal. The Council held an initial exchange of views on the proposal for a Decision concluding and implementing the Vienna Convention for the protection of the ozone layer and the Montreal Protocol on substances that deplete the ozone layer, and on the proposal for a Regulation on the implementation of the Montreal Protocol in the Community.¹ The Council noted that the political will existed for taking a decision on this matter in good time to enable the Montreal Protocol to enter into force on 1 January 1989. Finally, pending Parliament's opinion, the Council held an initial exchange of views on the proposal for a Directive on the measures to be taken against air pollution by gases from the engines of motor vehicles (small cubic capacity).²

European Year of the Environment (EYE)

2.1.117. On 21 March the Council approved a resolution on the close of the European Year of the Environment:

'The Council of the European Communities,

- Referring to the decision³ of the European Council of 29 and 30 March 1985 designating 1987 as the European Year of the Environment and to the Council resolution of 6 March 1986⁴ on an action programme for that Year;
- Noting that, following adoption of the Single Act, environmental protection policy has become a fully-established policy of the European Community;
- Thanks the Commission and all those who have contributed, under the aegis of the Steering Committee and the National Committees, to the success of the European Year of the Environment;
- Welcomes the impact made by and response to the European Year of the Environment in the Community, enabling awareness to be increased among a large number of those in positions of responsibility in administrations, industry and trade unions, local authorities and associations and also a broad spectrum of European public opinion, particularly young people;
- Is pleased that events were organized around practical projects and in a decentralized way,

thereby enabling numerous regional and local bodies in the Community to participate;

- Notes with interest the efforts made to encourage in particular European, multinational or bilateral projects and to involve the business world in the European Year of the Environment;
- Takes note of the initiatives to encourage the submission and implementation of projects with an environmental aspect which may be eligible for the various Community Funds;
- Notes with satisfaction that some non-member countries were involved in the European year of the Environment and that the Commission carried out information, education and awareness projects directed at developing countries;
- Hopes that the information and awareness activities undertaken during the European Year of the Environment will have follow-on effects well beyond it and bring benefits and practical progress for the protection of the environment and of the world we live in;
- Calls on the Commission, on the basis of experience in the European Year of the Environment, and in cooperation with the Member States, to continue its information and education efforts and to carry out practical measures to that end, in association with interested organizations;
- Emphasizes in this connection that, if Community environmental policy is to progress in both its framing and its implementation, there is a need for greater convergence of interests and attitudes on the importance of environmental problems on the part of public opinion and the sectors concerned in all Member States;
- Calls upon the Member States to pursue the objectives which inspired the European Year of the Environment in collaboration with interested groups and the Commission.'

2.1.118. On 21 March an exhibition on the achievements of the Year was opened by the President of the Council, Mr K. Töpfer and the President of the Commission, Mr Delors. The exhibition, which was held from 21 to 25 March at the Borschette Centre in Brussels, had more than 75 stands illustrating some of the major events which were held as part of EYE, at both Community and national level. The Environment Ministers of the Member

¹ Bull. EC 2-1988, point 2.1.104

² OJ C 56, 27.2.1988; Bull. EC 2-1988, point 2.1.103.

³ Bull. EC 3-1985, point 1.2.5.

⁴ OJ C 63, 18.3.1986; Bull. EC 3-1986, point 2.1.100.

States and the members of Parliament's environmental group were also present at the opening. This was also the occasion for the launching of NETT.¹

Prevention and reduction of pollution and nuisance

Protection of the aquatic environment

2.1.119. On 10 March Parliament adopted resolutions² on the implementation of Community legislation relating to water and on lead in water (→ point 2.4.20).

Chloroform

2.1.120. On 21 March the Council reached agreement on a proposal for a Directive establishing limit values and quality objectives for chloroform discharges into the aquatic environment.³ The aim of this Directive is to regulate chloroform throughout the Community in view of the dangerous nature and wide diffusion of this substance. Adoption of the Directive will mark a further stage in the Community-wide regulation of dangerous substances listed in the Annex to the Council Directive of 4 May 1976.⁴

Air pollution

2.1.121. On 10 March Parliament adopted a resolution² on the incorporation into national law of Community Directives on the improvement of the quality of the air (→ point 2.4.20).

Noise abatement

2.1.122. On 22 March the Council adopted two Directives⁵ amending the Council Directive of 17 September 1984⁶ on the approximation of the laws of the Member States relating to the permissible sound power level of lawnmowers.⁷ The purpose of these amendments is to lay down a permissible sound power level at the oper-

ator's position of 90 dB(A) for lawnmowers with a cutting width exceeding 120 cm and to add provisions regarding cylinder lawnmowers to the 1984 Directive.

2.1.123. On 9 March Parliament approved² the common position of the Council⁸ on these two proposals.⁷

Controls on chemicals, industrial hazards and biotechnology

Major accident hazards of certain industrial activities

2.1.124. On 22 March the Commission sent the Council a proposal⁹ for a Directive amending for the second time the Directive of 24 June 1982 on the major accident hazards of certain industrial activities¹⁰ (known as the 'Seveso Directive'). The purpose of this proposal is to extend the scope of the 1982 Directive to the storage of dangerous chemicals and to strengthen its provisions regarding information to the public.

Biotechnology

2.1.125. On 29 March the Commission approved two proposals¹¹ for Directives concerning biotechnology for transmission to the Council. One of these is a proposal on the contained use of genetically modified microorganisms, which is intended to provide protection to people and the environment from the possible risks arising from such use, proposing, to this end, standardized containment measures together with harmonized procedures for the prevention

¹ Network for Environmental Technology Transfer.

² OJ C 94, 11.4.1988.

³ OJ C 70, 18.3.1985; Bull. EC 1-1985, point 2.1.30; OJ C 160, 27.6.1986.

⁴ OJ L 129, 18.5.1976.

⁵ OJ L 81, 26.3.1988.

⁶ OJ L 300, 19.11.1984; Bull. EC 9-1984, point 2.1.70.

⁷ OJ C 20, 27.1.1987; Bull. EC 12-1986, point 2.1.94; OJ C 113, 28.4.1987; Bull. EC 4-1987, point 2.1.92.

⁸ Bull. EC 11-1987, point 2.1.158.

⁹ OJ C 119, 6.5.1988; COM(88) 124 final.

¹⁰ OJ L 230, 5.8.1982; Bull. EC 6-1982, point 2.1.92.

¹¹ COM(88) 160 final.

and control of accidents and waste treatment. The other, which concerns the deliberate release to the environment of genetically modified organisms (GMOs), is intended to provide protection to people and the environment from the possible risks arising from such release. It establishes a case-by-case notification and endorsement procedure for both experimental releases and the placing on the market of products containing or consisting of GMOs.

Waste disposal

2.1.126. On 14 March the Council adopted a decision authorizing the Commission to negotiate on behalf of the Community, within the OECD, an International Agreement on the control of transfrontier movements of hazardous wastes.¹ The draft Agreement provides in particular for a series of identification, notification, authorization and monitoring measures to be carried out, without which all imports, transit journeys or exports of hazardous wastes would be prohibited.

2.1.127. On 22 March the Council adopted a decision authorizing the Commission to negotiate an Agreement with the United States on procedures for monitoring transfers of hazardous wastes.

Protection and use of resources

Fauna and flora

2.1.128. Pursuant to the Council Directive of 27 September 1985² amending the Directive of 28 March 1983 concerning the importation into Member States of skins of certain seal pups and products derived therefrom,³ on 22 March the Commission adopted, for transmission to the Council and Parliament, a report on developments in scientific data on the conservation status of populations of the species concerned and on the development of the market for seal skins, in particular those obtained by traditional hunting practices.⁴

Although the trend is favourable as regards populations of harp and hooded seals in the North-West Atlantic, the overall situation has not altered a great deal since 1985. The Commission is therefore proposing to review the situation in the light of developments between now and the end of the first quarter of 1989; i.e. before the Directive expires on 10 October 1989.

International cooperation

2.1.129. The first meeting of government advisers from the countries of the United Nations Economic Commission for Europe (ECE) on environment and water questions was held in Geneva from 29 February to 4 March. A declaration on the protection of flora and fauna and their habitats was approved at the meeting.

The advisers also approved the work programme for the years to come and a draft regional strategy for protection of the environment and rational use of natural resources in the Member States of the ECE in the period up to and beyond the year 2000. The Soviet delegation gave an account of the consequences of the Chernobyl accident.

2.1.130. The first special session of the United Nations Environment Programme (UNEP) was held in Nairobi from 14 to 18 March. At this meeting two programmes, the medium-term programme on the environment for the whole United Nations system and the UNEP medium-term plan for the period 1990-95, which sets out the approaches and basic strategies to be followed in the years to come, were approved.

There were many amendments made during the meeting, including ones proposed by the Community and its Member States, to ensure a rational and effective policy on the environment in all UN agencies. The report

¹ Bull. EC 10-1987, point 2.1.130.

² OJ L 259, 1.10.1985; Bull. EC 9-1985, point 2.1.85.

³ OJ L 91, 9.4.1983; Bull. EC 3-1983, point 2.1.85.

⁴ COM(88) 147 final.

from the World Commission on Environment and Development¹ was also considered, in particular the need to ensure sustainable long-term development which protects the environment and takes account of environmental considerations from the beginning of the economic planning process.

Consumers

Physical protection and product safety

Cosmetics

2.1.131. On 2 March the Commission adopted a 10th Directive² adapting to technical progress Annexes II, III, IV and VI to the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products.³ This Directive prohibits the use of colouring agents such as CI 12140, CI 26105, CI 42555 and two hair dyes: 2.4-diaminoanisole (CI 76050) and 2.5-diaminoanisole. It also supplements provisions regarding the labelling of cosmetics containing mercaptoacetic acid and warnings regarding their use. Finally, it authorizes the use of etidronic acid in hair care products and soap.

Toy safety

2.1.132. On 9 March Parliament amended⁴ the common position of the Council⁵ on the proposal for a Directive on the approximation of the laws of the Member States on toy safety.⁶

System for the rapid exchange of information on dangers arising from the use of consumer products

2.1.133. The Council Decision⁷ of 2 March 1984 setting up this system was enacted for a period of four years which is coming to an end.

On 18 March, therefore, the Commission transmitted to the Council a report on the operation of the system over the four years.⁸ As the system has proved its usefulness, it is proposed that the period of validity of the 1984 Decision be extended by six years.

Protection of economic and legal interests

Package tours

2.1.134. On 3 March the Commission transmitted to the Council a proposal for a Directive on package travel.⁹ This proposal was drawn up in the context of the Community consumer programme¹⁰ and its policy on tourism.¹¹

The aim of the Directive is to approximate the laws of the Member States by laying down basic rules for the arrangements made by millions of travellers each year, on the basis of which services such as transport and accommodation are provided at international level.

One of the provisions aims to ensure that travel organizations render their services punctually and efficiently. Experience has shown that a large number of travellers have encountered problems in this respect for reasons such as the overbooking of hotels and last-minute rescheduling of departures.

¹ Bull. EC 5-1987, point 2.1.135; Bull. EC 6-1987, point 2.1.137.

² OJ L 105, 26.4.1988.

³ OJ L 262, 27.9.1976.

⁴ OJ C 94, 11.4.1988.

⁵ Bull. EC 12-1987, point 2.1.196.

⁶ OJ C 282, 8.11.1986; Bull. EC 10-1986, point 2.1.128.

⁷ OJ C 343, 21.12.1987; Bull. EC 10-1987, point 2.1.134.

⁸ OJ L 70, 13.3.1984; Bull. EC 3-1984, point 2.1.111.

⁹ COM(88) 121 final.

¹⁰ OJ C 96, 12.4.1988; COM(88) 41 final.

¹¹ OJ C 167, 5.7.1986; Bull. 6-1987, point 2.1.165.

¹² OJ C 340, 31.12.1986; OJ L 384, 31.12.1987; Bull. EC 12-1986, point 2.1.60.

Other provisions cover the accuracy of advertising and advertising brochures, contract terms, limits on price increases, cancellation of and substantial changes to agreements entered into, information, settlement of disputes and compensation. The proposal also lays down that failure to provide the agreed services must be covered by insurance or a guarantee. The Directive should enter into force by 31 December 1990 at the latest.

Access to the courts

2.1.135. A pilot project forming part of the Commission's activities in the field of access to the courts was presented in France in the presence of the French Secretary of State for Consumer Affairs, Mr Arthuis. Based on the courts of first instance in Dijon and le Creusot, the project aims to simplify the procedure for resolving disputes. The French Justice Ministry has adopted two measures enabling the project to operate smoothly: one authorizes the court to take up a case simply by means of a verbal or written declaration, while the other empowers it to use the injunction procedure so that a preliminary or provisional ruling can be given.

The first stage of the project involves the re-establishment of an existing conciliation procedure. The second stage will be concerned with the use of new procedures.

The project, which is headed by the University of Burgundy, was prepared with the agreement of the French national and local authorities, the officials of the Court, the Bar and other interested parties. It is financed by the Commission and the planned duration is two years.

Agriculture

Further reform of the CAP

2.1.136. Meeting from 7 to 9 and from 28 to 30 March, the Council considered proposals for Regulations implementing the

agreement reached in the European Council held in Brussels in February.¹

At the first of these two meetings, the Council recorded an informal agreement on the proposals relating to stabilizers for cereals, oilseeds and protein plants, sheepmeat and goatmeat, sugar, milk, fruit and vegetables and raw tobacco.²

The stabilizers will take effect on 23 May for sheepmeat and goatmeat in all the Member States, and from the 1988/89 marketing year for cereals.

As regard cereals, points relating, in particular, to the definition of small producers and to implementation of the principle of exemption from the co-responsibility levy—agreed upon as part of the conclusions of the Brussels European Council—were included in the package on prices and related measures for 1988/89 (→ points 1.2.1 to 1.2.7 and 2.1.139).

For sheepmeat and goatmeat, the production threshold beyond which prices are reduced is open to review: the Brussels European Council had used figures based on an estimate of stock numbers in Spain that may not be correct. The Commission will make any appropriate adjustments.

As for the set-aside scheme,³ the Council agreed that the new scheme would be activated on 1 July 1988. The Commission undertook to adopt the implementing measures for which it is responsible by 30 April.

It was agreed that implementation by the Member States of the measures required to comply with the Regulation on extensification and conversion should be deferred to no later than 1 January 1989.

As regards the pre-pension scheme the Council decided to apply provisionally the system proposed by the Commission⁴ but

¹ Bull. EC 2-1988, point 1.1.1.

² Bull. EC 9-1987, point 1.5.1; Bull. EC 2-1988, points 1.1.1 and 2.1.108.

³ OJ C 51, 23.2.1988; Bull. EC 1-1988, point 1.3.1 *et seq.*; Bull. EC 2-1988, points 1.1.1 and 2.1.108.

⁴ OJ C 236, 2.9.1987; Bull. EC 4-1987, point 1.2.1. *et seq.*; Bull. EC 2-1988, point 1.1.1, COM(88) 89 final.

to review the scheme, notably the financing aspects, in two years' time.

It was not until its meeting on 28 to 30 March that the Council reached informal agreement on a compromise text concerning the wine stabilizers.¹ The main points are as follows:

The buying-in price for distillation was set at 50% of the guide price for quantities to be distilled up to 10% of normal disposals and at 7.5% thereafter, the 7.5% limit to be phased in over the next three marketing years.

As regards the premiums for areas exceeding 25 ares planted with wine grape varieties, selective premiums, differentiated according to yield per hectare, were agreed (from 1 200 to 10 200 ECU). The premiums for the other types of wine areas are increased by up to 20%.² These percentages apply to the premiums for high-yield areas.

All the areas under vines are covered by this scheme. However, at the reasoned request of a Member State, the Commission will have power to waive the principle by reference to certain objective conditions of a technical, social or economic character. Such waivers may not cover more than 10% of the relevant Member State's production potential.

The Community's contribution to financing will be 70% of expenditure. For 1988/89 and 1989/90, the contribution will be shared equally between the Guidance and Guarantee Sections of the EAGGF. Details of the breakdown for subsequent marketing years will be agreed in the light of the results obtained from the efforts being made to restore order to the markets.

It was agreed to review the operation of the grubbing schemes by 1 April 1990, with a view to adjustment if needed.

This completed the Council's review of the set of agricultural stabilizers. This package can now be formally adopted as soon as Parliament has given its opinion.

2.1.137. Following a resolution embodying general guidelines on set-aside of farmland,³ on 11 March Parliament adopted an opinion⁴ on the proposal for a Regulation⁵ amending those of 12 March 1985⁶ and of 15 June 1987⁷ as regards set-aside and extensification and conversion of production. Parliament endorsed the set-aside scheme (though it feels that it is not a panacea that can get to the root of the problems of the CAP, but only a tideover facility), subject to amendments concerning Community financing, the duration of withdrawal from cropping of the relevant land, the nature of such a withdrawal from cropping and the level of the aid. It adds that the scheme must be optional for the farmers but binding for the Member States.

Council

2.1.138. Meeting from 7 to 9 and from 29 to 30 March, the Council approved proposals for Regulations implementing the agreement reached in the Brussels European Council held in February concerning the stabilizers, set-aside and the pre-pension scheme (→ point 2.1.136).

At the first of these two meetings, the Council resumed⁸ its review of the proposals for Regulations concerning aid to the production of olive oil and the establishment, for 1987/88, of the percentage of the aid to be withheld for the producers' organizations. It formally adopted these Regulations at its second meeting (→ point 2.1.156). At the same time, the Commission and the Council also agreed that action will be taken to assist Greece in view of the

¹ Bull. EC 9-1987, point 1.5.1; Bull. EC 2-1988, point 1.1.1.; OJ C 100, 15.4.1988; COM(88) 125 final.

² OJ L 88, 28.3.1985; Bull. EC 3-1985, point 2.1.89; Bull. EC 2-1985, point 1.1.2.

³ OJ C 68, 14.3.1988, Bull. EC 2-1988, point 2.4.11.

⁴ OJ C 94, 11.4.1988.

⁵ OJ C 51, 23.2.1988; Bull. EC 1-1988, point 1.3.1 *et seq.*, Bull. EC 2-1988, point 2.1.108.

⁶ OJ L 93, 30.3.1985; Bull. EC 3-1985, point 2.1.111 *et seq.*

⁷ OJ L 167, 26.6.1987; Bull. EC 6-1987, point 2.1.180; Bull. EC 3-1987, point 2.1.176.

⁸ Bull. EC 2-1988, point 2.1.111.

damage caused to Greek production following particularly unfavourable weather in 1987.

Pending the opinion from Parliament, the Council established a common approach, based on a compromise, on the proposal concerning the improvement of agricultural development in the less-favoured areas of the West of Ireland (→ point 2.1.161).

The Council approved, by a qualified majority, the Directive prohibiting the use in livestock farming of certain substances having a hormonal action;¹ the substance of the new Directive is identical to that of the Directive of 31 December 1985,² which had been cancelled for procedural reasons by the Court of Justice on 23 February.³ The Council also adopted⁴ a Directive relating to the execution of the judgment of the Court of Justice of 23 February³ cancelling the Directive of 25 March 1986 laing down minimum standards for the protection of laying hens kept in battery cages.⁵

When it met from 28 to 30 March, the Council endorsed a proposal for a Regulation amending that of 12 March 1985 on the improvement of the efficiency of agricultural structures (→ point 2.1.62).

As the 1987/88 marketing years for milk and milk products and beef/veal were running out, the Council extended⁶ them by one month.

Lastly, the Council started discussion of the Commission's proposals on prices and related measures for 1988/89 (→ points 1.2.1 to 1.2.7 and 2.1.139). It agreed to make a thorough review of these proposals when it met for the next time on 18 and 19 April in Luxembourg.

Agricultural prices and related measures for 1988/89

2.1.139. On 25 March and 4 April the Commission sent to the Council its proposals for agricultural prices and related measures for 1988/89 (→ point 1.2.1 *et seq.*).⁷

For most items, the Commission proposes no change in the 1987/88 prices.⁸ However, for a small number of items, adjustments are needed to accommodate specific conditions in the relevant markets. Allowing also for the agri-monetary adjustments proposed by the Commission, the average increase in prices as a result of the proposals would be 0.31%.

Related measures

Cereals

Updating of the cost of transport from Ormes to Duisburg (26.90 ECU/tonne, as against 32.70 ECU/tonne in 1987/88), resulting in lower target prices for common wheat (− 2.26%), feed grain (− 2.48%) and durum wheat (− 1.14%).

Change in the detailed rules for charging the co-responsibility levy. Under the new arrangements the levy would be charged when the producer markets the product (at present the levy is charged at the first-processing stage or when the products are bought-in, or exported from the Community).

Basic co-responsibility levy to be kept at its 1987/88 level (5.38 ECU/tonne, plus the additional co-responsibility levy introduced as part of the new stabilizer mechanisms).

Premiums for bread-making wheat and bread-making rye to be kept at 3.59 ECU/tonne and 8.97 ECU/tonne respectively.

Increase of 12.52% in the aid for durum wheat to offset, to a certain extent, the narrowing of the gap between the inter-

¹ OJ L 70, 16.3.1988.

² OJ L 382, 31.12.1985, Bull. EC 12-1985, point 2.1.173.

³ OJ C 74, 22.3.1988.

⁴ OJ L 74, 19.3.1988.

⁵ OJ L 95, 10.4.1986; Bull. EC 3-1986, point 2.1.115.

⁶ OJ L 88, 1.4.1988.

⁷ COM(88) 120 final.

⁸ OJ L 182, 3.7.1987, OJ L 183, 3.7.1987; OJ L 184, 3.7.1987; Bull. EC 6-1987, points 1.3.1 and 2.1.148 *et seq.*

vention price for durum wheat and that for common wheat.

Flat-rate levy for canary seed, millet and buckwheat (see that for barley).

Rice

Restoration of the intervention arrangements applicable prior to 1987/88 (activation no longer tied to the recording of prices on certain representative markets).

Starch products

To ensure compliance with the minimum price for potatoes used by the starch industry, the premium is to be granted only if the minimum price has been paid.

Sugar

Community aid to refiners in respect of preferential sugar.

Ceiling of 0.50 ECU per 100 kg of white sugar on the national aid to refiners of raw cane sugar in the United Kingdom. Part of the aid (25%) would be financed by the Community.

Olive oil

Production aid to be kept at 80.95 ECU/100 kg in the case of olive growers producing 200 kg or less per marketing year, and 70.95 ECU/100 kg in the case of other growers.

The share of production aid which is withheld as a contribution to the cost of the work assigned to producers' organizations is to be reduced to 1.7% (from 1.9% in 1987/88).

The percentage of production aid which is held back and used for financing regional measures to improve the quality of olive production is to be 2%.

The percentage of production aid withheld to finance further work on the establishment of a register of olive cultivation is to be 2.5%.

Table olives

Introduction of marketing standards.

Rape and sunflower seed

The premium on the intervention price for 'double zero' rape is to be maintained.

Buying-in no longer linked to the recording of market prices.

Reduction of 50% in the monthly increases.

Advance-fixing certificates for the aid to be issued after a period of three working days (compared with one working day at present).

Soya beans

Introduction of an improved system for fixing the aid in advance, which takes account of forward prices on the world market.

Tougher inspection arrangements.

Protein products

Securities to be lodged in respect of imported peas and field beans and released only when the products can no longer qualify for the aid.

Monthly increases to remain unchanged in terms of number, distribution and amounts (0.18 ECU/100 kg in the cases of the minimum price and the guide price, and 0.40 ECU/100 kg in the case of the activating threshold price).

Dried fodder

The minimum quality criteria for entitlement to production aid to be made more stringent (in particular as regards the protein content).

Textile fibres

The maximum guaranteed quantity for cotton to be set at 752 000 tonnes of ginned cotton.

The share of the flat-rate aid per hectare earmarked for financing measures to promote the use of flax is to be kept at 35.51 ECU/ha (10% of the aid).

Fruit and vegetables

Clear definition of the concept of a 'representative market' for the purposes of calculating the entry price of imported goods.

Introduction of a system of processing aid for dried 'Muscatel' grapes. Contracts would normally be concluded only with producers' groups.

Introduction of a guarantee threshold for the production of dried 'Muscatel' grapes.

Adjustment of the aid scheme for pineapples in syrup and extension of the scheme to other products processed from pineapples. Simultaneous introduction of a guarantee threshold at 11 000 tonnes for pineapples in syrup and 3 000 tonnes for pineapple juice.

Introduction of a guarantee threshold for peaches in syrup. The threshold would be equal to the average of quantities produced in the three preceding years. If the threshold was exceeded, aid for the following year would be reduced proportionately.

Wine

Fixing of a lower limit for by-products of wine-making to be delivered for distillation. The Commission would fix, annually, the quantities to be delivered above the limit, in the light of the market situation.

Suspension of the limitation on the distillation of 'other wines' until the end of the year, the final date being fixed by the Commission.

Tobacco

Fixing of new maximum quantities to be taken over by the intervention agencies, any overrun being penalized by a price reduction. The new quantities take account

of the maximum guaranteed quantities laid down under the stabilizer arrangements.

Increase of the price penalty on any undertaking whose deliveries to intervention exceed, in three consecutive years, 15% of the quantities of Community-grown leaf tobacco handled by the undertaking.

Revision of the scale of price increases and reductions to make a sharper distinction between the intervention prices for superior-quality tobacco and that for inferior-quality tobacco.

Introduction of a 'European tobacco-growing contract'.

Further delimitation of production areas to avoid any extension of planted areas and uncontrolled transfers of varieties at regional level.

Milk

Maintenance, under the quota system, of a Community reserve of 443 000 tonnes, without any change in the distribution between Member States.

Continued exemption of whey from the decision to suspend inward processing traffic until 31 January 1989.

Beef/veal

The Commission plans to introduce a buying-in system similar to the present system for butter.

Application of the Community carcass classification scale, from 1988/89 onwards, for the purposes of private storage aid.

Confirmation that, after December 1988, the calf premium and variable slaughter premium will be discontinued. They will be replaced by the special premium for beef/veal products which the Commission will propose for all Member States.

Table 1 — Price proposals for individual agricultural products

Product and type of price or amount (Period of application)	Decisions 1987/88		Proposals 1988/89		Spain			Portugal		
	Amounts ECU/tonne	% change	Amounts ECU/tonne	% change	Amounts ECU/tonne		% change	Amounts ECU/tonne		% change
					1987/88	1988/89		1987/88	1988/89	
1	2	3	4	5	6	7	8	9	10	11
Common wheat 1.7.88-30.6.89										
• Target price	256.10	- 0.02	250.30	- 2.26	256.10	250.30	- 2.26	—	—	—
• Intervention price for bread wheat	179.44	0	179.44	0	173.72	174.86	+ 0.66	—	—	—
• Intervention price for fodder wheat	170.47	0	170.47	0	165.03	166.12	+ 0.66	—	—	—
Barley 1.7.88-30.6.89										
• Target price	233.80	0	228.00	- 2.48	233.80	228.00	- 2.48	—	—	—
• Intervention price	170.47	0	170.47	0	158.85	161.17	+ 1.46	—	—	—
Maize 1.7.88-30.6.89										
• Target price	233.80	0	228.00	- 2.48	233.80	228.00	- 2.48	—	—	—
• Intervention price	179.44	0	179.44	0	173.72	174.86	+ 0.66	—	—	—
Sorghum 1.7.88-30.6.89										
• Target price	233.80	0	228.00	- 2.48	233.80	228.00	- 2.48	—	—	—
• Intervention price	170.47	0	170.47	0	158.85	161.17	+ 1.46	—	—	—
Rye 1.7.88-30.6.89										
• Target price	233.80	0	228.00	- 2.48	233.80	228.00	- 2.48	—	—	—
• Intervention price	170.47	0	170.47	0	160.95	162.85	+ 1.18	—	—	—
Durum wheat 1.7.88-30.6.89										
• Target price	357.70	0	334.91	- 6.37	357.70	334.91	- 6.37	—	—	—
• Intervention price	291.59	- 2.67	276.34	- 5.23	219.78	221.90	+ 0.96	—	—	—
• Aid (ECU/ha)	121.80	+ 7.00	137.05	+ 12.52	33.85	54.49	+ 60.98	—	—	—
Rice 1.9.88-31.8.89										
• Target price — husked rice	548.37	0	552.85	+ 0.82	548.37	552.85	+ 0.82	—	—	—
• Intervention price — paddy rice	314.19	0	314.19	0	259.76	270.64	+ 4.19	—	—	—
• Aid for Indica (ECU/ha)	330.00	pm	330.00	0	330.00	330.00	0	—	—	—
Sugar 1.7.88-30.6.89										
• Basic price for sugarbeet	40.89	0	40.89	0	47.98	47.98	0	43.72	43.72	0
• Intervention price for white sugar	541.80	0	541.80	0	627.80	627.80	0	510.00	518.80	+ 1.7

Table 1 (continued)

Product and type of price or amount (Period of application)	Decisions 1987/88		Proposals 1988/89		Spain			Portugal		
	Amounts ECU/tonne	% change	Amounts ECU/tonne	% change	Amounts ECU/tonne		% change	Amounts ECU/tonne		% change
					1987/88	1988/89		1987/88	1988/89	
1	2	3	4	5	6	7	8	9	10	11
Olive oil 1.11.88-31.10.89										
• Production target price	3 225.6	0	3 225.6	0	3 225.6	3 225.6	0	3 225.6	3 225.6	0
• Intervention price	2 162.4	0	2 162.4	0	1 448.1	1 550.1	+ 7.0	2 017.2	2 037.9	+ 1.0
• Production aid	709.5	0	709.5	0	208.3	271.0	+ 30.1	141.9	212.9	+ 50.0
Rape 1.7.88-30.6.89										
• Target price	450.2	- 3.0	450.2	0	402.6	408.6	+ 1.5	450.2	450.2	0
• Intervention price	407.6	- 3.3	407.6	0	360.0	366.0	+ 1.7	407.6	407.6	0
Sunflower seed 1.8.88-31.7.89										
• Target price	583.5	0	583.5	0	445.5	462.8	+ 3.9	583.5	583.5	0
• Intervention price	534.7	0	534.7	0	396.7	414.0	+ 4.4	534.7	534.7	0
Soya beans 1.9.88-31.8.89										
• Guide price	558.5	- 3.0	558.5	0	427.1	443.5	+ 3.8	558.5	558.5	0
• Minimum price	489.4	- 3.4	489.4	0	358.0	374.4	+ 4.6	489.4	489.4	0
Dried fodder 1.5.88-30.4.89										
• Guide price	178.92	0	178.92	0	156.86	161.27	+ 2.8	178.92	178.92	0
Peas and field beans 1.7.88-30.6.89										
• Activating price	447.6	- 12.2	447.6	0	447.6	447.6	0	447.6	447.6	0
• Guide price	295.2	- 10.0	295.2	0	295.2	295.2	0	295.2	295.2	0
• Minimum price — peas	257.7	- 10.0	257.7	0	257.7	257.7	0	257.7	257.7	0
field beans	248.6	- 10.0	248.6	0	248.6	248.6	0	248.6	248.6	0
Lupins 1.7.88-30.6.89										
• Activating price	430.5	- 11.2	430.5	0	404.3	409.5	+ 1.3	430.5	430.5	0
• Minimum price	289.0	- 10.0	289.0	0	271.9	276.4	+ 1.7	289.0	289.0	0
Flax 1.8.88-31.7.89										
• Guide price (seed)	554.1	0	554.1	0	477.7	487.3	+ 2.0	554.1	554.1	0
• Fixed-rate aid (fibre) (per ha)	355.09	0	355.09	0	101.46	152.19	+ 50.0	101.46	152.19	+ 50.0
Hemp 1.8.88-31.7.89										
• Fixed-rate aid (per ha)	322.48	0	322.40	0	92.14	138.21	+ 50.0	92.14	138.21	+ 50.0

Silkworms	1.4.88-31.3.89										
• Aid per box of silkseed		112.00	+ 3.0	112.00	0	31.60	47.68	+ 50.9	31.60	47.68	+ 50.9
Cotton	1.9.88-31.8.89										
• Guide price		960.2	0	960.2	0	960.2	960.2	0	960.2	960.2	0
• Minimum price		912.3	0	912.3	0	912.3	912.3	0	912.3	912.3	0
Milk	1.4.88-31.3.89										
• Target price		278.4	0	278.4	0	—	—	—	—	—	—
Butter											
• Intervention price		3 132.0	0	3 132.0	0	3 436.0	3 391.3	- 1.3	—	—	—
Skimmed-milk powder											
• Intervention price		1 740.4	0	1 740.4	0	2 319.6	2 260.4	- 2.6	—	—	—
Grana padano cheese 30-60 days											
• prix d'intervention		3 889.3	0	3 889.3	0	—	—	—	—	—	—
Grana padano cheese 6 months											
• Intervention price		4 803.3	0	4 803.3	0	—	—	—	—	—	—
Parmigiano-Reggiano 6 months											
• Intervention price		5 291.9	0	5 291.9	0	—	—	—	—	—	—
Beef/veal	6.4.88-3.4.89										
• Guide price for adult bovines ¹		2 050.2	0	2 050.2	0	2 050.2	2 050.2	0	—	—	—
• Intervention price quality R 3 cat. A		3 440.0	- 1.7	3 440.0	0	3 440.0	3 440.0	—	—	—	—
• Intervention price quality R 3 cat. C		3 440.0	+ 2.7	3 440.0	0	3 440.0	3 440.0	0	—	—	—
Sheepmeat	6.1.88-3.1.89										
• Basic price (carcass weight)		4 323.2	0	4 323.2	0	4 323.2	4 323.2	0	4 323.2	4 323.2	0
Pigmeat	1.11.88-31.10.89										
• Basic price (carcass weight)		2 033.3	0	2 033.3	0	2 033.3	2 033.3	0	—	—	—
Fruit and vegetables — Basic price											
• Cauliflowers	1.5.88-30.4.89		0	0	0	—	—	—	—	—	—
• Tomatoes	11.6.88-30.11.88		0	0	0	—	—	—	—	—	—
• Peaches	1.6.88-30.9.88		- 0.5	0	0	—	—	—	—	—	—
• Lemons	1.6.88-31.5.89		- 2.5	0	0	—	—	—	—	—	—
• Pears	1.7.88-30.4.89		0	0	0	—	—	—	—	—	—
• Table grapes	1.8.88-31.10.88		0	0	0	—	—	—	—	—	—
• Apples	1.8.88-31.5.89		0	0	0	—	—	—	—	—	—
• Mandarins	16.11.88-29.2.89		- 5.0	0	0	—	—	—	—	—	—
• Sweet oranges	1.12.88-31.5.89		- 2.5	0	0	—	—	—	—	—	—
• Apricots	1.6.88-31.7.89		- 5.0	0	0	—	—	—	—	—	—
• Aubergines	1.7.88-31.10.88		0	0	0	—	—	—	—	—	—
• Clementines	1.12.88-15.2.89		pm	0	0	—	—	—	—	—	—
• Satsumas	16.10.88-15.1.89		—	pm	pm	—	—	—	—	—	—
• Nectarines	1.6.88-31.8.88		—	pm	pm	—	—	—	—	—	—

Table 1 (continued)

Product and type of price or amount (Period of application)	Decisions 1987/88		Proposals 1988/89		Spain			Portugal		
	Amounts ECU/tonne	% change	Amounts ECU/tonne	% change	Amounts ECU/tonne		% change	Amounts ECU/tonne		% change
					1987/88	1988/89		1987/88	1988/89	
1	2	3	4	5	6	7	8	9	10	11
Table wine ² 1.9.88-31.8.89										
• Guide price Type RI	3.35	- 2.0	3.35	0	2.28	2.49	+ 9.2	—	—	—
• Guide price Type RII	3.35	- 2.0	3.35	0	2.28	2.49	+ 9.2	—	—	—
• Guide price Type RIII	52.23	- 2.0	52.23	0	35.55	38.89	+ 9.4	—	—	—
• Guide price Type AI	3.11	- 2.0	3.11	0	2.11	2.31	+ 9.5	—	—	—
• Guide price Type AII	69.60	- 2.0	69.60	0	47.32	51.78	+ 9.4	—	—	—
• Guide price Type AIII	79.49	- 2.0	79.49	0	54.05	59.14	+ 9.4	—	—	—

¹ Price expressed per tonne live weight

² RI, RII and AI expressed in ECU/%/hl

RIII, AII and AIII expressed in ECU/hl

Table 2 — Price proposals for tobacco

Product and type of price or amount (Period of application)		1987 Harvest Decisions		Proposals for 1988 (EUR 12)			
		Price/premium (% change compared with 1986)		Price/premium (% change compared with 1987)			
Group I	3. Virgin D	}	Price + 3	}	Price 0		
	7. Bright						
	17. Basmas					Premium + 5	Premium + 2
	18. Katerini						
	26. Virgin GR.						
	31. Virgin Esp.						
33. Virgin Port.							
Group II	2. Bad. Burley	}	Price 0	}	Price 0		
	8. Burley I						
	9. Maryland					Premium + 3 ¹	Premium + 1
	25. Burley GR.						
	32. Burley Esp.						
	34. Burley Port.						
	38. Fermented Burley ²						
Group III	1. Bad. Geud.	}	Price + 2	}	Price 0		
	4. Paraguay						
	5. Nijkerk						
	6. Missionero					Premium + 2	Premium 0
	10. Kentucky						
	16. Round Tip						
	27. Santa Fé						
	29. Havana Esp.						
	30. Round Scafati						
Group IV	13. Xanti-Yaka	}	Price 0	}	Price - 6		
	14. Perustitza						
	15. Erzegovina						
	19. K.K. classic						
	20. K.K. non-classic						
	21. Myrodata Ag.						
	22. Zichnomyrodata						
Group V	11. Forch. Havana	}	Price - 6	}	Price - 8		
	12. Beneventano						
	23. Tsebelia					Premium - 4	Premium - 8
	24. Mavra						

¹ The final amount of the premium for Burley GR was about 27% up on 1986 following the application of Article 13 of Regulation (EEC) No 727/70.

² Fermented Burley has been transferred from Group III to Group II for the 1988 harvest.

Table 3 — *Agri-monetary proposals 1988/89*

Member States	Sectors	Central rates		Old green rates	New green rates	Change (%)	Effect on prices %	Old gaps		New gaps		Dismant (PTS)
		Fixed	Green					Real	Applied	Real	Applied	
Belgium/ Luxembourg	Beef/veal, milk	42.4582	48.2869	48.0467	48.0467			- 0.500	0			
	Cereals, sugar			48.0658	48.0658			- 0.460	0			
	Olive oil			48.0658	48.0658			- 0.460	0			
	Pigmeat			48.0467	48.0467			- 0.500	0			
	Poultry			48.0467	48.0467			- 0.500	0			
	Others			48.0658	48.0658			- 0.460	0			
	Sheepmeat			47.3310	47.3310			- 2.020	—			
Denmark	Beef/veal, cereals, milk, sugar	7.85212	8.93007	8.75497	8.75497			- 2.000	0			
	Olive oil			8.75497	8.75497			- 2.000	0			
	Pigmeat			8.88697	8.88697			- 0.485	0			
	Poultry			8.75497	8.75497			- 2.000	0			
	Others			8.75497	8.75497			- 2.000	0			
	Sheepmeat			8.58163	8.58163			- 4.060	—			
	FR Germany			Beef/veal, sugar	2.05853	2.34113	2.36110	2.36110			0.846	0
Cereals		2.37360	2.37360					1.368	0			
Milk		2.38591	2.38591					1.877	0			
Olive oil		2.36110	2.36110					0.846	0			
Pigmeat		2.36110	2.36110					0.846	0			
Poultry		2.36110	2.36110					0.846	0			
Wine		2.36110	2.36110					0.846	0			
Others		2.36110	2.36110					0.846	0			
Greece		Beef/veal, milk	150.792				124.840	133.787	- 6.7	+ 7.2	- 49.775 ¹	- 48.0 ²
	Cereals, sugar	134.174			144.565	- 7.2	+ 7.7	- 39.356 ¹	- 37.6 ²	29.136	27.6	10
	Olive oil	134.174			144.565	- 7.2	+ 7.7	- 39.356 ¹	- 29.1 ²	29.136	19.1	10
	Pigmeat	134.328			144.743	- 7.2	+ 7.7	- 39.196 ¹	- 37.5 ²	28.977	27.5	10
	Poultry	128.340			138.280	- 7.2	+ 7.7	- 45.690 ^{1 3}	- 40.5 ^{2 3}	35.461 ³	30.5 ³	10
	Wine	134.174			144.565	- 7.2	+ 7.7	- 39.356 ¹	- 34.1 ²	29.136	24.1	10
	Tobacco	134.174			144.565	- 7.2	+ 7.7	- 39.356 ¹	—	—	—	—
	Sheepmeat	150.275			161.913	- 7.2	+ 7.7	- 24.425 ¹	—	—	—	—
	Others	128.340			138.280	- 7.2	+ 7.7	- 45.461 ¹	—	—	—	—

Spain	Beef/veal, milk			155.786	155.786			- 0.563 ¹	0 ²
	Cereals, sugar			154.213	154.213			1.589 ¹	0 ²
	Olive oil			154.213	154.213			1.589 ¹	0 ²
	Pigmeat			155.643	155.643			- 0.655 ¹	0 ²
	Poultry			155.786	155.786			- 0.563 ¹	0 ²
	Wine			154.213	154.213			- 1.589 ¹	0 ²
	Others			154.213	154.213			- 1.589 ¹	0 ²
	Sheepmeat			151.806	151.806			- 3.199 ¹	0 ²
France	Beef/veal	6.90403	7 85183	7.69553	7.69553			- 2.031	- 1.0
	Cereals, milk, sugar			7 47587	7 47587			- 5.029	- 3.5
	Olive oil			7 47587	7 47587			- 5.029	0
	Pigmeat			7 73579	7 73579			- 1.500	0
	Poultry			7 45826	7 45826			- 5.277	0
	Wine			7 43671	7 43671			- 5.582	- 1.0
	Others			7 47587	7 47587			- 5.029	- 3.5
	Sheepmeat			7 54539	7 54539			- 4.061	—
Ireland	Beef/veal	0.768411	0.873900	0.844177	0.844177			- 3.521	- 2.0
	Cereals, sugar			0.831375	0.831375			- 5.115	- 3.6
	Milk			0.832119	0.832119			- 5.021	- 3.5
	Olive oil			0.831375	0.831375			- 5.115	0
	Pigmeat			0.843427	0.843427			- 3.613	- 2.1
	Poultry			0.832119	0.832119			- 5.021	0
	Others			0.831375	0 831375			- 5.115	- 3.6
	Sheepmeat			0.817756	0.817756			- 6.866	—
Italy	Beef/veal, milk, sugar	1 493 58		1 613.00	1 613.00			- 6.950	- 5.5
	Cereals			1 597.00	1 597.00			- 8.021	- 6.5
	Olive oil			1 613.00	1 613.00			- 6.950	0
	Pigmeat			1 674.00	1 674.00			- 3.053	- 1.6
	Poultry			1 613.00	1 613.00			- 6.950	- 2.0
	Wine			1 603.00	1 603.00			- 7.617	- 2.6
	Fruit and vegetables, tobacco			1 629.00	1 629.00			- 5.899	—
	Oilseeds			1 597.00	1 597.00			- 8.021	—
	Sheepmeat			1 554.00	1 554.00			- 11.010	—
	Milk, cereals, sugar, fisheries			1 613.00	1 613.00			- 6.950	—

Table 3 — (continued)

Member States	Sectors	Central rates		Old green rates	New green rates	Change (%)	Effect on prices %	Old gaps		New gaps		Dismant. (PTS)	
		Fixed	Green					Real	Applied	Real	Applied		
Netherlands	Beef/veal, sugar	2.31943	2.63785	2.64704	2.64704			0.347	0				
	Cereals			2.66089	2.66089			0.866	0				
	Milk			2.67490	2.67490			1.385	0				
	Olive oil			2.64704	2.64704			0.347	0				
	Pigmeat			2.64704	2.64704			0.347	0				
	Poultry			2.64704	2.64704			0.347	0				
	Others			2.64704	2.64704			0.347	0				
	Sheepmeat			2.67387	2.67387			1.347	—				
Portugal	Sugar			171.725	171.725			- 11.202 ¹	- 9.6 ²				
	Olive oil			171.725	171.725			- 11.202 ¹	- 1.1 ²				
	Fruit and vegetables, oilseeds, sugar, fisheries			171.725	171.725			- 11.202 ¹	—				
	Tobacco			151.812	151.812			- 25.788 ¹	—				
	Sheepmeat			181.888	181.888			- 4.988 ¹	—				
United Kingdom	Beef/veal	0.739618		0.710546	0.710546			- 6.472	- 5.0				
	Cereals, sugar			0.656148	0.656148			- 15.299	- 13.8				
	Milk			0.665557	0.665557			- 13.669	- 12.2				
	Olive oil			0.656148	0.656148			- 15.299	- 5.3				
	Pigmeat			0.694266	0.694266			- 8.969	- 7.5				
	Poultry			0.665557	0.665557			- 13.669	- 8.7				
	Tobacco				0.626994	0.626994			- 20.661	—			
	Sheepmeat				0.652575	0.652575			- 15.931	—			

¹ Figures for 16 to 22 March 1988.

² Gaps applied during the week of 23 March 1988.

³ The MCAs are derived from those applicable to feed.

Table 4 — *Stabilizers in force or proposed*

Product	1987/88			1988/89
	Quota or quantities set	Market situation	Overshoot	Quota or quantities set/proposed
Cereals	—	Production: 153.7 million t	—	Maximum guaranteed quantity: 160 million t
Sugar	Quota A: 10.539 million t Quota B: 2.289 million t	Production: Quota A: 10.223 million t Quota B: 2.161 million t C Sugar: 821 000 t Total (production + carryovers): 14.478 million t	None	Quota A: 10.539 million t Quota B: 2.289 million t
Isoglucose	Quota A: 241 000 t Quota B: 50 000 t	Production = quotas	None	Quota A: 241 000 t Quota B: 50 000 t
Rape	Maximum guaranteed quantity: EUR 10: 3 500 000 t Spain: 10 000 t Portugal: 1 300 t	Estimated production: EUR 10: 4 900 000 t Spain: 10 000 t Portugal: 0 t	1 400 000 t (40%) None None	Maximum guaranteed quantity: EUR 10: 4 500 000 t Spain: 12 900 t Portugal: 1 300 t
Sunflower	Maximum guaranteed quantity: EUR 10: 1 700 000 t Spain: 1 200 000 t Portugal: 53 500 t	Estimated production: EUR 10: 2 760 000 t Spain: 930 000 t Portugal: 25 000 t	1 060 000 t (62.4%) None None	Maximum guaranteed quantity: EUR 10: 2 000 000 t Spain: 1 411 200 t Portugal: to be set
Soya	Maximum guaranteed quantity: EUR 12: 1 100 000 t	Estimated production: EUR 12: 1 385 000 t	285 000 (25.9%)	Maximum guaranteed quantity: EUR 12: 1 300 000 t
Olive oil	Maximum guaranteed quantity: EUR 12: 1 350 000 t	Estimated production (beginning March 88): 1 520 000 t	approx. 170 000 (12.6%)	Maximum guaranteed quantity: EUR 12: 1 350 000 t

Agriculture

Product	1987/88			1988/89
	Quota or quantities set	Market situation	Overshoot	Quota or quantities set/proposed
Peas and field beans	—	Production: 3 750 000 t	—	Maximum guaranteed quantity: EUR 12: 3 500 000 t
Wine	—	203 940 000 hl	—	Maintenance of present level for a production volume equivalent to 10% of normal utilized volume. Marked reduction in prices during years in which threshold exceeded but this to be implemented gradually to allow wine-growers to adjust to new situation (proposal)
Tobacco	—	387 000 t leaf tobacco	—	Total maximum guaranteed quantity: EUR 12: 385 000 t leaf tobacco
Cotton	Maximum guaranteed quantity: EUR 12: 752 000 t	Estimated production: EUR 12: 828 850 t	76 850 t (10.2%)	Maximum guaranteed quantity: 752 000 t (proposal)
Fresh fruit and vegetables	Intervention thresholds: <i>Fresh tomatoes</i> EUR 10: 390 000 t <i>Mandarins</i> EUR 10: 169 650 t (65% of production) <i>Clementines</i> EUR 10: 25 520 t (10% of average production for fresh consumption)	On available data (beginning March 1988) no overshoot expected No overshoot expected On available data (beginning March 1988) no overshoot expected		Intervention thresholds <i>Fresh tomatoes</i> EUR 10: 390 000 t <i>Mandarins</i> 50% of average production for fresh consumption <i>Clementines</i> 10% of average production for fresh consumption

Product	1987/88			1988/89
	Quota or quantities set	Market situation	Overshoot	Quota or quantities set/proposed
Processed fruit and vegetables				<i>Satsumas-Nectarines</i>
				10% of average production for fresh consumption
				<i>Peaches</i>
				20% of average production (proposed)
			<i>Oranges and lemons</i>	
			15% of average production (proposed)	
	<i>Tomatoes</i>			<i>Tomatoes</i>
	1. Guarantee threshold (EUR 10):	More or less within threshold limits as far as 1987 production concerned but overshoot when three years counted, as specific for application of guarantee thresholds:		1. Guarantee threshold maintained at existing levels but effects neutralized for next two marketing years (proposal)
	concentr.: 2 987 850 t		16,75 %	
	peeled: 1 307 150 t		0 %	
other: 405 000 t				
total: 4 700 000 t		28,61 %		
2. Restriction of aid to same volume as threshold quantities but allocated among Member States and divided among three finished-product groups	See above		2. Restriction on aid: proposal to retain existing arrangement but alter division of overall quantities among the three product groups and include Spain and Portugal (proposal)	
<i>Dried grapes</i>			<i>Dried grapes</i>	
Guarantee threshold (EUR 10):	More or less within threshold limits		Guarantee threshold:	
currants: 70 000 t			currants: 70 000 t	
sultanas: 93 000 t			sultanas: 93 000 t	
			muscatels: 3 500 t (proposal)	

Agriculture

Product	1987/88			1988/89
	Quota or quantities set	Market situation	Overshoot	Quota or quantities set/proposed
	<p><i>Other products</i></p> <p>Aid restrictions (EUR 12):</p> <p>William pears: 102 305 t</p> <p>Whiteheart cherries: 28 272 t</p> <p>Sour cherries: 51 282 t</p>			<p>1. Guarantee threshold:</p> <p>Tinned pineapple: 11 000 t (proposal)</p> <p>Pineapple juice: 3 000 t (proposal)</p> <p>2. Aid restrictions:</p> <p>William pears: 102 305 t (EUR 12)</p> <p>Whiteheart and sour cherries: proposal before Council for replacement of aid by minimum import price</p> <p><i>Peaches in syrup:</i></p> <p>Proposal to restrict aid to average quantity produced in last three marketing years</p>
Milk	Overall guaranteed quantity net of quota suspensions (including Community reserve) EUR 12 (without Portugal): 98 379 600 t	(On basis of available data (beginning March 1988) expected total overshoot of 1 million t)	No overshoot	95 339 736 t + Community reserve
Sheepmeat	—	—	—	Maximum guaranteed for ewe herd: 62 000 000 head ¹ Great Britain: 18 000 000 head EUR 11 and Northern Ireland: 44 000 000 head

¹ The Commission has undertaken to review this figure when the final figures for 1987 are available

Table 5 — *Effect of Commission proposals on support prices in ECU and in national currency*

	Percentage change ¹	
	in ECU ²	in national currency ^{2,3}
Belgium	+ 0.00	+ 0.00
Denmark	+ 0.00	+ 0.00
FR Germany	+ 0.00	+ 0.00
Greece	- 0.63	+ 6.93
Spain ⁴	+ 1.01	+ 1.01
France	- 0.04	- 0.04
Ireland	+ 0.00	+ 0.00
Italy	- 0.31	- 0.31
Luxembourg	+ 0.00	+ 0.00
Netherlands	+ 0.00	+ 0.00
Portugal ⁴	+ 0.72	+ 0.72
United Kingdom	+ 0.00	+ 0.00
EUR 12 ⁴	+ 0.00	+ 0.31

¹ Percentage variation between proposed support prices for 1988/89 and those for 1987/88.

² Support (intervention or equivalent) prices, weighted in accordance with share of various products in value of agricultural production covered by common prices.

³ Common prices in ECU converted at green rates in this proposal.

⁴ Including effect of alignment of Spanish and Portuguese prices on common prices under accession arrangements

varieties of rice,² with a view to supplementing the list of rice varieties qualifying for the aid.

Pigmeat

Market situation³

2.1.142. The high level of production has continued to depress the Community pigmeat market, and the prices of pigs, and especially of piglets, are low, with the number of sows declining, as revealed by a census carried out in December 1987. It is therefore expected that pigmeat production will decline from mid-1988 onwards. In view of the difficult market situation, aids to private storage were reintroduced on 15 February,⁴ and this led to very heavy storage enabling the market to be stabilized.

Following the extension to 31 December 1988 of the period provided for in Article 90 of the Act of Accession of Spain and Portugal,⁵ transitional measures for imports of piglets into Spain were renewed for 1988 by an increase in the monthly quotas until the end of the year.⁶

Fruit and vegetables

Market situation⁷

2.1.143. Available figures⁸ offer a tentative picture for 1987/88, given in Table 6, for the main Community citrus fruits.

Market organizations

Cereals and rice

2.1.140. On 3 March the Commission laid before the Council a proposal for a Regulation on the payment of aid for certain varieties of rice of the Indica type or profile in Portugal.¹

2.1.141. On the same day it sent the Council a proposal for a Regulation amending the Annexes to Regulation (EEC) No 3878/87 on the production aid for certain

¹ OJ C 88, 5.4.1988, COM(88) 85 final.

² OJ L 365, 24.12.1987; Bull. EC 12-1987, point 2.1.207.

³ Bull. EC 11-1987, point 2.1.194.

⁴ OJ L 32, 4.2.1988.

⁵ OJ L 378, 31.12.1987; Bull. EC 12-1987, point 2.1.203.

⁶ OJ L 392, 31.12.1987.

⁷ Bull. EC 11-1987, points 2.1.197 and 2.1.201.

⁸ Source: SOEC.

Table 6 — *Citrus fruit production in the Community*

Product	Marketing year 1986/87 (t)	Marketing year 1987/88 ¹ (t)	Change 1987/88, 1986/87 (%)
<i>Oranges</i>			
EUR 10	3 057.7	1 863.2	- 39.0
EUR 12	5 219.8	4 332.1	- 17.0
<i>Mandarins</i>			
EUR 10	360.2	248.6	- 31.0
EUR 12	852.9 ¹	711.6	- 17.1
<i>Clementines</i>			
EUR 10	285.2	173.8	- 39.1
EUR 12	975.2 ¹	869.8	- 10.8
<i>Lemons</i>			
EUR 10	1 013.3	748.5	- 26.1
EUR 12	1 648.4	1 350.0	- 18.1
<i>Grapefruit</i>			
EUR 10	8.4	3.2	- 61.9
EUR 12	27.4 ¹	20.2	- 26.5
<i>Other citrus fruits</i>			
EUR 10	51.1 ¹	41.2	- 19.4
EUR 12	67.4 ¹	59.2	- 12.2
<i>All citrus fruit</i>			
EUR 10	4 775.9	3 078.4	- 35.5
EUR 12	8 797.1	7 342.9	- 16.5

¹ Provisional

In 1987/88, Community output of citrus fruit declined sharply, to a level below the 1981-86 average. But this change, in no way a structural development, was due to particularly severe weather (frost) in Italy and in Greece. Spanish production is rising, except for lemons.

Declining production meant a general increase in producers' prices, which for most of the year exceeded, on average, levels in recent years. Tentative information available to the Commission suggests that less fruit will be withdrawn than in past years. However, this trend cannot be verified

before the end of the current marketing year.

The latest figures available, as shown in Table 7, show that the increase in intra-Community trade recorded in 1986 continued in 1987. However, the share of mandarins in this trade declined, while that of clementines rose.

As for the preceding marketing year, but to a far lesser degree, low import prices for lemons, and to a lesser extent, for clementines, entailed the imposition of countervailing charges on a fairly large number of occasions.

Table 7 — Trade in citrus fruit

Product	January-September 1986 (t)	January-September 1987 (t)	Change 1986-1987 (%)
<i>Oranges</i>			
Intra-EEC trade ¹	836 016	849 927	+ 1.7
Extra-EEC imports	793 455	785 004	- 1.1
Extra-EEC exports	309 869	224 920	- 27.4
<i>Mandarins and wilkings</i>			
Intra-EEC trade ¹	15 461	8 750	- 43.4
Extra-EEC imports	3 216	8 365	+ 160
Extra-EEC exports	1 571	1 063	- 32.3
<i>Clementines</i>			
Intra-EEC trade ¹	141 604	194 825	+ 37.6
Extra-EEC imports	53 507	33 508	- 37.4
Extra-EEC exports	39 981	22 568	- 43.6
<i>Citrons</i>			
Intra-EEC trade ¹	224 451	240 330	+ 7.1
Extra-EEC imports	50 924	41 654	- 18.2
Extra-EEC exports	234 763	188 438	- 19.7
<i>Total citrus fruit</i>			
Intra-EEC trade ¹	1 306 314	1 387 368	+ 6.2
Extra-EEC imports	1 219 131	1 236 185	+ 1.3
Extra-EEC exports	619 069	450 954	- 27.2

Source: Nimex.

¹ On the basis of imports

Wine

2.1.144. By a Regulation dated 1 March 1988, the Commission amended¹ for the third time² the detailed rules of application for the description and presentation of sparkling and aerated sparkling wines to introduce tideover arrangements allowing for the sale of sparkling wines the description and presentation of which are no longer in line with Community rules as amended.³

2.1.145. On 17 March the Commission adopted a Regulation⁴ to correct certain inaccuracies in the definition of prices and aid and in the description of wines in the provisions relating to the distillation operation started on 3 February⁵ in addition to the table wine support distillation operation.

Milk and milk products

2.1.146. On 21 March the Council adopted,⁶ on the basis of a proposal from the Commission,⁷ having received the opinion of Parliament,⁸ a Regulation amending that of 27 June 1968 on the common organization of the market in milk and milk products.⁹ The purpose of this Regulation is to enhance, in respect of individual farmers, the effectiveness of the additional levy system.

¹ OJ L 56, 2.3.1988.² OJ L 207, 29.7.1987; Bull. EC 7/8-1987, point 2.1.208.³ OJ L 246, 30.8.1986.⁴ OJ L 72, 18.3.1988.⁵ OJ L 32, 4.2.1988; Bull. EC 2-1988, point 2.1.118.⁶ OJ L 78, 23.3.1988.⁷ OJ C 40, 12.2.1988; Bull. EC 1-1988, point 2.1.78.⁸ OJ C 94, 11.4.1988.⁹ OJ L 148, 28.6.1968.

2.1.147. On 28 March the Council adopted,¹ on a proposal from the Commission,² a Regulation amending that of 15 July 1968 laying down general rules for intervention on the market in butter and cream.³ The purpose of this new Regulation is to add to the names, for Luxembourg, of types of butter that may be bought-in, in view of the introduction in that Member State of a new quality description for butter manufactured there.

2.1.148. On 28 March the Council adopted,¹ on a proposal from the Commission,⁴ a Regulation amending that of 16 March 1987⁵ temporarily withdrawing a proportion of the reference quantities established under the additional levy system. Under the present Regulation, the compensation to farmers for quantities suspended must be paid during the first quarters of 1988 and 1989. For administrative reasons, the period has been extended to the first halves of both years.

2.1.149. On 28 March the Council adopted,¹ on a proposal from the Commission,⁶ a regulation amending that of 6 May 1986 on the establishment of an allowance for the definitive discontinuation of milk production.⁷ Present arrangements stipulate that, where the payment of an allowance of at least 6 ECU per year per 100 kg of milk to all those entitled for the cessation of dairy farming is not enough to achieve the necessary reduction, unused Community funds are paid to farmers whose reference quantities are cut following a reduction in the level of the guaranteed quantity. The purpose of the Regulation adopted is to cover cases in which, in view of the economic and structural situation of dairy production in a Member State, it may be necessary to allocate funds to the financing of restructuring measures as well.

2.1.150. Implementing the Commission's twelfth communication to the Council covering the programme for use of funds accruing from the co-responsibility levy for 1988/89,⁸ the Commission adopted on 11 March a Regulation on further action relat-

ing to market research within the Community and outside, and a Regulation on further schemes for promotion and advertising of the relevant products.⁹

2.1.151. The market in skimmed milk and skimmed-milk powder having improved, leading to a better equilibrium between supply and demand, some aids were cut. In a Regulation adopted on 14 March⁹ the Commission reduced from 8.85 to 8.45 ECU the aid paid per 100 kg of skimmed milk processed into casein and caseinates, a relevant factor being the firmer prices for casein on the world market, and by a Regulation of 25 March¹⁰ the Commission reduced from 7.27 to 6.50 ECU per 100 kg the aid to liquid skimmed milk for use as animal feed.

2.1.152. On 16 March, the Commission adopted a Regulation¹¹ fixing, for the fourth period of application of the additional levy, from 1 April 1987 to 31 March 1988, the amounts payable by any producer or any purchaser of milk or milk products in respect of quantities exceeding the annual reference quantity allocated.

Beef/veal

2.1.153. On 11 March, Parliament adopted two opinions¹² on proposals for Regulations, opening for 1988, on an autonomous basis, exceptional import quotas for high-quality beef, fresh, chilled or frozen, coming under Combined Nomenclature headings Nos 0201 and 0202 and products coming under CN subheadings Nos

¹ OJ L 87, 31.3.1988.

² COM(88) 83 final.

³ OJ L 169, 18.7.1968.

⁴ COM(88) 108 final.

⁵ OJ L 78, 20.3.1987; Bull. EC 3-1987, point 2.1.150.

⁶ COM(88) 155 final.

⁷ OJ L 119, 8.5.1986; Bull. EC 5-1986, point 2.1.124.

⁸ Bull. EC 11-1987, point 2.1.188.

⁹ OJ L 69, 15.3.1988.

¹⁰ OJ L 81, 26.3.1988.

¹¹ OJ L 71, 17.3.1988.

¹² OJ C 94, 11.4.1988.

0206 10 95 and 0206 29 91,¹ and for high-quality beef coming under CN heading No 0201 and subheading No 0206 10 95.²

Sheepmeat and goatmeat

2.1.154. In March Parliament endorsed³ a proposal for a Directive concerning pure-bred breeding sheep and goats.⁴

*Market situation*⁵

2.1.155. The events of 1987 bore out early forecasts of a very difficult year.

Production, which had declined in 1986 because of poor weather and Chernobyl, rose again (by 6%) to a figure of 931 000 tonnes. The main increases were in Greece, the United Kingdom, Ireland and the Netherlands. Consumption also progressed (by 2.7%), especially in Greece (11%) and the consumption of lamb reverted to its pre-Chernobyl level. As a result, the rate of self-sufficiency again increased in 1987, to reach 80.7%. Imports for the full year are estimated at 255 000 tonnes (about 3% up on 1986).

The main source of concern throughout the year was market prices, which fell by an average of 5.8%, to 347 ECU/100 kg. The severest losses were in region 3 (FR Germany, Denmark and Benelux), where the decline was by 13.7%, region 7 (Spain and Portugal), where the decline was by 11.6%, and region 2 (France), where the decline was by 10.7%. In view of the serious situation on the market in region 7, two private storage aid schemes were activated early in the summer, taking 1 100 tonnes of lamb off the market.

The weakness of market prices will affect premiums for 1987 (payable from the 1988 budget). Although the calculations have not yet been completed, it is expected that total payments in respect of ewe premiums will be well above those for 1986.

In October 1987, the Commission laid before the Council its second report on sheepmeat and goatmeat.⁶ The main pro-

posals in the report are the introduction of budgetary stabilizers, the unification of the internal arrangements with elimination by 1992 of the weekly support systems and the payment of a single premium based on regional production levels combined with adjustments in the external aspects of the system. By the end of 1987 no agreement had been reached on these proposals, but in February, the Brussels European Council⁷ approved an overall package on the stabilizers including sheepmeat and goatmeat. When it met on 7 to 9 March the Council recorded an informal agreement on these proposals (→ point 2.1.136).

The present estimates for 1988 point to a further increase in production and consumption, to 972 000 and 1 189 000 tonnes respectively. Market prices are therefore expected to fall once again.

Oils and fats

2.1.156. On 29 March, the Council formally adopted two Regulations concerning olive oil.⁸

The first Regulation amends the general rules relating to the grant of aid to the production of olive oil and to producers' organizations.⁹ The purpose of the changes is to allow for experience gained in implementing the Regulation and to cover the recent introduction of certain changes in the basic Regulation on oils and fats. In particular, the producers' organizations will no longer, in the future, have to check their members' crop declarations on the spot; this work will now be carried out by specialized inspection agencies. Also, the Regulation includes implementing rules for the system

¹ Bull. EC 12-1987, point 2.1.220.

² OJ C 30, 4.2.1988, Bull. EC 1-1988, point 2.1.80.

³ OJ C 94, 11.4.1988.

⁴ OJ C 348, 23.12.1987; Bull. EC 12-1987, point 2.1.229.

⁵ Bull. EC 9-1987, points 2.1.134 to 2.1.136.

⁶ Bull. EC 9-1987, point 2.1.133.

⁷ Bull. EC 2-1988, point 1.1.1.

⁸ OJ L 89, 6.4.1988.

⁹ OJ L 208, 3.8.1984; Bull. EC 7/8-1984, point 2.1.122.

of maximum guaranteed quantities introduced in the basic Regulation in July 1987.¹

The second Regulation establishes, for 1987/88, the percentage of the production aid that can be withheld for the recognized olive oil producers' organizations or their associations. In view of the reduction in these organizations' inspection work, the figure has been set at 1.9%.

Sugar

2.1.157. On 11 March the Commission adopted a Decision² amending that of July 1987³ authorizing Portugal to import from non-member countries at reduced levies certain quantities of raw sugar for the period from 1 July 1987 to 30 June 1988.

Under the first and second subparagraphs of Article 303 of the Act of Accession, Portugal has been authorized to import at reduced levies annual quantities of 75 000 tonnes expressed as white sugar during the transitional period (until 1993/94). Under the third subparagraph, it may also be authorized to import quantities corresponding to a supply shortfall on the same reduced-levy terms as the 75 000 tonnes. An estimate had shown that some quantities of raw sugar (white sugar value) fell short of this requirement. In a Decision dated 25 November,⁴ the quantity was set at 122 000 tonnes. As the final record showed that the shortfall was 142 000 tonnes, the Decision alters accordingly the additional imports authorized.

Market situation⁵

2.1.158. As regards sugar prices on the world market, 1988 began well, with quotations moving slowly but steadily upwards: forecasts in November 1987 pointed to a generally fairly favourable situation as regards the figures for this market; it was estimated that world consumption of sugar in 1987/88 would exceed production, bringing a substantial cutback in surplus world stocks. Also, at that time, very heavy purchases were expected, notably from the

Soviet Union (its sugar production forecasts being poor), China and India.

Regrettably, early in February, despite the original estimates, it became clear that world production of sugar in 1987/88 would not decline appreciably, but match fairly closely the 1986/87 figure. None the less, with a modest increase in world consumption, the situation as regards world stocks, which had been slowly improving since 1985/86, should continue to do so at a modest rate.

Another factor depressing sugar prices, rather later, was the upward revision by the Soviet Union of its production estimates for the year, so that Soviet purchases abroad must be expected to fall short of previous estimates.

There are three main aspects to the situation in the Community for 1988/89:

- (i) areas sown to sugarbeet in the spring of 1988 are estimated at 1 824 000 hectares, showing little change over the previous year (– 0.8%);
- (ii) on the basis of an average yield per hectare of 6.88 tonnes and of the production of traditional sugar from sugar cane (French overseas departments and Spain) and of molasses, a tentative broad estimate of total sugar production of the Community is 12.83 million tonnes (comparing with 13.20 million tonnes in 1987/88);
- (iii) the consumption of sugar should change little (10.8 million tonnes overall).

Tobacco

2.1.159. The Commission, pursuing its policy of reducing stocks and shortening the period of storage of tobaccos bought-in, implemented the tender award for export without refunds of one of the two lots of

¹ OJ L 183, 3.7.1987; Bull. EC 6-1987, point 2.1.148 *et seq.*

² OJ L 105, 26.4.1988.

³ OJ L 228, 15.8.1987; Bull. EC 7/8-1987, point 2.1.193.

⁴ OJ L 342, 4.12.1987; Bull. EC 11-1987, point 2.1.181.

⁵ Bull. EC 11-1987, point 2.1.182.

Oriental tobacco for which tenders had been invited,¹ i.e. a total of 1 099 878 kg from the 1985 harvest held by the Greek intervention agency.²

2.1.160. The Commission again put up to tender the tobaccos remaining from the 1985 harvest, a total of 7 689 239 kg.³

Structures

2.1.161. On 21 March the Council adopted, on a proposal from the Commission,⁴ and having received Parliament's opinion,⁵ a Regulation amending that of 24 June 1980 concerning the improvement of agricultural development in the less-favoured areas of the West of Ireland.⁶

The main changes are:

- (i) extension of the scheme to all less-favoured areas in Ireland;
- (ii) inclusion of certain supplementary schemes for the improvement of the living conditions of rural families and of their incomes by the creation of work other than traditional farming;
- (iii) abandonment of beef/veal production guidance plans and introduction of arrangements to reduce problems relating to wintering of cattle on farms;
- (iv) increase in the Community financing rate, varied as follows: 70% for action relating to the improvement of rural infrastructure, afforestation and production guidance; 60% for land improvement and agricultural training; 50% for improvement of living conditions.

2.1.162. On 29 March the Council adopted⁷, on a proposal from the Commission,⁸ a Regulation amending that of 12 March 1985 concerning the improvement of the efficiency of agricultural structures.⁹ This amendment is designed to regulate aids to investment in pigmeat in the period 1 April 1988-31 December 1991. Pig farmers will qualify for the EAGGF aid only for the first 300 additional pig places per holding (as against 600 at the present time), with a ceiling of 800 pigs per farm. In addition,

provision is made for an extension of certain specific conditions regarding eligibility for the measures and the rates of aid for certain Member States.

2.1.163. Parliament endorsed this proposal⁸ on 11 March.⁵

Legislation

Veterinary and animal husbandry legislation

2.1.164. On 28 March the Council adopted,¹⁰ on a proposal from the Commission,¹¹ having consulted Parliament,⁵ a Decision on a system for health control of imports from third countries at frontier inspection posts (Shift project). The Council has asked the Commission to prepare a development programme for the computerization of veterinary import procedures. With a view to the achievement of a proper internal market, it is important that the Commission and the Member States should be able to obtain and process promptly and effectively the information needed to ensure the protection of public and animal health in respect of products from non-member countries.

2.1.165. As regards animal health, the Commission approved a fourth amendment to the accelerated classical swine fever eradication plan submitted by Greece. Also, on 9 March the Commission decided that the Member States may not authorize imports of cattle from the Okanagan Valley in Canada, because of an outbreak of blue tongue disease among sheep.

¹ OJ C 346, 22.12.1987.

² OJ C 56, 27.2.1988.

³ OJ L 40, 13.2.1988; OJ C 43, 16.2.1988.

⁴ OJ C 16, 21.1.1988.

⁵ OJ C 94, 11.4.1988.

⁶ OJ L 180, 14.7.1980; Bull. EC 6-1980, point 2.1.108.

⁷ OJ L 108, 29.4.1988.

⁸ OJ C 5, 9.1.1988.

⁹ OJ L 93, 30.3.1985; Bull. EC 3-1985, point 2.1.111.

¹⁰ OJ L 89, 6.4.1988.

¹¹ OJ C 153, 11.6.1987; Bull. EC 5-1987, point 2.1.172.

2.1.166. As regards public health, the Commission approved a derogation for Denmark concerning the cutting of cattle and pig carcasses, and laid down equivalent health protection conditions to be complied with.¹

2.1.167. On 24 March the Economic and Social Committee adopted an opinion on the proposal for a Directive on health problems affecting the production, placing on the market of the Community and importation from third countries of minced meat and meat in pieces of less than 100 grams (→ point 2.4.36).²

2.1.168. On the same day it also adopted an opinion on the proposal for a Regulation laying down health conditions for the marketing of fish and fish products concerning nematodes (→ point 2.4.37).³

Plant health

2.1.169. On 25 March the Commission adopted for submission to the Council a proposal for a Directive⁴ amending the Directive of 21 December 1976 concerning measures of protection against the introduction into the Member States of organisms harmful to crops or crop products.⁵

This proposal comprises three of the measures mentioned in the Annex to the Commission's White Paper on completing the internal market:⁶ the definition of the role of plant health inspection in the community, improved application of safeguard clauses, and rules concerning places of inspection and checking of plant health certificates. Its adoption would also bring the French overseas departments into the Community system.

This proposal marks a first step for the implementation of the Commission's communication entitled 'A new strategy in the field of plant health', laid before the Council on 13 March 1987.⁷

Competition

2.1.170. Under Articles 92 to 94 of the EEC Treaty, the Commission decided to

make no comment on the introduction of the following draft measures notified by:

Germany

Improvement in agricultural structures and protection of the quotas for 1988-91 (amendment of two existing schemes: aid to investment for processing and marketing, compensation for redundancy of dairy employees).

Baden-Württemberg

Aid to investment for the protection of the environment.

Premium for the maintenance of the 'Limburger Rind' ('white cattle').

Saarland

Proposed aid in the farm sector relating to the environment.

Bremen

Protection of areas in the protected Borgfelder Wümmewiesen region.

Hessen

Aid for the adaptation, improvement and encouragement of vocational training.

Hamburg

Measures to protect biotopes.

¹ OJ L 105, 26.4.1988.

² OJ C 18, 23.1.1988; Bull. EC 12-1987, point 2.1.228.

³ OJ C 66, 11.3.1988, Bull. EC 2-1988, point 2.1.136.

⁴ OJ C 117, 4.5.1988; COM(88) 170 final.

⁵ OJ L 26, 31.1.1977.

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

⁷ Bull. EC 3-1987, point 2.1.179.

*Belgium**Hainaut*

Province aid to the diversification of agricultural and horticultural production.

Denmark

1988 budget for the following farming funds: 'Pro mille' cattle, milk, poultry, horses, sheep, rabbits, potatoes, seeds, plant improvement. Amendment of the 1986 budget for seeds. 1988 budget and amended 1987 budget for the farm fund for fruits and horticulture.

Spain

Royal Decree No 1462/1986 concerning the grant of aids for the improvement of processing and marketing of agricultural products (investment aids).

France

Aid for the burying and denaturing of potatoes.

*Italy**Basilicata*

Draft Law providing financing and credit facilities for farms (aids to investment in processing and marketing).

Liguria

Intervention to assist agricultural cooperatives in experimenting in plant material better adapted to local soil conditions.

Piedmont

Measures to make good damage caused by natural disasters.

United Kingdom

Aid to the environment.

2.1.171. The Commission decided to terminate the Article 93(2) procedure in respect of the following aid schemes:

*Germany**Schleswig-Holstein*

Aid to the acquisition of agricultural machinery, the German authorities having adjusted the aid rates as requested by the Commission.

European Agricultural Guidance and Guarantee Fund

Guarantee Section

2.1.172. The Commission adopted the provisional accounts for EAGGF Guarantee expenditure relating to the 1987 budget. Compared with the appropriations for 1987, i.e. 22 988.5 million ECU, including fisheries, the figure is 22 967.7 million ECU, and covers overall a period of about 10 months from 1 January 1987 to the end of October and the beginning of November 1987; payments relating to the latter part of 1987 are made under the 1988 budget pursuant to the provisions of a Council Regulation adopted on 19 October 1987.¹

This expenditure breaks down as follows for the main items:

¹ OJ L 304, 27.10.1987; Bull. EC 10-1987, point 2.1.169.

Table 8 — *EAGGF-Guarantee expenditure (1987 operations — provisional accounts)*

Product group	Expenditure under the 1987 budget	
	million ECU	%
Cereals and rice	4 326.8	18.8
Sugar	2 035.6	8.9
Olive oil and oilseeds	3 826.6	16.7
Fruit and vegetables, wine, tobacco	2 571.0	11.2
Milk products	5 182.2	22.5
Beef/veal, sheepmeat, goatmeat, pigmeat, eggs and poultry	3 033.1	13.2
Other product groups	1 545.7	6.7
Total agricultural products	22 521.0	98.0
Accession compensatory amounts	18.0	0.1
Monetary compensatory amounts	636.9	2.8
Clearance of previous years	- 208.2	-0.9
Grand total	22 967.7	100

2.1.173. On 15 March the Commission adopted a Regulation¹ amending for 1988 a Regulation of 12 February relating to the method and interest rates to be applied for the calculation of the cost of financing intervention in the form of buying-in, storage and disposals.²

This Regulation reflects the downward movement in interest rates in 1986, continuing in 1987, in the Federal Republic of Germany and the Netherlands. It fixes specific interest rates of 5% for the FR of Germany and 5.5% for the Netherlands for the whole of 1988.

2.1.174. On 21 March the Commission adopted a Regulation laying down the amounts and methods of depreciation of certain stocks of cereals, butter and beef in public intervention.³

This Regulation, noting that the requirements allowing of financial depreciation of stocks of these products during 1988 are met, specifies, for each product, the relevant amount; depreciation takes effect from 1 March 1988 onwards. Thus, it has been decided to depreciate, for an estimated total of 1 240 million ECU, stocks of:

- (i) cereals, involving 750 million ECU,
- (ii) butter, involving 300 million ECU.
- (iii) beef, involving 190 million ECU.

2.1.175. On 23 March the Commission laid before the Council a proposal for a Regulation laying down general rules applicable to the grant of financial compensation to Spain and Portugal in respect of their contribution to the financing of the depreciation of certain stocks of agricultural products (→ point 2.3.6).

Fisheries

Resources

Internal aspects

Community measures

TACs and quotas

2.1.176. On 23 March the Commission adopted a report on possible solutions to problems arising from changes in the migratory pattern of the Western mackerel stock. The report was transmitted to the Council on 7 April.⁴

¹ OJ L 70, 16.3.1988.

² OJ L 40, 13.2.1988; Bull. EC 2-1988, point 2.1.147.

³ OJ L 76, 22.3.1988.

⁴ COM(88) 149 final.

Technical measures

2.1.177. On 28 March the Commission sent the Council a proposal for a Regulation¹ amending for the fourth time the Council Regulation of 7 October 1986 laying down certain technical measures for the conservation of fishery resources.² This amendment adjusts the conservation rules applying to fishing in the Skagerrak and Kattegat following the agreement reached with Norway and Sweden.³

*External aspects**Bilateral relations**Senegal*

2.1.178. Following the initialling of a new Protocol⁴ under the Fisheries Agreement between the Community and Senegal,⁵ on 7 March the Commission sent the Council a proposal for a Decision⁶ on the conclusion of an Agreement in the form of an exchange of letters providing for provisional application of the Protocol setting out the fishing rights and financial compensation provided for in the Agreement between the Senegalese Government and the Community on fishing off the coast of Senegal for the period from 29 February 1988 to 28 February 1990. It also sent the Council a proposal for a Regulation⁷ on the conclusion of the Protocol.

Tanzania

2.1.179. A first round of negotiations on a Fisheries Agreement between the Community and Tanzania took place in Brussels on 15 and 16 March.

Madagascar

2.1.180. The Joint Committee provided for in the EEC-Madagascar Fisheries Agreement⁸ met again⁹ in Antananarivo on 25 March. The Community delegation gave an

estimate of 7 576 tonnes for tuna catches in Malagasy waters in 1987.

No mutually satisfactory agreement was reached on how point 8 of the Annex to the Agreement should be amended so as to improve the arrangements applicable to fishing for deep-water shellfish.

Morocco

2.1.181. On 25 March the Commission sent the Council a proposal for a Regulation¹⁰ concerning the conclusion of a Sea-fisheries Agreement between the Community and Morocco and laying down provisions for its implementation, in order to enable the Council to conclude the Fisheries Agreement initialled on 25 February.¹¹

Sweden

2.1.182. On 25 March the Commission sent the Council a proposal for a Regulation allocating additional catch quotas among Member States for vessels fishing in Swedish waters.¹² This distributes the additional 1988 quotas for the Swedish zone of the Baltic Sea offered by Sweden under the Agreement signed in February 1986¹³ following the accession of Spain and Portugal.

United States

2.1.183. Consultations on the scope for fishing by Community vessels in American waters under the EEC-USA Fisheries Agree-

¹ COM(88) 131 final.

² OJ L 288, 11.10.1986; Bull. EC 10-1986, point 2.1.174.

³ Bull. EC 11-1987, point 2.1.227.

⁴ Bull. EC 1-1988, point 2.1.94.

⁵ OJ L 361, 31.12.1985; Bull. EC 12-1985, point 2.1.197.

⁶ COM(88) 94 final.

⁷ OJ C 81, 29.3.1988; COM(88) 94 final.

⁸ OJ L 98, 10.4.1987; Bull. EC 3-1987, point 2.1.186.

⁹ Bull. EC 11-1987, point 2.1.232.

¹⁰ OJ C 104, 20.4.1988; COM(88) 146 final.

¹¹ Bull. EC 2-1988, point 2.1.152.

¹² COM(88) 156 final.

¹³ Bull. EC 2-1986, point 2.2.10.

ment¹ were held in Washington on 30 and 31 March.

Markets and structures

Structures

State aid

2.1.184. The Commission decided to raise no objection to the granting of aid by Belgium for fishery promotion and by Denmark for vessel modernization.

Transport

Council

2.1.185. The Council meeting in Brussels on 14 March examined in detail the proposal for a Regulation on access to the market for the carriage of goods by road.² Despite a broad consensus, the lack of a firm commitment on the 1992 objective made it impossible to conclude an agreement at this stage.

The Council also considered other Commission proposals designed to eliminate distortion of competition (setting of rates,³ uniform implementation of Community social legislation concerning the carriage of goods by road, charging of transport infrastructure costs to heavy goods vehicles,⁴ weights and dimensions of certain road vehicles),⁵ reaching agreement on the specific question of the maximum width of refrigerated vehicles.⁶

The Council also took note of Commission reports on the medium-term transport infrastructure programme, the progress of negotiations with transit countries (Austria, Switzerland and Yugoslavia) and the conditions for admission to the occupation of road haulier. On air transport the Commission informed the Council of the amend-

ment to the Directive on scheduled inter-regional air services (→ point 2.1.192) and emphasized that the work at the European Civil Aviation Conference (ECAC) falls within the sphere of competence of the Community.

Inland transport

Road transport

Access to the market

2.1.186. On 10 and 14 March Parliament delivered⁷ two favourable opinions, one on the proposals for a Regulation laying down the conditions under which non-resident carriers may operate national road passenger transport services within a Member State,⁸ and the other on the proposal for a Regulation on common rules for the international carriage of passengers by coach and bus.⁹

2.1.187. *Corrigendum to Bull. EC 11-1987*: the Decision referred to in point 2.1.243 only concerns Greece, Spain, Italy and Portugal.

Admission to the occupation

2.1.188. On 11 March the Commission transmitted¹⁰ to the Council a proposal amending the two Directives of 12 November 1974 on admission to the occu-

¹ OJ L 272, 13.10.1984; Bull. EC 9-1984, point 2.1.102.

² OJ C 25, 30.1.1988; Bull. EC 1-1988, point 2.1.100.

³ OJ C 3, 7.1.1988; Bull. EC 11-1987, point 2.1.246.

⁴ OJ C 79, 26.3.1988; Bull. EC 12-1987, point 2.1.275.

⁵ OJ C 90, 11.9.1971; OJ C 16, 18.1.1979; Bull. EC 12-1978, point 2.1.138; Bull. EC 9-1981, point 2.1.110.

⁶ OJ C 148, 6.6.1987; Bull. EC 5-1987, point 2.1.199.

⁷ OJ C 94, 11.4.1988.

⁸ OJ C 77, 24.3.1987; Bull. EC 2-1987, point 2.1.169.

⁹ OJ C 120, 6.5.1987; Bull. EC 2-1987, point 2.1.170.

¹⁰ OJ C 102, 16.4.1988.

pation of road passenger transport operator¹ and goods haulage operator in national and international transport operations and the Directive of 12 December 1977 aiming at the mutual recognition of diplomas, certificates and other qualifications for transport operators.² The aim of the proposal is to tighten up the conditions for admission to the occupation, as set out in the two 1974 Directives,¹ and to ensure better application in the Member States.

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2.1.189. Parliament delivered³ a favourable opinion on 11 March on the proposal for a Decision on a Community programme in the field of computerized road transport (Drive)⁴ (→ point 2.1.53).

Inland waterways

2.1.190. On 29 March the Commission approved a proposal for a Directive on the reciprocal recognition of national boatmasters' certificates for the carriage of goods by inland waterway.⁵ A Community boatmasters' certificate will be put forward in a proposal for a subsequent Directive.

Sea transport

2.1.191. Following the Council decision of 20 October 1987 concerning coordinated action to safeguard free access to ocean trades in maritime transport with West African and Central African States⁶ and subsequent to the meetings with the African delegation in December 1987 and February 1988, a third meeting of experts held on 24 and 25 March enabled a joint report to the ACP-EEC Committee of Ambassadors to be drawn up containing the principles of future cooperation in sea transport to and from the coast of West Africa. The practical means of applying these principles will be determined during future consultations.

These principles provide for the practices in question to be adapted, in particular with

regard to access to general and bulk cargoes, so as to guarantee unrestricted access to traffic on a commercial basis. They also confirm that liner traffic will remain open to non-conference lines. A statistical information system covering all liner traffic will be set up and contacts between the two parties are scheduled for the purposes of discussing traffic problems. Greater attention should now be paid to financial and technical assistance to the maritime sector under the Lomé Convention.

Air transport

Inter-regional services

2.1.192. On 11 March the Commission transmitted⁷ to the Council an amendment to the proposal for a Directive⁸ amending the Directive of 25 July 1983 concerning the authorization of scheduled inter-regional air services for the transport of passengers, mail and cargo between Member States.⁹ Taking account of the amendments proposed by Parliament,¹⁰ it dropped the provisions to widen the scope of the Directive to include services between regional airports.

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2.1.193. Parliament adopted on 10 March a resolution on the dispute with the United States regarding the Airbus (→ point 2.4.20).³

Multimodal transport

2.1.194. With a view to developing combined transport on account of the advan-

¹ OJ L 308, 19.11.1974.

² OJ L 334, 24.12.1977

³ OJ C 94, 11.4.1988.

⁴ OJ C 355, 12.12.1987; Bull. EC 7/8-1987, point 2.1.68

⁵ COM(88) 171.

⁶ Bull. EC 10-1987, point 2.1.201.

⁷ OJ C 78, 25.3.1978; COM(88) 126 final.

⁸ OJ C 240, 24.9.1986; Bull. EC 7/8-1986, point 2.1.213.

⁹ OJ C 237, 26.8.1983, Bull. EC 7/8-1983, point 2.1.181.

¹⁰ OJ C 13, 18.1.1988; Bull. EC 12-1987, point 2.1.281.

tages it offers the community as a whole (environment, road safety, prevention of road congestion), the Commission decided,¹ on 16 March to propose that the system of aid for combined transport be continued up to 31 December 1992 under Article 31(1)(e) of the Regulation of 4 June 1970.² Provision was also made for the possibility of granting aid to cover part of combined transport operating costs. Finally, the Commission will submit to the Council before 31 December 1992 a report on the application of these provisions and a proposal for the system to be applied subsequently.

2.1.195. On 23 March the Economic and Social Committee adopted an opinion on the proposal³ to amend the Directive of 12 June 1978 on statistical returns in respect of carriage of goods by road, as part of regional statistics.⁴

International competition

2.1.196. On the same day it also adopted an own-initiative opinion on Community transit traffic through non-member countries (Switzerland, Austria and Yugoslavia).

2.1.197. On 8 March Parliament adopted a resolution on the transport policy implications of the accession of Spain and Portugal to the European Communities (→ point 2.4.20).⁵

Energy

Development and implementation of a Community energy policy

Community energy objectives for 1995

2.1.198. On 29 March the Commission adopted a communication,⁶ for trans-

mission to Council and Parliament, on the main findings of its review of Member States' energy policies. In it the Commission takes stock of the energy situation in the Community, notes the trends emerging from the policies pursued in the Member States and points to certain areas meriting special consideration in view of the Community's energy objectives for 1995.⁷ The Commission is greatly concerned regarding the attainment of two of these objectives, namely energy efficiency and the role of solid fuels, and has therefore drawn up a list of recommendations.

Specific problems

Solid fuels

State aid to the coal industry

2.1.199. On 21 March the Commission authorized,⁸ pursuant to its Decision of 30 June 1986 establishing Community rules for State aid to the coal industry,⁹ aid totalling over FF 1 700 million from France to its coal industry in 1988.

Oil and gas

2.1.200. The third symposium on new technologies for the exploration and exploitation of oil and gas resources was held in Luxembourg, at the Commission's initiative, from 22 to 24 March.¹⁰ The conclusions reached by the 450 delegates from 25 countries will help the Commission set its priorities for further work on the pro-

¹ COM(88) 117.

² OJ L 130, 15.6.1970; OJ L 184, 29.6.1982; Bull. EC 6-1982, point 2.1.145.

³ OJ C 4, 8.1.1988; Bull. EC 11-1987, point 2.1.255.

⁴ OJ L 168, 26.6.1978.

⁵ OJ C 94, 11.4.1988.

⁶ COM(88) 174 final.

⁷ OJ C 241, 25.9.1986; Bull. EC 9-1986, point 2.1.154.

⁸ OJ L 105, 26.4.1988.

⁹ OJ L 177, 1.7.1986; Bull. EC 6-1986, point 2.1.236.

¹⁰ Bull. EC 12-1984, point 2.1.212.

gramme and decide the tenor of the fresh proposals to be put to the Council later in the year.

Energy saving

2.1.201. In the light of the Community's energy objectives for 1995,¹ the Commission adopted a recommendation on 29 March on accelerating discrete energy efficiency investments through third-party financing.² It sent the text of this recommendation to the other institutions for their information.

The system consists of an energy services company carrying out an 'energy audit' on a client's premises, then proposing and making the investment required to achieve the potential energy savings that were identified. It subsequently takes care of operation and maintenance of the equipment. The facility owner repays the capital provided by the services company on the basis of the financial benefit resulting from the energy savings made. He then has the choice of renewing the contract or purchasing the equipment, to the extent that the contract does not simply provide for transfer of ownership at the end of its term.

Nuclear safety

Radiation protection

Basic standards

2.1.202. On 28 March, pursuant to Article 33 of the Euratom Treaty, the Commission expressed a favourable opinion on a draft Decree on radiation protection drawn up by France in implementation of the Euratom Directives of 15 July 1980³ and 3 September 1984⁴ laying down the basic safety standards for the health protection of the gen-

eral public and workers against the dangers of ionizing radiation.

2.1.203. The group of scientific experts on radiation protection and public health set up under Article 31 of the Euratom Treaty met in Luxembourg on 17 and 18 March, and delivered its opinion on the proposals concerning preparations for infants and liquid foodstuffs, with a view to supplementing the Annex to Council Regulation (Euratom) No 3954/87 of 22 December 1987 laying down maximum permitted levels of radioactive contamination of foodstuffs and of feeding stuffs following a nuclear accident or any other case of radiological emergency.⁵

2.1.204. On 16 March, the Commission decided to send a reasoned opinion to the Greek Government concerning the measures which it had introduced to control radioactivity levels in foodstuffs imported from other Member States. This action was prompted by the Greek authorities' negative response to the opening of a procedure under Article 169 of the Treaty. The Commission considers that the obligation to present a certificate stating that radioactivity standards are being complied with in the case of importation of foodstuffs into Greece constitutes an unjustified barrier to trade. Furthermore, Greece also sets standards for powdered milk which differ from those laid down in the Council Regulation of 22 December 1987⁵ and are also considered by the Commission to be unjustified barriers to free trade.

2.1.205. In March the Commission held discussions with the United Kingdom authorities about experience with the intrinsic safety features envisaged at the Trawsfynydd nuclear power station, the carrying-out of which has since been postponed indefinitely.

¹ OJ C 241, 25.9.1986; Bull. EC 9-1986, point 2.1.154.

² COM(88) 175 final.

³ OJ L 246, 17.9.1980; Bull. EC 7/8-1980, point 2.1.54.

⁴ OJ L 265, 5.10.1984; Bull. EC 7/8-1984, point 2.1.55.

⁵ OJ L 371, 30.12.1987; Bull. EC 12-1987, point 2.1.288.

2. External relations

New multilateral trade negotiations

Informal meeting of Trade Ministers

2.2.1. An informal meeting of Trade Ministers from 26 countries,¹ attended by the Community, was held in Constance from 18 to 20 March. No decisions were due to be taken at the meeting but the Ministers were able to give political impetus to the Uruguay Round of multilateral negotiations, thus overcoming the opposition of developing countries to negotiations in the service sector. On agriculture, the Community stressed the importance of the decisions taken by the European Council in Brussels in February to reduce Community surpluses and bring surplus production under control, and urged the other major producer countries to do likewise. The Ministers discussed the strengthening of GATT's role and in general terms voiced their willingness to develop cooperation between GATT, the International Monetary Fund and the World Bank.

Lastly, it emerged that negotiations in Geneva will be accelerated over the coming months with a view to the ministerial meeting of all contracting parties (mid-term review), to be held in Montreal on 5 December. The Ministers made plans to meet informally again in Pakistan in October.

2.2.2. An informal meeting on the technical aspects of the functioning of agricultural producer subsidy equivalents (PSEs) was held in Geneva on 23 and 24 March. The discussions focused in particular on the different objectives of PSEs used in a trade negotiation in contrast to those originally established by the OECD.

Many countries attended the meeting, highlighting the widespread interest in PSEs in the current negotiating round.

Commercial policy

Implementing the common commercial policy

Commercial policy instruments

Changes to anti-dumping rules

2.2.3. On 29 March the Commission sent the Council a proposal² for a Regulation amending the Regulation of 23 July 1984 on protection against dumped or subsidized imports from countries which are not members of the European Economic Community.³ The aim is to make certain technical amendments in order to clarify the existing provisions (determination and comparison of normal value and export prices, procedural rules for investigations) and to make Community action more effective while upholding the principle of legal certainty.

Easing of restrictive measures

2.2.4. Under the Council Regulation of 14 November 1983 on import arrangements for products originating in State-trading countries, which have not been liberalized at Community level,⁴ the Commission opened the following quotas:

Denmark—Poland: footwear with outer soles of rubber, plastic, leather or composition leather and uppers of meather—outward processing (CN code 6403);⁵

¹ Argentina, Australia, Austria, Brazil, Canada, Egypt, France, the Federal Republic of Germany, Hungary, Indonesia, Italy, Japan, Mexico, the Netherlands, New Zealand, Nigeria, Pakistan, the Philippines, South Korea, Spain, Sweden, Switzerland, Thailand, the United Kingdom, the United States and Uruguay.

² COM(88) 112 final.

³ OJ L 201, 30.7.1984; Bull. EC 7/8-1984, point 2.2.7, OJ L 167, 26.6.1987, Bull. EC 6-1987, point 2.2.2.

⁴ OJ L 346, 8.12.1983.

⁵ OJ C 65, 10.3.1988.

Italy—Poland: zinc alloy billets (CN code 7901 20 00);¹

Benelux—German Democratic Republic: Portland cement, aluminous cement ('ciment fondu'), slag cement, supersulphate cement and similar hydraulic cements whether or not coloured or in the form of clinkers (CN codes 2523 10 00 to 2523 90 90); tableware, kitchenware, other household articles and toilet articles, of porcelain or china, excluding 'porcelite' (CN codes ex 6911 10 00 and ex 69119000); toothbrushes, brushes, floor sweepers—shaving brushes (other than brushes constituting parts of machines) (CN codes 9603 21 00, 9603 29 10, 9603 20 30, 9603 29 90, 9603 30 10, 9603 30 90, 9603 40 10 and 9603 90 91);²

Benelux—Vietnam: Textiles (category 8);²

Italy—Soviet Union: parts suitable for use solely or principally with spark-ignition

internal combustion piston engines (CN code 8409 91 00); ball- or roller-bearings (CN codes 8482 10 10 to 8482 10 90); unwrought aluminium, alloyed, waste recast into ingots (CN code 7601 20 90) and unwrought aluminium, not alloyed (CN code 7601 10 00);³

Italy—Soviet Union: footwear (CN code 6403 19 00);⁴

Italy—People's Republic of China: yarn (60% silk, 40% wool) not put up for retail sale (category ex 130B—CN code 5005 00 90).⁴

Trade protection

2.2.5. Trade protection measures taken in March are shown in Table 9.

¹ OJ C 67, 12.3.1988.

² OJ C 71, 17.3.1988.

³ OJ C 79, 26.7.1988.

⁴ OJ C 82, 30.3.1988.

Table 9 — *Trade protection measures*

Commission

Anti-dumping proceedings

Provisional anti-dumping duty on imports of:

Oxalic acid originating in Taiwan or South Korea
OJ L 72, 18.3.1988

(notice of initiation: OJ C 137, 22.5.1987)

Notice of extension of an anti-dumping proceeding concerning imports of:

Certain cellular mobile radio telephones originating in Canada and Japan, to include imports of this product originating in Hong Kong

OJ C 71, 17.3.1988

(notice of initiation: OJ C 185, 15.7.1987)

Notice of initiation of a review of anti-dumping measures concerning imports of:

Low-carbon ferro-chromium originating in South Africa, Turkey or Zimbabwe
OJ C 57, 1.3.1988

(notice of expiry: OJ C 1, 5.1.1988)

Decision terminating the anti-dumping proceeding concerning imports of:

Kraftliner paper and board originating in Brazil or the Republic of South Africa
OJ C 62, 8.3.1988

(notice of initiation: OJ C 113, 28.4.1987)

Refrigerating units for transport originating in France and imported into Spain

OJ L 79, 24.3.1988

(notice of initiation: OJ C 241, 25.9.1986)

Notice of expiry of anti-dumping measures

OJ C 72, 18.3.1988

2.2.6. On 9 May the Commission sent the Council for information a copy of its fifth annual report to the European Parliament on the Community's anti-dumping and anti-subsidy activities.^{1 2} Although the report concentrates mainly on the Community's activities under Community provisions³ and GATT rules⁴ during 1986, for the purposes of comparison details are also included of the number of investigations and reviews initiated and concluded in 1984 and 1985.

*Treaties and trade agreements:
extension or automatic renewal*

2.2.7. On 28 March, acting on a proposal from the Commission,⁵ the Council authorized the automatic renewal or continuance in force of provisions governing matters covered by the common commercial policy contained in the friendship, trade and navigation treaties and similar agreements concluded between Member States and third countries.⁶

**Sectoral commercial policy
matters**

Textiles

**Agreements and arrangements
with third countries**

MFA countries

2.2.8. A second series of consultations was held with Thailand on 23 and 24 March in

Brussels to continue the discussions on the implications of the Combined Nomenclature for exports of certain textile products from Thailand.⁷ Those problems which were not solved were carried over to the next round of discussions, after a further examination of the trade flows concerned.

2.2.9. Consultations were held with India on 28 and 29 March in New Delhi to look at certain aspects of the bilateral agreement on trade in textile products, and in particular the problems resulting from the introduction of the Harmonized System. The consultations will be resumed in a month's time with a view to reaching a mutually acceptable solution.

2.2.10. A Commission delegation visited Beijing (People's Republic of China) during the week beginning 21 March to hold preliminary negotiations on the renewal of the bilateral agreement on trade in textile products, which expires on 31 December.⁸ A first detailed exchange of views was held on the implementation of the present agreement and the form of the new agreement. The formal negotiations will open very shortly.

¹ COM(88) 92 final.

² Bull. EC 4-1987, point 2.2.6.

³ OJ L 339, 31.12.1979; OJ L 201, 30.7.1984.

⁴ OJ L 71, 17.3.1980.

⁵ COM(88) 70 final.

⁶ OJ L 100, 19.4.1988.

⁷ Bull. EC 1-1988, point 2.2.7

⁸ OJ L 198, 27.7.1984; Bull. EC 3-1984, point 2.2.13.

Relations with industrialized countries

United States

2.2.11. Mr Andriessen, Vice-President with special responsibility for the common agricultural policy, made an official visit to Washington from 3 to 5 March. He met Mr Clayton Yeutter, Special Representative for Trade Negotiations, and Mr Lyng, Secretary for Agriculture.

Talks centred on the Uruguay Round of multilateral trade negotiations.¹ They revealed the continued existence of differences between the Community and the United States on how to liberalize agricultural trade.

Mr Andriessen said that in the Community's view the elimination of all agricultural subsidies by the year 2000 was not a realistic aim, and that priority should be given to shorter-term objectives. The Community had already made proposals in three areas: cereals (agreement should be reached between the main exporters to stabilize market conditions), sugar (the Community was ready to cut its exports to the average level of the last five years if the United States stabilized its imports) and milk (the Community called on the United States to join the international agreement on dairy products, which makes it possible to stabilize production). In this connection, Mr Andriessen regretted that the United States was currently taking measures such as its export enhancement programme, which were blatantly incompatible with its long-term aims (for the year 2000) and had adverse short-term effects on the Community. He also complained that the Community's efforts to control its agricultural production, at the cost of heavy sacrifices by European farmers, had been neither recognized nor imitated by its main partners in GATT.

Dispute concerning civil aircraft

2.2.12. Mr De Clercq, representing the Commission, and the Industry Ministers of

the four member countries of the Airbus consortium (France, Germany, Spain and United Kingdom) held the second² EEC-United States ministerial meeting at Constance (Germany) on 18 March with Mr Clayton Yeutter, US Trade Representative. The meeting revealed that some progress had been made since October 1987, but that there remained considerable differences on the problems of subsidies and transparency. In particular, there was virtual agreement on questions covered by Article 4 (purchase and sale incentives, subcontracting, etc.) and on consultation mechanisms. The participants also agreed in principle on several points: an escape clause (agreement not formulated); participation in the agreement by third countries (multilateralization); the abolition of aid for production (aid for research and development may continue, on condition that there is careful examination of the results expected); and equivalent treatment for direct and indirect aid (a principle which also applies to transparency). The Ministers agreed to meet again in May, at the OECD ministerial meeting.

2.2.13. On 10 March Parliament adopted a resolution on the dispute between the Community and the United States concerning Airbus (→ point 2.4.20).³

United States-Japan Agreement on semiconductors

2.2.14. On 24 March GATT transmitted to the Contracting Parties the conclusions of the panel set up at the Community's request in October 1986 to examine the Agreement between the United States and Japan of 30 July 1986 on semiconductors.⁴ The panel upheld the Community's complaint, concluding that monitoring prices of semiconductors exported to countries other than the United States constituted interference in third countries' markets and therefore breached Article II(1) of GATT.

¹ Bull. EC 9-1986, point 1.4.1 *et seq.*

² Bull. EC 10-1987, point 2.2.16.

³ OJ C 94, 11.4.1988.

⁴ Bull. EC 7/8-1987, point 2.2.10.

On the other hand, it was unable to gather sufficient evidence to prove the existence of discrimination in breach of Article I of GATT resulting from the granting of privileged access to the Japanese market for US exporters. The panel therefore recommended the Contracting Parties to request Japan to bring these measures into line with the provisions of GATT.

Canada

2.2.15. Mr Brian Mulroney, Prime Minister of Canada, and Mr Taylor, Assistant Secretary for External Affairs, visited the Commission on 4 March. Their discussions with Mr Delors and Mr De Clercq, Member of the Commission with special responsibility for external relations and trade policy, concerned the results of the European Council meeting, the mid-term review of the Uruguay Round and bilateral relations.

Commenting on the results of the latest European Council,¹ Mr Delors said that the Community's efforts to bring farm production into line with demand while maintaining small farmers' incomes had been undertaken in the expectation of corresponding efforts on the part of other countries producing surpluses. Both sides recognized that all participants had to be realistic about the objectives of the mid-term review of the multilateral trade negotiations,² which should essentially be political in nature in order to stimulate the negotiations. Mr Mulroney hoped that fresh impetus could be given to bilateral relations by institutionalizing political contacts if possible, now that Canada's attention was no longer fixed on the free trade negotiations with the United States. He nevertheless recognized that these relations would first have to become more substantial. As a result, both sides expressed their desire to solve the practical problems rapidly.

Japan

2.2.16. on 22 March the Commission transmitted to the Council³ its annual communication⁴ on relations between the

Community and Japan, which the Council will examine in April. This document, which reviews the general development of economic and trade relations with Japan, also reports, at the Council's request,⁵ on the initiatives taken in 1987 to open up access to some sectors of the Japanese market.

Over the last three years, the Community's general policy towards Japan has consisted of a combination of trade and cooperation measures aimed at developing a system of balanced relations safeguarding Community interests and encouraging Japan to accept its responsibilities in the world economy. In 1987 there were promising signs regarding Japanese economic policy (growth in domestic demand) and also concerning trade, with the Community's deficit falling as a result of a virtually parallel rise both in the Community's imports and in its exports, something unique among Japan's trading partners. However, the concentration of Community exports in the luxury car sector showed the need for measures to widen the range of Japan's imports from the Community.

The Commission is also aware of the four main difficulties which the Community will meet, or continue to meet, in achieving a turn-around in relations with Japan. The low cover ratio (33% in 1986, 37% in 1987) implies that for some time the Community's exports to Japan have to grow three times faster than its imports even to stabilize the deficit. Secondly, there are signs that Japanese exports may well recover their competitiveness, thus compromising the process of adjustment. Thirdly, the concentration of Japanese exports on the Community is likely to continue because of the exchange rate relativities. Finally, the Community's traditional modest surplus in invisible trade is likely to shrink in future. All these factors combined suggest that the

¹ Bull. EC 2-1988, point 1.1.1 *et seq.*

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

³ COM(88) 136 final.

⁴ Bull. EC 3-1987, point 2.2.11.

⁵ Bull. EC 7/8-1987, point 2.2.22.

Community should continue to press the Japanese Government to give effective support to domestic demand, implement structural reforms and improve access to markets. The Japanese Government must also avoid resorting to bilateral, discriminatory arrangements with the United States. It would be dangerous to conclude that credible threats of protectionism are the only effective means of obtaining trade concessions.

The Commission's sectoral approach to relations with Japan has led to progress in some areas (cosmetics, medical equipment and motor vehicles), but monitoring of practical implementation remains necessary. The same applies to the Japanese Government's incomplete implementation of GATT's recommendations for ending the discriminatory taxation of wines and spirits from the Community. The Commission has also prepared new sectoral initiatives (on pharmaceuticals and agricultural products) and an initiative on the protection of intellectual property (action against counterfeiting in Japan). So far, however, attempts to ensure European companies access on equitable terms to major Japanese infrastructure projects, such as Kansai International Airport, have not met with success.

The Commission has also developed cooperation with Japan, both in the industrial sector (setting up a centre for industrial cooperation) and in science and technology (telecommunications standards, high-definition television standards and a training programme for scientists). Although the results are promising, they are not yet tangible.

In future relations with Japan the Commission recommends that the Community should continue the policy which it has followed to date and indeed intensify its efforts, acting with greater firmness and consistency with a view to achieving practical results. The Commission is already considering the problems of direct investment (overall imbalances and the fact that Japanese investments in the Community are always geared towards promoting exports)

and the risks of a worsening of the imbalance following the completion of the internal market.

2.2.17. The GATT panel set up to look at the US-Japan Agreement on semiconductors delivered its ruling on 24 March (→ point 2.2.14).

2.2.18. On 23 March the Commission adopted the outlines of an external commercial policy on shipbuilding, particularly in relation to Japan (→ point 2.1.34).

New Zealand

2.2.19. Mr Marshall, New Zealand Minister for Foreign Affairs, visited the Commission on 29 February. His talks with Mr Andriessen and Mr De Clercq focused on the results of the European Council meeting and its effect on the future economic and political development of the Community, and on the world agricultural and trade situation. Bilateral trade questions were also discussed: import arrangements for sheepmeat, butter and apples, cooperation in the dairy sector, and the development of cooperation in science and technology and development aid.

2.2.20. Mr Moore, New Zealand Minister for Overseas Trade, had talks with Mr Andriessen on 25 March. Under discussion were agricultural matters, both within the multilateral trade negotiations (long-term and short-term prospects) and in bilateral relations.

Relations with other countries and regions

Mediterranean countries

Mediterranean policy of the enlarged Community

2.2.21. On 28 March the Commission presented to the Council a recommendation

for a Decision¹ concerning the conclusion of a Protocol² adapting the Cooperation Agreement between the Community and Morocco³ and also a draft Protocol to the Agreement between the Member States of the ECSC and Morocco,³ consequent on the accession of Spain and Portugal to the Community.

2.2.22. On 22 March the Commission presented to the Council a recommendation for a Decision⁴ concerning the conclusion of a Protocol to the Cooperation Agreement between the Community and Syria⁵ and also a draft Protocol to the Agreement between the Member States of the ECSC and Syria, consequent on the accession of Spain and Portugal to the Community.

2.2.23. On 9 March Parliament refused to give its assent to the recommendation for a Council Decision⁶ concerning the conclusion of a Protocol to the EEC-Israel Agreement⁷ consequent on the accession of Spain and Portugal to the Community (→ points 2.4.13 to 2.4.15).⁸ It sent the Protocol back to the Council, which decided on 22 March to consult Parliament once again so that it could state its position clearly on this matter.

Turkey

2.2.24. At its meeting from 28 to 30 March the Council decided to sign the Protocols to the EEC-Turkey Association Agreement⁹ and the ECSC-Turkey Agreement,¹⁰ consequent on the accession of Greece to the Community. Pending completion of the relevant formalities for concluding the Protocols the Council adopted the Regulation bringing into force unilaterally the trade provisions of the Protocol to the EEC-Turkey Agreement.¹¹

It was also decided to ask for Parliament's assent to the EEC Protocol.

2.2.25. Mr Turgut Özal, the Turkish Prime Minister, accompanied by Mr Mesut Yilmaz, the Foreign Minister and Mr Ali

Bozer, the Minister of State responsible for European affairs paid an official visit to the Commission on 3 March. Their talks with Mr Delors, President of the Commission, and Mr Cheysson, Member of the Commission with special responsibility for Mediterranean policy, provided an opportunity for a wide-ranging review of bilateral relations and, in particular, recent developments in the Turkish economy, preparations for the meeting of the EEC-Turkey Association Council and the progress made by the Commission in drawing up an opinion on Turkey's official application for accession.¹² The Turkish delegation also informed Mr Delors and Mr Cheysson of the latest developments in Turkey's relations with several of its neighbours.

Morocco

2.2.26. On 29 March the Commission presented¹ to the Council a recommendation for a Decision concerning the conclusion of an additional Protocol to the Cooperation Agreement between the Community and Morocco³ and another concerning the conclusion of the Protocol on financial and technical cooperation between the two sides.¹³

Egypt

2.2.27. Mr Cheysson paid an official visit to Egypt from 5 to 8 March, in the course of which he met President Mubarak and the Prime Minister, Dr Atef Sedki. He also had talks with the Deputy Prime Minister

¹ COM(88) 168 final.

² Bull. EC 2-1988, point 2.2.25.

³ OJ L 264, 27.9.1978.

⁴ COM(88) 104 final.

⁵ OJ L 269, 27.9.1978.

⁶ Bull. EC 10-1987, point 2.2.24.

⁷ OJ L 136, 28.5.1975.

⁸ OJ C 94, 11.4.1988.

⁹ OJ 217, 29.12.1964; Seventh General Report No 279.

¹⁰ OJ L 293, 29.12.1972.

¹¹ OJ L 104, 23.4.1988.

¹² Bull. EC 4-1987, points 1.3.1 and 1.3.2.

¹³ Bull. EC 2-1988, point 2.2.29.

responsible for Foreign Affairs, Agriculture and Planning and various other Ministers and representatives of the Association of Egyptian Businessmen. Talks focused on the situation in the Middle East, bilateral cooperation and the financial and food aid provided by the Community to Egypt. During his visit Mr Cheysson signed an agreement for a water resources project costing two million ECU. He also discussed ways of intensifying agricultural and industrial cooperation and increasing aid for Egyptian projects aimed at improving the country's food self-sufficiency.

Syria

2.2.28. On 22 March¹ the Commission presented to the Council a recommendation for a Decision concerning the conclusion of an additional Protocol to the Cooperation Agreement between the Community and Syria.²

Israel

2.2.29. On 9 March Parliament refused to give its assent to two recommendations for Decisions,³ one concerning the conclusion of a fourth additional Protocol⁴ to the Agreement between the Community and Israel⁵ and the other concerning the conclusion of a Protocol on financial cooperation between the Community and Israel⁶ (→ points 2.4.13 to 2.4.15). It sent the Protocols back to the Council, which decided on 22 March to consult Parliament once again so that it could state its position clearly.

Countries of the Gulf and the Arabian peninsula

Gulf Cooperation Council

2.2.30. A Commission delegation and a delegation from the Gulf Cooperation Council (GCC) countries initialled a Coop-

eration Agreement between the Community and the Gulf States.

The Agreement provides for cooperation in the following fields: economic affairs, agriculture and fisheries, industry, energy, science, technology, investment, the environment and trade.

As regards economic cooperation the two sides will seek to facilitate the transfer of technology through joint ventures and to encourage cooperation on standards. In the case of energy, both sides will promote cooperation between firms, training and joint studies on trade in oil, gas and petroleum products. They will also endeavour to promote appropriate investment protection and a reciprocal improvement of investment conditions. In the trade sector the aim of cooperation will be to encourage expansion and diversification. Both sides will also continue to accord each other most-favoured-nation treatment.

In order to ensure that the cooperation measures are given practical application a Joint Council will be set up which will meet at least once a year, or at the request of one of the parties.

Both sides also agreed to promote measures in the framework of the Uruguay Round⁷ designed to bring about a multilateral reduction of the customs duties applicable to petrochemical products.

Once the Agreement is signed — this is planned for June — the two sides have agreed to begin discussing a second agreement, the aim of which will be to improve access for exports to their respective markets and liberalize mutual trade, provided both parties can find solutions for their sensitive sectors.

¹ COM(88) 104 final.

² OJ L 269, 27.9.1978.

³ OJ C 94, 11.4.1988.

⁴ OJ C 104, 21.4.1987; Bull. EC 1-1987, point 2.2.11.

⁵ OJ L 270, 27.9.1978.

⁶ Bull. EC 7/8-1987, point 2.2.30.

⁷ Bull. EC 9-1986, point 1.4.1 *et seq.*

Yemen Arab Republic

2.2.31. The second meeting of the Community-Yemen Arab Republic Joint Cooperation Committee¹ took place in Brussels on 10 and 11 March. The Yemeni delegation was led by Dr Said al Attar, the Deputy Prime Minister and Development Minister.

The Committee held an initial exchange of views on recent developments in Yemen and the Community and on all the areas of cooperation covered by the Cooperation Agreement of January 1985.² Trade and economic cooperation and tourism, energy, R&D and development cooperation were also discussed.

Asia

India

2.2.32. The fifth meeting of the EEC-India Joint Commission was held in New Delhi on 22 and 23 March.³ The two sides expressed their satisfaction at the broadening and strengthening of their relations. Cooperation now extends beyond the original areas of trade and development to cover industry and scientific research.

As regards trade, India's exports to the Community increased significantly in 1987, particularly its exports of leather and textiles, thereby reducing the trade imbalance. In the field of financial and technical cooperation, the Community confirmed its commitment to developing the dairy sector in India (Operation Flood III).⁴ Since 1976 Community assistance to India has totalled nearly one 1 000 million ECU.

The new industrial and scientific cooperation programmes will help Indian industries to modernize and diversify. The Joint Commission noted the progress made recently on industrial standards and in establishing a technological data centre in India, and the specific measures taken to promote links between Indian and European firms. Headway has also been made

in setting up an Indo-European centre for energy management. New impetus has been given to the scientific cooperation programme: the priorities, which cover biotechnology, medicine and the environment, and the methods of implementing the programme, such as links between research institutes, study awards and joint research projects, have now been established.

2.2.33. Mr Cheysson paid an official visit to India on 24 and 25 March at the invitation of Mr Tiwari, the Minister for Finance and Commerce. He met the Prime Minister, Mr Rajiv Gandhi and had talks with Mr Tiwari, Mr Vengal Rao, the Minister for Industry, Mr Bhajan Lal, the Minister for Agriculture, Mr Shivshankar, the Minister for Planning, and the Ministers of State for External Affairs and for Science and Technology, Mr Natwar Singh and Mr Narayanan. During the visit, which provided an opportunity to confirm the strengthening of bilateral cooperation and its extension to new fields (→ point 2.2.32), Mr Cheysson and the Indian authorities signed the Financial Agreements for Phase III (1987-94)⁴ of Operation Flood,⁵ which is aimed at developing the dairy sector and has a Community commitment of 147 million ECU, and the Kerala coconut project for which the Community is providing 45 million ECU.

South Korea

2.2.34. On 23 March the Commission adopted the broad outlines of an external commercial policy on shipbuilding, with particular reference to South Korea (→ point 2.1.34).

¹ Bull. EC 3-1985, point 2.2.25.

² OJ L 26, 31.1.1985; Bull. EC 1-1985, point 2.2.22.

³ Bull. EC 1-1987, point 2.2.17.

⁴ Bull. EC 9-1987, point 2.2.32.

⁵ Bull. EC 3-1986, point 2.2.38; Bull. EC 9-1987, point 2.2.32.

Latin America

Community-Latin America dialogue

2.2.35. The fourth Ministerial Conference¹—'San José IV'—between the Community and its Member States and the countries of Central America and of the Contadora Group was held in Hamburg on 29 February and 1 March (→ point 1.3.1 *et seq.*).

2.2.36. The Foreign Ministers of the Contadora Group² and the Support Group³ met their Community counterparts and the Commission in Hamburg on 1 March. The meeting, which is the first practical outcome of the guidelines adopted by the Council on 22 June last year⁴ on the strengthening of relations with Latin America, was the first time such a large number of Latin American Ministers had met Ministers from the Community countries in Europe. The Ministers discussed a number of issues connected with the international economic and political situation. These included the general economic situation, the difficulties caused by the Latin American external debt, the expansion of international trade and the Uruguay Round and progress and prospects with regard to democracy in Latin America. The Latin American Ministers expressed their wish for the dialogue to be maintained and intensified.

2.2.37. On 11 March Parliament adopted a resolution on the situation in Central America⁵ (→ point 2.4.21).

Uruguay

2.2.38. On 18 March Mr Delors, President of the Commission, met Mr Sanguinetti, the President of Uruguay, and Mr Tassano, the Foreign Minister. Talks focused mainly on the major areas of common interest, namely the situation in Central America, the debt problem and the Uruguay Round.⁶ As regards bilateral relations, Mr Sanguinetti expressed Uruguay's wish to increase its exports of top-quality meat to the Community, while the Commission expressed its

interest in economic and industrial cooperation which would lead to diversification.

State-trading countries

Normalization of relations between the countries of Eastern Europe, the CMEA and the Community

2.2.39. On 1 and 2 March Commission representatives received a Soviet delegation led by Mr Ivanov, Deputy Chairman of the State Committee for Foreign Economic Relations. The talks focused on prospects for relations between the Community and the USSR, including the content of a possible future agreement between the two sides. This was the second meeting between the Commission and a Soviet delegation since the exchange of letters between Mr De Clercq and the Foreign Ministers of the Eastern European countries in 1986.⁷ The first meeting, which was held in January 1987,⁸ dealt with ways of establishing diplomatic relations between the Community and the USSR.

China

2.2.40. High-level consultations took place in Brussels on 1 March between a Commission delegation headed by Mr Willy De Clercq, Member of the Commission with special responsibility for external relations and trade policy, and a Chinese delegation led by Mr Zheng Tuobin, Minister for Economic Relations and Foreign Trade. The consultations, which were the latest in a regular series between the Commission and the Chinese authorities,

¹ Bull. EC 2-1987, point 1.3.1 *et seq.*

² Colombia, Panama, Mexico and Venezuela. The Panamanian delegation was absent for internal political reasons.

³ Argentina, Brazil, Peru and Uruguay.

⁴ Bull. EC 6-1987, points 2.2.23 and 3.5.1.

⁵ OJ C 94, 11.4.1988.

⁶ Bull. EC 9-1986, point 1.4.1 *et seq.*

⁷ Bull. EC 2-1986, point 2.2.21; Bull. EC 5-1986, point 2.2.37.

⁸ Bull. EC 1-1987, point 2.2.22.

focused mainly on trade issues. The two sides expressed their satisfaction at the progress made in bilateral cooperation and stressed the spectacular rise in Chinese exports to the Community in 1987.

Mr De Clercq pointed out that at the same time Community sales to China had fallen off. In general European statistics for last year pointed to a clear levelling-out in bilateral trade. The Chinese delegation welcomed the fact that the Community continues to be its biggest supplier of technology and expressed the hope that the Community's share of Chinese foreign trade would increase. China again asked the Community to lift quantitative restrictions on textiles and ease restrictive measures on textile imports. In this connection Mr De Clercq linked possible liberalization measures by the Community with the implementation of price reforms in China. He also recalled the need for an improvement in investment conditions in China.¹

At the end of the meeting the two sides signed the Protocol of Agreement on the project to develop the dairy sector in China.² The project will provide China with Community aid totalling almost 80 million ECU over five years in the form of food supplies and technical assistance. It is the biggest Community project so far carried out in China.

2.2.41. The third EEC-China Business Week³ took place from 29 February to 4 March.⁴ Ten large Chinese import-export and investment firms took part and exhibited their export products, particularly high-technology products such as software, silicon solar cells and electronic goods. Meetings between the Chinese visitors and the 500 or so European businessmen who took part in the Business Week resulted in Chinese sales of approximately USD 100 million and European sales of USD 40 million.

Romania

2.2.42. On 7 March⁵ the Council adopted, on a proposal from the Com-

mission,⁶ a Regulation on the conclusion of the 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.⁷

Czechoslovakia

2.2.43. On 30 March Mr Timotej Hill, Chairman of the Czechoslovak Office of Standards, came to the Commission in the course of a visit to several Community countries for the purpose of discussing present and possible future cooperation in the field of industrial standards.

Development

ACP-EEC Convention

Guidelines for a new Convention

2.2.44. On 25 March the Commission sent the Council a communication concerning general guidelines for the renewal of the ACP-EEC Convention. In June a draft negotiating directive will be sent to the Council. The Communication identifies the main issues arising in the run-up to the new negotiations and sets out guidelines for each individual issue. The approach is twofold: firstly, to preserve and strengthen the fundamental approaches and principles (policy dialogue and sectoral policy support) which govern the content of EEC-ACP relations as defined in the current Convention;⁸ secondly, to carry forward the cooperation

¹ Bull. EC 11-1987, point 2.2.32, Bull. EC 12-1987, point 2.2.57.

² Bull. EC 12-1987, point 2.2.37.

³ Bull. EC 12-1985, point 2.3.33.

⁴ Bull. EC 2-1988, point 2.2.37.

⁵ OJ L 71, 17.3.1988.

⁶ Bull. EC 2-1988, point 2.2.38.

⁷ OJ L 352, 29.12.1980, points 1.4.1 to 1.4.9.

⁸ Bull. EC 11-1984, point 1.1.1 *et seq.*; Bull. EC 12-1984, point 1.5.1 *et seq.*; Bull. EC 4-1986, point 2.2.31.

process so as to satisfy the new needs of the ACP countries.

The Commission proposes that the next Convention be concluded for an indefinite period, but with a five-year review clause which would provide for selective renegotiation at the request of the parties. It does not recommend any significant enlargement of the group of ACP States for the time being. With regard to trade, it proposes a consolidation of the existing arrangements based on freedom of access to the Community market for ACP products and non-reciprocity, taking into account the imperatives of the single market and the current Uruguay Round negotiations.¹ With regard to commodities, the Commission proposes to simplify the operation of Sysmin, increase the structural impact of Stabex, possibly by abolishing the repayment obligation, and improve the functioning of the Joint Committee on Agricultural Commodities. It also hopes to examine the scope for expanding trade cooperation to cover ACP-EEC trade in services.

As regards innovations, the Commission — taking its cue from the conclusions of the Venice Western Economic Summit² and from the special Community programme to aid certain highly indebted low-income countries in sub-Saharan Africa³ — proposes to mobilize additional funds in order to make a more effective response to the serious financial problems of the ACP States and bolster the economic reforms which those countries have undertaken. In addition, it envisages grants taking the place of special loans. It also seeks to place greater emphasis on the role of investment and the contribution of the private sector to the development of ACP countries, and to make good certain deficiencies of the current Convention, notably in connection with environmental and natural resource protection, support for population policies and the strengthening of research potential in the ACP States. With regard to regional cooperation, the Commission seeks to promote a collective dialogue and economic integration among ACP countries.

Commodities and world agreements

Coffee

2.2.45. On 7 March the Commission adopted a Regulation⁴ amending the Council Regulation of 28 September 1987⁵ on the application of the system of certificates of origin provided for under the International Coffee Agreement 1983⁶ when quotas are in effect. The Regulation concerns the technical adaptations required following the entry into force on 1 January of the Harmonized Commodity Description and Coding System and the adoption of the Combined Nomenclature.

Cocoa

2.2.46. The International Cocoa Council held its 35th regular meeting in London from 29 February to 12 March.⁷ The talks failed to produce a solution likely to stem the sharp fall in prices. At the same time, the Council held its 11th and 12th special sessions⁸ dealing respectively with the introduction of a special withholding scheme and the negotiation of a further reduction in the intervention price range. The absence of agreement between producers and consumers brought into play the dispute settlement procedure provided for in Article 62 of the 1986 Agreement.⁹ Pending a solution, the economic provisions and the functioning of the buffer stock will be in abeyance.

¹ Bull. EC 9-1986, point 1.4.1 *et seq.*

² Bull. EC 6-1987, points 1.2.6 and 3.7.21 to 3.7.28.

³ OJ C 348, 23.12.1987; OJ L 356, 18.12.1987; Bull. EC 12-1987, point 2.2.41.

⁴ OJ L 62, 8.3.1988.

⁵ OJ L 276, 29.9.1987; Bull. EC 9-1987, point 2.2.28.

⁶ Bull. EC 6-1983, point 2.2.58; OJ L 308, 9.11.1983; Bull. EC 9-1983, point 2.2.33; Bull. EC 10-1983, point 2.2.46.

⁷ Bull. EC 12-1987, point 2.2.43.

⁸ Bull. EC 7/8-1987, point 2.2.42.

⁹ BULL. EC 7/8-1986, point 2.2.32.

Campaign against hunger in the world

Food aid

Reform of food aid policy and food aid management

2.2.47. On 30 March the Council adopted a common position, to be forwarded to Parliament as part of the consultation procedure, on the proposal for an amendment¹ of the Regulation of 22 December 1986 on food aid policy and food aid management.²

Food aid management

2.2.48. On 18 March the Commission sent the Council a proposal for a Regulation on the implementation of storage programmes and warning systems.³ The aim of this proposal is to establish the legal basis for activation of the appropriations (10 million ECU in 1987 and 1988) set aside under budget heading 9281 for the Community's participation in storage programmes and warning systems implemented by developing countries, international bodies or non-governmental organizations.

2.2.49. On 16 March the Commission adopted a Decision concerning the establishment of overall quantities of food aid for 1988 and establishing a list of products to be supplied as food aid.⁴ The aim of this measure is to determine on an interim basis, pending the adoption of the budget, the overall quantities to be supplied as food aid. It keeps to the list of products established by the Commission in its Decision of 10 March 1987⁵ but amends the descriptions and tariff heading numbers in accordance with the Combined Nomenclature.

2.2.50. On 10 March Parliament adopted a resolution on the quality of food aid (→ point 2.4.20).⁶

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2.2.51. On 18 March the Commission approved the following food aid operations under the 1987-88 budget, following the favourable opinion delivered by the Food Aid Committee (Table 10).

¹ OJ C 309, 19.11.1987; Bull. EC 10-1987, point 2.2.46; Bull. EC 11-1987, point 2.2.47.

² OJ L 370, 30.12.1986; Bull. EC 12-1986, point 2.2.31.

³ OJ C 91, 8.4.1988; COM(88) 119 final.

⁴ OJ L 85, 30.3.1988.

⁵ OJ L 80, 24.3.1987; Bull. EC 3-1987, point 2.2.28.

⁶ OJ C 94, 11.4.1988.

Table 10 — *Food aid operations*

	Cereals	Milk powder	Butteroil	Sugar	Vegetable Oil	Other
Guinea-Bissau	6 000	300	100	—	—	—
Licross	30 000	1 300	—	800	1 500	1
ICRC	40 000	300	—	400	3 500	2
NGOs	100 000	22 500	3 400	300	4 600	3
WFP	150 000	22 500	8 500	2 000	—	4
Total	326 000	46 900	12 000	3 500	9 600	

¹ Other products totalling 1.5 million ECU

² Other products totalling 7.5 million ECU.

³ Other products totalling 4 million ECU

⁴ Other products totalling 3.5 million ECU

Licross: League of Red Cross Societies.

ICRC: International Committee of the Red Cross.

NGOs: Non-governmental organizations.

WFP: World Food Programme

Community contribution to Operation Flood

2.2.52. In the course of his official visit to India, Mr Cheysson signed an Agreement with the Indian authorities for the financing of Phase III (1987-94) of Operaton Flood, designed to make India self-sufficient in milk production (→ point 2.2.33).

Locust control in Africa

2.2.53. On 23 March the Commission took a decision to step up its contribution to the campaign¹ in North Africa to control the invasion of locusts which have proliferated as a result of the unusually wet weather. The Commission accordingly granted supplementary emergency aid totalling 200 000 ECU to Algeria, 240 000 ECU to Morocco and 100 000 ECU to Tunisia. The aid is intended primarily for the purchase of pesticides and the financing of flying time for pesticide spraying.

2.2.54. On 8 March the Commission approved an emergency aid grant of 210 000 ECU for Mauritania to buy and deliver pesticides needed in order to control an invasion of locusts.

Emergency aid

Ethiopia

2.2.55. On 10 March the Commission approved a further emergency aid grant of 18 million ECU for Ethiopia.² This aid is intended to finance an airlift of food and medicines and the supply of seeds and other essential items required by the population for its survival and rehabilitation.

Mauritius

2.2.56. On 1 March the Commission approved an emergency aid grant of 65 000 ECU for Mauritius where a landslide in Port Louis has left about 3 000 people homeless.

Chad

2.2.57. On 2 March the Commission approved an emergency aid grant of 18 000 ECU for Chad for the immediate delivery of vaccines required for a cerebro-spinal meningitis vaccination programme being carried out in N'Djamena.

Brazil

2.2.58. On 10 March, following the heavy rainfall in the Acre region of Brazil which left 10 000 people homeless, caused a wave of serious illness and aggravated the already poor sanitary conditions, the Commission, in response to a request from Médecins sans frontières (France), approved an emergency aid allocation to Brazil of 45 000 ECU. The aid will finance a relief programme, involving drinking-water supply equipment, personnel, etc., to be implemented by the NGO.

2.2.59. On 10 March Parliament adopted two resolutions concerning respectively the disaster in Fès, Morocco, and the floods and risk of epidemics in Rio de Janeiro, Brazil (→ point 2.4.20).³

Stabex

LLDCs which are not signatories to the Lomé Convention

2.2.60. On 3 March the Commission sent the Council a report⁴ on the administration during 1987 of the system of compensation for loss of export earnings for least-developed countries which are not signatories to the Third ACP-EEC Convention.⁵ The report concerns the administration of the system during its first year of operation and covers transfers made in respect of financial year 1986. The Commission notes

¹ Bull. EC 12-1987, points 2.2.49 and 2.2.50.

² Bull. EC 11-1987, point 2.2.50.

³ OJ C 94, 11.4.1988.

⁴ COM(88) 82 final.

⁵ OJ L 43, 13.2.1987, Bull. EC 2-1987, point 2.2.32.

that eight transfer applications were submitted in 1986 by four eligible countries. Four of the applications were declared inadmissible, and the four others gave rise to transfers totalling 6 228 876 ECU.¹

Advance payments

2.2.61. On 8 March the Commission decided to make two advances under Stabex on transfers in respect of application year 1987. The recipients are Ethiopia (17.7 million ECU for coffee) and Equatorial Guinea (1.2 million ECU for cocoa beans).

Financial and technical cooperation

ACP States

2.2.62. In March the Commission allocated resources from the fourth, fifth and sixth EDFs totalling 174 310 000 ECU to finance projects, programmes and emergency aid operations administered by it in the following sectors (see Table 11).

¹ Bull. EC 7/8-1987, point 2.2.54.

Table 11 — *Financing of operations under the fourth, fifth and sixth EDFs*

		<i>million ECU</i>	
	Project/programme	Amounts	
		Grants	Loans
<i>Economic infrastructure</i>			
Regional	Port of São Tomé	0.985	
Regional	Central Corridor — Isaka rail/road terminal	1.000	9.000
Solomon Islands, Tonga, Kiribati and Western Samoa	Telecommunications	2.850	2.750
<i>Rural production</i>			
ODSR ¹ (Mali, Mauritania, Senegal)	Embanking of the Senegal river	1.200	8.800
Mali	Food security programme	24.000	
Saint Vincent and the Grenadines	Agriculture	3.080	
Uganda	Plantations	8.200	
Lesotho	Access to the south-western agricultural region	9.800	0.500
Pacific ACP States	Regional agricultural programme	6.800	
<i>Industrialization</i>			
Sudan	Sectoral import programme	17.800	
Mauritania	Development of mining and energy potential		18.000
Gambia	Import programme for oil products	5.000	
<i>Social development</i>			
Burundi	Urban development	3.150	12.450

(million ECU)

	Project/programme	Amounts	
		Grants	Loans
<i>Trade promotion</i>			
Pacific ACP States and OCTs	Trade promotion — development of exports	1.000	
<i>Other</i>			
Gabon	Diagnostic audit of the public and semi-public sectors	0.800	1.500
Sudan	Aid programme for refugees	16.330	
<i>Emergency aid</i>			
Ethiopia	Measures to alleviate the effects of drought	18.000	
Mauritius	Repairs following a landslide	0.065	
Various African countries	Grasshopper control	0.650	
Various African countries	Campaign against various epidemics	0.650	
Total		121.360	52.950

¹ Organization for the Development of the Senegal River

Southern and Eastern Mediterranean countries

2.2.63. On 14 March the Commission approved an allocation of 4 million ECU to finance the second stage of a project to increase agricultural storage capacity in Egypt. A further 31 storage facilities will be built under the current programme, in addition to the existing 46 facilities for which financing was approved in 1982.

2.2.64. Under the Financial Protocols with the Maghreb countries, the Commission on 16 March took the following financing decisions:

- *Algeria*: 2.5 million ECU grant for a reform of forestry training;
- *Tunisia*: 400 000 ECU grant for the evaluation of data collection and the improvement of agricultural survey techniques.

Latin America and Asian developing countries

2.2.65. With the prior approval of the Committee on Aid to Non-associated

Developing Countries, the Commission decided, on 9 March, to finance the following operation from the appropriation under Article 930 of the Community budget:

- *Bolivia*: Water control and flood prevention programme for the TDPS Basin (Lake Titicaca, River Desaguadero, Lake Poopo and the Salar) — total cost 5.5 million ECU, Community contribution 5 million ECU (autonomous project).

Regional cooperation

ACP States

Inter-Governmental Authority on Drought and Development (Igadd)

2.2.66. The second summit meeting of leaders of Igadd member countries¹ took

¹ Igadd was set up in early 1986 by Djibouti, Ethiopia, Kenya, Somalia, Sudan and Uganda to improve cooperation between these countries and help their efforts to control desertification.

place on 21 and 22 March. They reiterated their desire for continued peace and stability in the 'subregion' as a precondition for the development operations the Community is helping to finance.¹

Cooperation via non-governmental organizations

2.2.67. In the period 1 January to 31 March the Commission committed 20.5 million ECU towards the co-financing of 129 projects in developing countries submitted by 73 non-governmental organizations.

The Commission also contributed 1 412 914 ECU to 19 publicity campaigns/appeals in the Community.

Institutional relations

ACP States

ACP-EEC Joint Assembly

2.2.68. The ACP-EEC Joint Assembly held its first meeting of 1988 in Lomé, Togo, from 21 to 25 March.² It was attended by Mr Natali, with Mrs Adam-Schwaetzer, Minister of State of the Federal Republic of Germany and Mr Soumaila, Niger's Minister for Planning, representing the ACP-EEC Council of Ministers. Co-chairing the meeting were Mr Bersani (Italian Member (EPP) of the European Parliament) and Mr Berhane (Ethiopia). The opening address was given by President Eyadema of Togo.

The Assembly reviewed the progress under Lomé III, and looked at the follow-up to its resolutions on the debt problems of ACP countries³ and women and population in the development process,³ and its initiatives on debt; in addition, it outlined and explained its policy approach for the forthcoming Convention. The measures taken and the positions adopted by the Commission were favourably received by European and ACP delegates alike (→ point 2.2.44).

Debating the first draft of the 1988 General Report, presented by Mr Cohen, (Dutch Member (Socialist) of the European Parliament), which outlined the prospects for the forthcoming Convention, the Joint Assembly expressed broad support for the Commission's approach, notably with regard to the questions of debt and structural adjustment and the form of Community involvement in this process.

In a resolution the Assembly indicated its support for a future application by Haiti and the Dominican Republic to accede to the Lomé Convention. The current President of the ACP-EEC Council of Ministers, Mrs Adam-Schwaetzer, and the ACP Co-President, Mr Soumaila, also joined in the discussions. Following a lengthy debate, a compromise resolution on southern Africa was adopted by a larger majority than usual; it called for additional sanctions on coal imports and the supply of advanced technology.

The Joint Assembly also discussed the progress of its Working Parties on commodities, refugees, training and technology and health, and noted a welcome improvement in its relations with ACP-EEC business and industrial circles and the possibility of their participation in the cooperation process.

In an unscheduled speech given at the invitation of the Joint Assembly's Bureau, the French Minister for Agriculture, Mr François Guillaume, told the Joint Assembly about his plan for international market reform and development cooperation.

International organizations and conferences

United Nations

General Assembly

2.2.69. In accordance with the guidelines established by the Commission in a working

¹ Bull. EC 1-1987, point 2.2.38.

² OJ C 50, 22.2.1988, Bull. EC 9-1987, point 2.2.41.

³ OJ C 197, 27.7.1987; Bull. EC 2-1987, point 2.2.36.

paper (drawn up in the framework of the strategies adopted by the General Assembly at its 40th session),¹ the Community participated in the United Nations Commission on the Status of Women held in Vienna from 14 to 23 March. The agenda covered the following topics: the enlargement of the Commission, the strengthening of the impact of the strategies within the United Nations system itself, monitoring the implementation of the strategies and priority themes under the headings of equality, development and peace.

General Agreement on Tariffs and Trade

2.2.70. The Council authorized the Commission to take part in the negotiations in GATT with a view to the definitive accession of Costa Rica and the provisional accession of El Salvador, Guatemala and Honduras.

Council of Europe

2.2.71. The Council of Europe and the Commission continued to implement the exchange of letters of 16 June 1987.² Both have appointed senior officials who will be responsible for monitoring the progress of mutual cooperation.

Conference on Security and Cooperation in Europe

2.2.72. The fifth phase of the Conference on Security and Cooperation in Europe

ended in Vienna on 25 March.³ Despite the declared intention of the 35 participating countries at the opening session in Vienna,⁴ the negotiations did not produce the necessary results for strengthening and extending security and cooperation in Europe. Some of the participating countries were not prepared to reconsider their positions on the human dimension, in particular on human rights (Basket I). Some progress, was, however, made on environmental issues under Basket II. Most of the trade and industrial cooperation and scientific and technological issues are still pending. Negotiations will resume on 15 April.

2.2.73. The first meeting of advisers to the governments of the countries of the Economic Commission for Europe was held in Geneva from 29 February to 4 March to examine issues connected with the environment and water (→ point 2.1.129).

2.2.74. The first special session of the Governing Council of the United Nations Environment Programme was held in Nairobi from 14 to 18 March (→ point 2.1.130).

2.2.75. On 24 March the Contracting Parties were given the conclusions of the GATT panel set up at the Community's request to examine the Agreement concluded between Japan and the United States on semiconductors (→ point 2.2.14).

¹ Bull. EC 9-1985, point 2.3.36; Bull. EC 11-1985, point 2.3.46.

² OJ L 273, 26.9.1987; Bull. EC 6-1987, point 2.2.56.

³ Bull. EC 1-1988, point 2.2.36.

⁴ Bull. EC 1-1987, point 2.2.42.

3. Financing Community activities

Budgets

General budget

1988 budget

Draft budget

2.3.1. In response to the conclusions of the European Council held from 11 to 13 February,¹ the Council meeting (Economic and financial affairs) on 7 March established the draft general budget for 1988 on the first reading, on the basis of the preliminary draft² and the letter of amendment to the preliminary draft.³

The Council fixed appropriations for commitments at 44 670.7 million ECU and

appropriations for payment at 43 384.8 million ECU. The breakdown by sector is given in Table 12.

Pending the new decision on own resources, the representatives of the Member States meeting within the Council undertook to pay to the Community, in order to balance the 1988 budget, an amount which will not exceed 7 647 million ECU unless more is required to cover any amendments approved on second reading. The amount, and its distribution among the Member States, will be reviewed when the Council adopts the new decision on own resources.

¹ Bull. EC 2-1988, point 1.1.1 *et seq.*

² Bull. EC 5-1987, points 1.1.5 to 1.1.11 and point 2.3.2.

³ Bull. EC 2-1988, point 2.3.2.

Table 12 — 1988 Budgetary procedure

	<i>million ECU</i>			
	Preliminary draft		Council draft first reading	
	Commitments	Payments	Commitments	Payments
1. EAGGF Guarantee Section	27 250.0	27 250.0	27 500.0	27 500.0
2. EAGGF Guidance Section (except Ch. 38)	1 127.0	1 148.9	1 130.0	1 151.9
3. EAGGF Guidance Section (Ch. 38)	87.0	66.4	68.4	61.3
4. Regional Fund (Ch. 50 and 51)	3 677.0	2 973.0	3 684.0	2 980.0
5. IMPs (Ch. 55 and 56)	149.0	101.0	135.0	89.0
6. Pedip (Article 544)	100.0	50.0	100.0	50.0
7. Miscellaneous regional measures (Ch. 54 except Art. 544)	26.3	17.0	16.9	12.5
8. Social Fund (Ch. 60 and 61)	2 860.6	2 595.0	2 865.6	2 600.0
9. Miscellaneous social measures (Ch. 63, 64, 65 and 69)	143.8	141.9	122.6	120.7
10. Fisheries (Title 4)	305.4	247.9	279.4	239.8
11. Research (Ch. 73)	1 050.0	920.0	977.4	874.2
12. Energy (Ch. 70 and 71)	129.2	110.2	119.1	98.1
13. Innovation and internal market (Ch. 75, 77 and 79)	138.9	116.4	93.9	82.2

million ECU

	Preliminary draft		Council draft first reading	
	Commitments	Payments	Commitments	Payments
14. Development (Title 9)	1 085.1	911.9	908.2	803.4
15. Transport (Ch. 58)	5.1	60.1	3.0	53.0
16. Environment (Ch. 66)	42.5	41.8	20.3	21.9
17. Culture (Ch. 67)	41.0	41.0	24.2	24.2
18. Reserve (Ch. 101)	5.0	5.0	pm	pm
19. Administrative expenditure (Part A)	1 256.5	1 256.5	1 212.4	1 212.4
20. Other institutions	666.7	666.7	694.5	694.5
21. Repayments to Member States (Title 8)	3 718.4	3 718.4	3 715.7	3 715.7
22. Monetary reserve	1 000.0	1 000.0	1 000.0	1 000.0
Total	44 864.5	43 439.1	44 670.7	43 384.8

Provisional twelfths

2.3.2. Under the provisional-twelfths arrangements and in accordance with the provisions of Article 204 of the EEC Treaty and Article 8 of the Financial Regulation of 21 December 1977,¹ the Commission sent the budgetary authority two communications on 7 March and 30 March requesting further additional twelfths.²

2.3.3. Also under the provisional-twelfths arrangements, Parliament adopted a resolution³ on 11 March embodying an opinion on the authorization of a third series of additional provisional twelfths for 1988 (compulsory and non-compulsory expenditure).⁴

Own resources

2.3.4. On 17 March the Commission sent the Council an amendment⁵ to its proposal for a Decision on the system of the Community's own resources,⁶ incorporating the conclusions of the European Council of 11 to 13 February last.⁷ The new proposal, which assumes that an interinstitutional agreement will be concluded on budgetary discipline, does not set any annual ceilings

for commitment appropriations and payment appropriations. Should an interinstitutional agreement fail to materialize, the Commission will revert to its initial proposal to include these ceilings.

2.3.5. On 9 March the Commission sent the Council its second report⁸ on the implementation of Council Regulation No 2892/77 of 19 December 1977⁹ implementing, in respect of own resources accruing from value-added tax, the decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources.¹⁰ The report was accompanied by a proposal for a Regulation to overhaul the VAT own resources system with effect from 1 January 1989, by

¹ OJ L 356, 31.12.1977.

² COM(88) 128 final; COM(88) 197 final.

³ OJ C 94, 11.4.1988.

⁴ Bull. EC 2-1988, point 2.3.4.

⁵ OJ C 102, 16.4.1988; COM(88) 137 final.

⁶ OJ C 241, 8.9.1987; Bull. EC 7/8-1987, points 1.1.3 and 1.1.4.

⁷ Bull. EC 2-1988, points 1.1.1 to 1.1.11 and point 2.3.6.

⁸ COM(88) 99 final; first report: Bull. EC 4-1985, point 2.3.4.

⁹ OJ L 336, 27.12.1977.

¹⁰ OJ L 94, 28.4.1970.

introducing a single method of calculation and making amendments based on the experience acquired. The report, which forms the preamble to the proposal for a Regulation, is in response to the mandate issued by the Council when it adopted the Regulation of 20 December 1985¹ which extended the 1977 Regulation.

Financial compensation

Financing the depreciation of agricultural stocks

2.3.6. As a follow-up to the Brussels European Council of 11 to 13 February² the Commission sent the Council on 23 March a proposal for a Regulation laying down the general rules applicable to the granting of financial compensation to Spain and Portugal in respect of their contribution to financing the depreciation of certain stocks of agricultural products.³ The level of compensation agreed by the European Council was 1 200 million ECU for 1988 and 1 400 million ECU annually for the period from 1989 to 1992. In line with the principle laid down by the European Council that Spain and Portugal should make a partial contribution only to financing existing stocks, some of which pre-date accession, the Commission is proposing that, instead of the degressive refund provided for by the Act of Accession for each of the years in question, Spain and Portugal should receive a fixed-rate refund valid over the entire period, equal to 70% (1987 rate) of their contribution in this particular area.

Budgetary discipline

2.3.7. The Council meeting (Economic and financial affairs) on 7 March studied the conditions for giving effect to the conclusions of the European Council in relation to budgetary discipline.⁴ It endorsed the suggestions made by the Presidency concerning contacts with Parliament and the Commission.

Budget discharge

2.3.8. On 7 March the Council recommended that Parliament give a discharge

to the Commission in respect of the implementation of the general budget for 1986.

2.3.9. On 7 March the Council adopted a Decision giving a discharge to the Commission in respect of the implementation of the operations of the third European Development Fund for the financial year 1986.⁵ It also adopted two recommendations to Parliament concerning the discharge to be given to the Commission in respect of the implementation of the operations of the fourth and fifth European Development Funds for 1986.⁵

Financial Regulation

2.3.10. In line with the conclusions of the European Council of 11 to 13 February⁴ calling for a revision of certain provisions of the Financial Regulation of 21 December 1977⁶ as a matter of priority, the Commission sent a proposal to the Council on 21 March.⁷ The revision would entail:

- (i) strengthening the principle of annuality, by revising the arrangements governing carryovers and the conditions to be satisfied for certain appropriations released from commitment to be made available again;
- (ii) amending the conditions for financing the EAGGF Guarantee Section, by renewing the system of deferred advances introduced by the Council Regulation of 19 October 1987,⁸ extending the period of deferment of advances and establishing a realistic timetable for the clearance of accounts;
- (iii) recognizing the principle that a 'negative reserve', not exceeding 200 million ECU, may be entered when the budget is established. The Commission suggested to the Council that it adopt its Decision by 31

¹ OJ L 361, 31.12.1985; Bull. EC 12-1985, point 2.4.2.

² Bull. EC 2-1988, point 2.1.1 *et seq.*

³ OJ C 111, 28.4.1988; COM(88) 138 final.

⁴ Bull. EC 2-1988, point 1.1.1 *et seq.*

⁵ OJ L 64, 10.3.1988.

⁶ OJ L 356, 31.12.1977.

⁷ OJ C 99, 14.4.1988; COM(88) 148 final.

⁸ OJ L 304, 27.10.1987; Bull. EC 10-1987, point 2.1.169.

May 1988 in line with the target which it had set itself.

At the same time, the Commission informed the Council that it was planning, in view of the conclusions of the European Council concerning an overall revision of the Financial Regulation, to update and consolidate as soon as possible the various proposals currently pending,¹ so that the entire revision of the Financial Regulation could be completed by 31 December 1988.

Budget control

2.3.11. On 18 March the Commission sent the Council its monthly report on the implementation of the budget of the European Communities at 29 February (provisional-twelfths arrangements).²

2.3.12. On 10 March Parliament passed a resolution on the monitoring of the utilization of appropriations allocated for the Community's research activities (financing, management, evaluation)³ (→ point 2.4.20).

Financial operations

ECSC

Loans raised

2.3.13. In March the Commission concluded a number of private placings in marks, francs and pesetas for the equivalent of 63.5 million ECU.

Loans paid out

2.3.14. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission made the following loans in March, totalling 30.97 million ECU.

Conversion loans

2.3.15. Conversion loans (Article 56) totalling 29.64 million ECU were granted to the Federal Republic of Germany and the United Kingdom.

Workers' housing

2.3.16. Housing loans totalling 1.33 million ECU were granted for workers in the coal and steel industries in Belgium, France, the Federal Republic of Germany, Ireland, Luxembourg, Spain and the United Kingdom.

EEC-NCI

2.3.17. In March the Commission made a LIT 100 000 million 7-year public issue with an interest rate of 11.625% issued at par, and a USD 101 500 000 4-year issue at 8.25%, at an issue price of 100.95%.

¹ OJ C 97, 9.4.1984; Bull. EC 3-1984, point 2.3.2; OJ C 186, 16.7.1987; OJ C 278, 6.10.1987; Bull. EC 7/8-1987, point 1.1.10; OJ C 313, 25.11.1987. Bull. EC 10-1987, point 2.3.8; OJ C 298, 7.11.1987; Bull. EC 10-1987, point 2.3.9.

² COM(88) 105 final.

³ OJ C 94, 11.4.1988.

4. Political and institutional matters

European political cooperation

2.4.1. On 2 March the Presidency issued the following statement by the Twelve on Panama:

'The Twelve have followed with deep concern recent developments in Panama. It is their view that the difficult political and economic problems of the region can only be solved if the principles of democracy, the rule of law and independence prevail. The Twelve appeal to the present rulers of Panama to open the way for internal peace and democracy.'

2.4.2. On 5 and 6 March the Foreign Ministers held an informal (Gymnich-type) meeting in Constance. Mr Genscher stated at the end of the meeting that in addition to matters of Community affairs, the Ministers had discussed various items on the theme of political cooperation, notably East-West relations, in particular the situation at the CSCE meeting in Vienna. Mr Genscher met the Algerian President, Mr Ben Jedid Chadli, and Mr Taleb Ibrahim, as representatives of the Arab League, to discuss the Israeli-Arab conflict and the situation in the Occupied Territories.

2.4.3. On 11 March, on behalf of the Twelve, the Presidency made representations in Pretoria to the South African Government concerning restrictive measures taken or envisaged *vis-à-vis* apartheid groupings. On 16 March Chancellor Kohl, in his capacity as President of the European Council and on behalf of the Twelve, issued an appeal to President Botha to commute the death sentences passed on the 'Sharpeville Six'. The Commission also appealed to the South African authorities on the same day.

2.4.4. On 31 March the Presidency also made representations on behalf of the Twelve in Pretoria concerning the South African raid into Botswana on 28 March during which four people were killed. The Commission also condemned this attack on 30 March.

On 22 March the Foreign Ministers, who were in Brussels for the Council meeting (General affairs), held an extraordinary political cooperation meeting. At this meeting, which was devoted entirely to the CSCE, the Twelve were able to agree on a detailed position just before the close of the current session of the Vienna meeting.

2.4.5. On 28 March the Presidency issued the following statement by the Twelve on the cease-fire agreement reached in Sapoá, Nicaragua on 23 March:

'The Twelve note with satisfaction that the government of Nicaragua and the Nicaraguan resistance have reached agreement on the basic provisions of a limited cease-fire. They welcome this truce accord as a positive step towards the achievement of peace and reconciliation within a pluralistic democracy in Nicaragua.'

The process initiated by the Esquipulas Agreement of August 1987 has thus entered into a decisive new phase. This represents an element of hope for the region as a whole.

In view of the problems that remain to be solved, the Twelve appeal to the parties concerned to do their utmost to convert the cease-fire agreement now reached into a stable structure of lasting peace and genuine democracy. The Twelve consider it essential that all countries with links to and interests in the region play a constructive part in achieving these aims.'

2.4.6. At its March part-session Parliament passed resolutions on political cooperation and on the protection of human rights (→ point 2.4.21).¹

On 7 March Mr De Clercq, Member of the Commission with special responsibility for external relations, summoned the South African Ambassador, Mr Ranchod, to inform him of the Commission's condemnation and protest at measures recently adopted in South Africa.

¹ OJ C 94, 11.4.1988.

European policy and relations between the institutions

European policy

Implementing the Single Act

2.4.7. On 22 March the Council (General affairs) reviewed progress on implementation of the conclusions of the European Council of 11, 12 and 13 February in the various fields concerned.¹

2.4.8. On 10 March² Parliament adopted a resolution on the Brussels European Council¹ (→ points 1.1.4 and 1.1.5).

Relations between the institutions

Commission programme

2.4.9. On 8 March² Parliament adopted a resolution on the Commission programme for 1988³ (→ point 2.4.20).

Cooperation procedure

2.4.10. During March the Commission sent the Council a number of proposals under the cooperation procedure,⁴ the Council adopted several common positions (→ point 2.4.22), and Parliament adopted opinions on the first or second reading, on a number of proposals, in fields including the internal market, research and technology, and telecommunications (→ points 2.4.16 and 2.4.17).

Institutions and organs of the Communities

Parliament⁵

Strasbourg: 7 to 11 March

2.4.11. Parliament's March part-session saw the House tackling several issues of

crucial political importance. Still basking in the almost euphoric atmosphere created by the success of the Brussels European Council after so many failures, Parliament viewed the future of the Community more optimistically than in past months, especially when it unanimously passed a resolution on the results of the Brussels European Council,⁶ after a debate which nevertheless revealed its disappointment with the limited attention paid to the social and regional dimensions of the internal market (→ point 1.1.1 *et seq.*). Making full use of its new rights of co-decision in the field of international relations the House for the first time refused to give its assent to the conclusion of protocols with a non-member country (→ points 2.4.13 to 2.4.15).

2.4.12. Parliament also debated many other highly important political issues such as the protection of the environment, the research programmes, failure to comply with Community Directives, the Airbus dispute with the United States and agricultural policy. It approved unanimously but with some reservations, the Commission's programme for 1988.⁷

The Community-Israel Protocols—double standards

2.4.13. Parliament's External Relations Committee, in the person of its rapporteur, Mr R. Hitzigrath (S/D), had recommended that the Community conclude with Israel a Protocol on financial cooperation⁸

¹ Bull. EC 1-1988, point 1.1.1 *et seq.*

² OJ C 94, 11.4.1988.

³ Supplement 1/88 — Bull. EC; Bull. EC 1-1988, point 1.1.1 *et seq.*

⁴ See relevant headings.

⁵ The texts of the resolutions adopted by Parliament appear in OJ C 94, 11.4.1988, and the report of the proceedings is published in OJ Annex 2-362. The political groups and countries of origin of members speaking in the debates are indicated in brackets after their names. The key to the abbreviations can be found in Bull. EC 1-1988, page 51 (footnote 2).

⁶ Bull. EC 2-1988, point 1.1.1 *et seq.*

⁷ Bull. EC 1-1988, point 1.1.1 *et seq.*

⁸ Bull. EC 7/8-1987, point 2.2.30.

together with a fourth additional Protocol on agricultural products,¹ and a Protocol to the Agreement resulting from the accession of Spain and Portugal to the Community.² After some tense moments Parliament rejected all three Protocols, on the grounds that Israel had not complied with the arrangements agreed for direct access to Community markets for agricultural produce from the West Bank and Gaza and that it did not wish to appear to be endorsing Israel's policy in these territories.

The importance of the votes on the three reports was much enhanced by the new power that Parliament was wielding in that it was being asked to give its *assent* to the Protocols in question, i.e. to ratify them, which—under Article 238 EEC as amended by the Single Act—requires an *absolute majority of 260*. But it was to be expected that the debate, ostensibly on commercial matters, would be profoundly influenced by the political developments on the West Bank and in the Gaza Strip. Beyond the controversy over the substance and the procedure, the debate lived up to these expectations: the Left maintained that, despite the technical nature of the reports, it was not possible to ignore the political situation on the spot; the Centre-Right, in contrast, held that the House must come to a decision on the Protocols without the interference of any other considerations, so as not to follow what Mr J. Nordmann (LDR/F) described as a policy of double standards—one for Israel and one for the rest.

The debate

2.4.14. In connection with the opinion of the Committee on External Economic Relations—which had been adopted by 16 votes and 2 abstentions—Mr Hitzigrath (S/D) reminded the House that all they were in effect doing was continuing the same commercial relations that had existed between the Community and Israel before the accession of Spain and Portugal, and concluding a Financial Protocol for the modest sum of 63 million ECU, in the form of EIB loans designed to boost the productivity of Israel's industry.

The ensuing debate produced sharply divided positions on the wisdom of adopting the Protocols. There were three camps: those who supported all three (in order to honour commitments made with non-member countries at the time of enlargement); those who approved the Protocol relating to the effects of enlargement² but rejected the additional Protocol (citrus fruit exports after enlargement)¹ and Financial Protocol;³ those who rejected all three on both commercial grounds (Israel having allegedly been infringing for two years the provisions concerning agricultural exports from Gaza and the West Bank) and political grounds (the policy pursued by Israel in these territories). Two views stood out distinctly: those of Mr. J. Nordmann (LDR/F), who accepted that the commercial could not be completely separated from the political but wondered whether Parliament was actually trying to do just that, its attitude being tantamount to adopting double standards when it treated Israel differently from most other countries, and Mr D. Rogalla (S/D), who did not feel in a position to give political lessons to Israel.

The Chairman of Parliament's External Relations Committee, Mr J. Mallet (EPP/F) pointed out that approval of the Protocols did not mean approval of the grave situation in the Occupied Territories, and that Parliament commanded other means than the freezing of small-scale trade agreements. He took issue with the over-politicizing of technical matters, which constituted not only a vitiation of procedure but also a dangerous precedent. Taking the same line Mr. A. Coste-Florent (EDA/F) added that by withholding its assent to the Protocols Parliament would be condemning violence on one side but not on the other, for it would be ignoring incitements to violence on the part of the Palestine Liberation Organization (PLO) and the Islamic Jihad. Mr. E. Blumenfeld (EPP/D) and Mr B. Cassidy (ED/UK) warned the House against

¹ OJ C 104, 21.4.1987, Bull. EC 1-1987, point 2.2.11.

² Bull. EC 10-1987, point 2.2.24.

³ Bull. EC 7/8-1987, point 2.2.30.

using an agreement of a technical and financial nature to exert pressure on a sovereign government; this might well create a precedent. Mr L. van de Waal (*NA/NL*) remarked that refusing to adopt commercial protocols as a means of exerting pressure was no way of solving the intractable problem of the Middle East. Mr C. Pimenta (*LDR/P*) also believed that it would be ill-considered to shut the door on Israel by not distinguishing political cooperation from commercial relations.

In contrast, Mr R. Arndt (*S/D*) held that political issues not directly linked with the signing of the Protocols argued against signature. He feared that aid emanating from the Financial Protocols might be used to intensify the occupation of the Occupied Territories, which some members of the Israeli Government regard as already annexed. Israel was not the 'empire of evil', observed Mr G. Rossetti (*Com/I*), for within the Israeli Government itself forces were working for a solution. Nevertheless, to approve the Protocols now before the House would be construed as support for the government's hard line. This view was shared by Mr W. Telkämper (*Rainbow/D*), who added that the Protocols stipulated that the Palestinians must be allowed to export their agricultural produce direct, whereas in reality they had to obtain Israeli Government licences in order to export through the exclusive channel of two Israeli agencies. Mr Chambeiron (*Com/F*) pointed out that the corollary of these Protocols was that Israel undertook to allow Palestinian products to be exported without passing through these Israeli export agencies. The 'hawks' would use Parliament's approval as a blank cheque for a policy of terror, he said.

Mr Varfis wound up the debate for the Commission. He explained that the Protocols before the House did not concern exports from the Occupied Territories, which were governed by other Community provisions, the application of which was none the less encountering many difficulties. An agreement signed with Israel in December 1987¹ enabled Palestinian pro-

ducers to export direct to the Community. While exports of Palestinian industrial products raised no problems, it was an altogether different story as regards agricultural produce.

The voting

2.4.15. The results of the votes after the debates can be split into two groups: outright rejection of the additional Protocol concerning agricultural products and, in consequence, the agricultural products from the Occupied Territories (149 votes for; 207 against; 20 abstentions) and of the Financial Protocol (143 votes for; 205 against; 22 abstentions); and the failure by only 5 votes (255 for; 112 against; 16 abstentions) to accept the Protocol which simply adapted the EEC-Israel free trade area for industrial products to take account of the accession of Spain and Portugal. This Protocol was, of the three, the least sensitive 'politically': the Socialist Group had explained its reservations and announced that it would vote against only the first two Protocols.

A cursory analysis of the roll-call votes shows that the 'noes' came mainly from the Socialist, Communist, European Democratic and Rainbow Groups. In the case of the 'enlargement' Protocol the minority that blocked the necessary majority of 260 was made up mainly of the Communist Group, the European Democrats and the Rainbow Group, supported, in the event, by a number of Socialist votes. The French Socialists voted for the agreements; the European Right (ER) abstained while the EPP and Liberal Groups, with few exceptions—one being Mr L. Beyer de Rijke (*LDR/B*)—voted for assent. Similarly, all the French members of the House voted in favour, except the Communists who voted against and Mr J. Vernier (*EDA/F*), who abstained.

After the division the Chairman of the Committee on External Economic Relations, Mr J. Mallet (*EPP/F*) issued the following statement:

¹ Bull. EC 12-1987, point 2.2.22.

'I regret today's final vote on the Protocols adapting the EEC-Israel Agreements. The overpoliticizing of limited-range trade agreements constitutes a violation of procedure and a dangerous precedent. I have always believed in the principle of keeping technical problems and political issues apart, which does not mean that I am unmoved by the grave situation of the Occupied Territories. I understand the reasons which prompted some of my colleagues to reject the Protocols. It was in any case impossible to put off the vote from one month to the next. Today we have all done as we thought fit.'

2.4.16. Parliament adopted opinions (first reading) on Commission proposals concerning:

- (i) a Directive relating to the transparency of measures regulating the pricing of medicinal products for human use and their inclusion within the scope of the national health insurance system (→ point 2.1.20);
- (ii) two Directives on the approximation of the laws of the Member States relating to spray-suppression devices of certain categories of motor vehicles and their trailers and to lateral protection (side guards) of certain motor vehicles and their trailers (→ point 2.1.15);
- (iii) a Decision on the specific research programmes to be implemented by the Joint Research Centre for the European Economic Community (→ point 2.1.37);
- (iv) a Decision on the revision of the multiannual research programme for the European Community in the field of biotechnology (→ point 2.1.42);
- (v) Regulation adopting a research and training programme (1987-91) in the field of controlled nuclear fusion (→ point 2.1.45);
- (vi) a Decision concerning Community action in the field of forecasting and assessment in science and technology (FAST) (→ point 2.1.49);
- (vii) a Regulation on a Community programme in the field of information technology and telecommunications applied to road transport — Drive (Dedicated road infrastructure for vehicle safety in Europe) (→ point 2.1.53);
- (viii) a Regulation on a Community action in the field of learning technology (Delta) (→ point 2.1.51).

2.4.17. Parliament adopted decisions (second-reading) on the common position of the Council on the following Commission proposals

- (i) a Directive on the approximation of the laws of the Member States relating to the type-approval of wheeled agricultural or forestry tractors (→ point 2.1.16);
- (ii) a Directive on the approximation of the laws of the Member States relating to flavourings for use in foodstuffs and to source materials for their production (→ point 2.1.18);
- (iii) a Directive on the protection of workers by the banning of certain specific agents and/or certain activities (→ point 2.1.106);
- (iv) two amendments to the Directive of 17 November 1984 on the approximation of the laws of the Member States relating to the permissible sound power level of lawnmowers (→ point 2.1.123);
- (v) a Directive on the approximation of the laws of the Member States concerning the safety of toys (→ point 2.1.132).

2.4.18. Parliament gave opinions on the following Commission proposals:

- (i) two Decisions adopting the specific research programmes to be implemented by the Joint Research Centre for the European Atomic Energy Community, and a supplementary research programme to be implemented by the Joint Research Centre for the European Atomic Energy Community (→ point 2.1.37);
- (ii) an amendment to the Regulation of 27 June 1968 on the common organization of the market in milk and milk products (→ point 2.1.146);
- (iii) a Regulation opening for 1988, as an autonomous measure, a special import quota for high-quality, fresh, chilled or frozen beef falling within headings 0201 and 0202 as well as products under the subheadings 0206 1095 and 0206 2991 of the Combined Nomenclature (→ point 2.1.153);

(iv) a Regulation opening for 1988 a special unilateral tariff quota for imported high-quality beef and veal falling within heading 0201 and subheading 0206 10 95 of the Combined Nomenclature (→ point 2.1.153);

(v) an amendment to the Regulation of 12 March 1985 on improving the efficiency of agricultural structures (→ point 2.1.162);

(vi) an amendment of the Regulation of 24 June 1980 for the stimulation of agricultural development in the less-favoured areas of the West of Ireland (→ point 2.1.161);

(vii) a Directive on pure-bred breeding sheep and goats (→ point 2.1.154);

(viii) an amendment to the Regulations of 12 March 1985 and 15 June 1987 concerning the set-aside of agricultural land and the extensification and conversion of production (→ point 2.1.137);

(ix) a Decision on a system for health control of imports from third countries at frontier inspection posts (Shift project) (→ point 2.1.164);

(x) a Regulation laying down the conditions under which non-resident carriers may operate national road passenger transport services within a Member State (→ point 2.1.186);

(xi) a Regulation on common rules for the international carriage of passengers by coach and bus (→ point 2.1.186).

2.4.19. Acting under its powers on budgetary matters, Parliament adopted on 11 March a resolution authorizing a third series of additional provisional twelfths for the 1988 financial year (compulsory and non-compulsory expenditure) (→ point 2.3.3.).

2.4.20. Resolutions were passed on the following subjects:

- *Women and employment.* With unemployment amongst women rising faster than amongst men and over 7 million women now unemployed in the Community, Parliament condemned the many violations on

laws of equality and the lack of interest taken by the Member States' governments on the problem of female unemployment in general. In the light of the situation of women on the Community labour market, the House proposed a programme of measures to supplement those already agreed and called upon the Council, the Commission and the Member States' governments to take appropriate steps to ensure that women have easier access to the labour market.

- *The failure to comply with the Directives on equal treatment for men and women.* Parliament called on the Commission to be more forceful in its role as guardian of the Treaties as regards indirect discrimination; it must take the necessary steps to ensure that legislative provisions harboured no discriminatory effects against women and report to it on existing legislation in the Member States which had failed to remove such discrimination. The Council was asked to adopt, as a matter of urgency, the proposals for Directives on voluntary part-time work, temporary work and fixed-term contracts, and parental leave and leave for family reasons. The Commission was urged to deal with individual complaints of indirect indiscriminations as a priority task.

- *The destruction caused by the storms which hit the North-West of Ireland.* Parliament extended its sympathy to the families bereaved as a result of the severe storm and to those who suffered damage to property and called on the Commission to grant emergency financial aid to the counties most affected.

- *Methods of financing under the Community's structural Funds.* Referring to the Commission's five structural policy objectives set out in its communication on making a success of the Single Act,¹ Parliament recommended that the Commission present various proposals for reforming the structural Funds to incorporate new techniques

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

of financial engineering. It called for more subsidized loans for companies in the weaker regions of the Community, innovative improvements to existing instruments and adjustments to make for greater efficiency.

- *Implementation of Community legislation relating to water.* Parliament highlighted the factors responsible for the inadequate application by Member States of Community legislation on water and considered measures to remedy this situation, the priority emphasis being on the need to keep the public properly informed about Community legislation concerning the environment. The House made suggestions to the Commission, requesting it in particular to make public national reports on progress in implementing Community environment legislation. Parliament also recommended that the Commission start infringement proceedings against Member States that failed to submit such reports and draft a proposal for introducing a common system of information for bathers about water quality. It would consider allowing the Commission additional resources and personnel to enable it to see that Community legislation on the environment is implemented. The Commission was requested to review as a matter of some urgency its consultative procedures, and to prepare a draft Council resolution on implementation of environment legislation by the end of 1988.

- *Lead in drinking water.* Parliament deplored the fact that the Member States had failed to meet the deadlines for implementing the statutory provisions laid down in the Council Directive of 15 July 1980,¹ laying down the quality standards of water for human consumption and that some States had been granting many derogations to water suppliers, some of whom were still distributing water through lead piping. The House accordingly found that there were no guarantees regarding the water quality controls carried out by the Member States. The Commission was urged to use all the measures available to it under the Treaties to ensure that the Directive was fully and properly applied. Since the accumulation of

lead in the human body poses a danger to health, Member States should allocate the necessary funds for replacing lead piping with pipes made of non-toxic substances. A body of Community controllers should be set up to ensure that Community environment laws are effectively applied and the Commission should submit specific proposals for this.

- *Incorporation into national law of Community Directives on the improvement of the quality of air.* Parliament recalled that of the 780 existing Community Directives, 198 had to do with the protection of the environment and the consumer. The House was indignant that some Member States were not only failing to apply their own legislation but also disregarding judgments handed down by the Court of Justice. The Commission was therefore asked to give the persons responsible for implementing Community legislation in the Member States a better understanding of Community law, and urged to take the necessary steps to monitor the application of Community law. The Council was requested to approve an amendment of the EEC Treaty to give the Court of Justice the power to impose sanctions for failure to enforce its judgments. As a democratically elected institution Parliament itself undertook to take steps to encourage and monitor the Member States and to inform the general public. The citizens of the Community were urged to cooperate with Parliament and to promote the implementation of Community legislation on the environment.

- *The transport policy implications of the accession of Spain and Portugal to the European Communities.* As the peripheral position of the new Member States demands special efforts to integrate them into the Community's transport system, Parliament called upon the Ministers responsible to draft a policy in the Council between now and 1992 which will establish a common market covering all areas of transport. The House set out guidelines for a medium-term policy on transport infrastructures based

¹ OJ L 229, 30.8.1980; Bull. EC 7/8-1980, point 2.1.68.

on Community solidarity, in which action would be coordinated with corresponding measures taken under the Regional Development Fund and by the European Investment Bank.

- *The Airbus dispute.* After the disappointing outcome of recent negotiations between the Commission and the US Department of Commerce concerning Airbus Industrie, Parliament reiterated its determination to see the Community maintain a strong and independent aerospace industry. It believed that arguments over the sale of Airbus aircraft and the support given to the industry by the United States and the Community should be settled within the GATT, in order to avoid a trade war with the United States over long-haul aircraft harming political relations. In view of the major importance of competition in civil aviation for aircraft improvement, prices, technology and passenger safety, the House called for the further development of Airbus Industrie and for continued support by the Member States' governments concerned, for the development of the long-haul A-330 and A-340 aircraft, in order to compete against the present monopoly of the Boeing 747. Parliament also recommended that these aircraft be fitted with European engines, that Airbus Industrie's accounts be denominated in ECU and that a single company be established which other European partners might join.

- *The quality of food aid.* Parliament felt that the contribution made by the Court of Auditors with its report No 1/87¹ had been very useful in improving procedures and controls and therefore asked the Commission to enforce strictly the provisions excluding companies on which penalties have been imposed and to encourage participation by the recipient countries in the procedures for supervision, quality control and monitoring of deliveries. The House considered that the provisions of the new Commission Regulation now on trial will make for better-quality, cheaper and more effective food aid.

- *The disaster in Fèz, Morocco.* Parliament called on the Commission to grant

emergency aid, particularly as regards the health problem, to the families affected by the collapse of a cliff in Fèz.

- *The floods and the risk of epidemics in Rio de Janeiro.* Parliament expressed its solidarity with the people of Brazil, in particular the poorer sectors of the population and those hardest hit by the floods caused by the torrential rains in February. The House declared its willingness to support studies of the rate of destruction of the Brazilian forest and of changes in normal rainfall patterns. The Community and its Member States must offer whatever aid was needed, particularly in order to improve sanitary conditions.

- *Monitoring the utilization of appropriations allocated for the Community's research activities.* Parliament took note of the Commission's intention to carry out a reform of its research activity, in particular the research undertaken directly by the JRC establishments, with a view to restoring competitiveness within the European framework. The House regretted, however, that the Commission has still not specified how such a reform is actually to be implemented, and indicated some avenues of approach. The Commission was asked to furnish an assessment of the position with regard to the implementation costs and potential users of its data-processing systems, to submit evaluation reports on research activities and to produce annually a brief statement of the precise evaluation criteria to be used.

- *The Commission's programme for 1988.* Parliament approved the Commission's programme for the completion of the internal market and reaffirmed its confidence in the Commission. The House nevertheless made a number of observations, regretting in particular that the social and regional dimension of the internal market was too limited in scope and that the programme included no measures in the field of development policy.

The House also expressed its concern and its wishes with regard to agricultural policy

¹ OJ C 219, 17.8.1987, Bull. EC 6-1987, point 2.4.26.

2.4.21. In the field of political cooperation and human rights, Parliament passed resolutions on the following subjects:

Relations between the European Community and the UN. Parliament called upon the European Council, the Council Presidency, the governments of the Member States and the Commission to maintain the closest possible cooperation with the UN and its specialist agencies, and upon the Foreign Ministers of the Twelve to adopt common positions in the UN. The House proposed measures for this collaboration and instructed its Political Affairs Committee to compile an annual report on the Community's UN-related activities.

Terrorist attacks on civil aviation. Expressing its deepest sympathy with the families of the 115 victims of the attack by a North Korean agent, which led to the destruction of a South Korean airliner, Parliament condemned in strongest terms this despicable act and all terrorist attacks on civil aircraft. The House called on the international community and the governments of the Member States, acting jointly, to implement collective and individual measures to prevent similar acts of violence. Parliament reaffirmed its hope that the Seoul Olympic Games would take place peacefully and urged the governments of South and North Korea to continue their dialogue.

The continued refusal of the Soviet authorities to allow Soviet Jews to be reunited with their close relatives in Israel and other countries. Parliament regretted that despite the important changes occurring in the Soviet Union as a result of *glasnost* and *perestroika*, large numbers of Soviet citizens are still being denied fundamental human rights. It called on the Soviet authorities to fulfil their obligations under the Universal Declaration of Human Rights and the Helsinki Final Act, and in particular to allow the departure of the Lurie family, whose visas were arbitrarily revoked in January 1980.

Recent events in Soviet Armenia. Parliament announced that it would be following closely the attempts by various peoples in

the Soviet Union to assert their identity, their culture and their autonomy and stressed that no programme of economic and administrative reforms can succeed if it fails to take account of the desire for greater political and individual freedom. The Member States were therefore urged to adopt a common stand on the events in Armenia and Azerbaijan, which might directly concern the European Community.

The Gaza Strip. Parliament condemned the arbitrary arrests and expulsions by the Israeli army of Palestinians on the West Bank and the Gaza Strip and expressed its solidarity with the families of the victims and with all those who, inside or outside Israel, are endeavouring to find a peaceful political solution to the conflict.

South Africa. Parliament once again reiterated its total abhorrence of apartheid and condemned the measures taken by the South African Government on 24 February proscribing the political activities of 17 organizations, and of certain individuals, with the aim of blocking foreign funding of South African organizations. The House called on the South African authorities to repeal these measures and to enter into a constructive dialogue with all parties opposed to apartheid. Parliament also expressed its support for those who engaged in non-violent protests against these measures.

The situation in Central America. Parliament recalled the support it had given on several occasions¹ to the Contadora initiative and made a number of proposals for restoring peace and democracy in the five Central American Republics. The House held that armed support by external forces to any of the sides involved in the civil wars in Central America was incompatible with the Arias peace plan (Esquipulas II).² The Member States' governments were asked to give political and economic support to the

¹ OJ C 281, 19.10.1987; Bull. EC 9-1987, point 2.4.14; OJ 318, 30.11.1987; Bull. EC 10-1987, point 2.4.21; OJ C 49, 22.2.1988; Bull. EC 1-1988, point 2.4.15.

² Bull. EC 5-1987, point 2.2.23; Bull. EC 6-1987, point 2.2.23.

plan for the economic reconstruction of the area submitted to the San José meeting on 29 February and 1 March in Hamburg (→ points 1.3.1 to 1.3.3). It hoped that these countries might be enabled to participate in a Lomé system, as they had requested.

Panama. Parliament expressed its concern at recent events resulting in the deposing of the President, Eric Delvalle, after his attempt to dismiss General Manuel Antonio Noriega. In the belief that the Community could help to restore constitutional normality in Panama, Parliament condemned the breakdown of civilian government and all forms of repression against opposition politicians, especially the deportation of Mr Arias Calderon, President of the Christian Democratic Party. The constitutional bodies in the Republic of Panama were urged to restore normality in the country. The House expressed its solidarity with all democratic forces working to bring about the holding of free elections. Parliament considered that the accusations made against General Noriega and other high-ranking officers in the armed forces and the evidence of corruption in regard to drug trafficking, should be the subject of a judicial enquiry.

Human rights in Cuba. Parliament called for the immediate release and rehabilitation of the Cuban writer, teacher and veteran

revolutionary, Ariel Hidalgo, who has been in prison for five years for writing a text entitled 'Cuba: the Marxist State and the new class', and for the release of another writer, Cesar Leante, and called for Cuba's law on public order to be revised and political trials *in camera* to be abolished.

Human rights in Indonesia. Parliament expressed its deep concern about the violations of human rights in Indonesia and voiced its particular concern at the fate of Communists there. The House called on the Member States that grant bilateral aid to Indonesia to raise the issue of improving the rights of Indonesian women, especially those sent to work in Saudi Arabia. They were also asked to ensure that the Indonesian authorities respect the fundamental rights and cultural identity of the Papuans and the people of East Timor, which is under Indonesian occupation.

Council

2.4.22. The Council held seven meetings in March. Table 13 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.

Table 13 — *Council meetings in March*

Number, place and date of meeting	Subject	President	Commission	Main items of business
1225th Brussels 7 March	Economic and financial affairs	Mr Stoltenberg	Mr Delors, Mr Christophersen, Mr Schmidhuber	Follow-up to February European Council Court of Auditors' report on implementation of 1986 budget Preparation for spring meetings of IMF and World Bank First quarterly review of economic situation in the Community ¹

Council

Number, place and date of meeting	Subject	President	Commission	Main items of business
1226 th Brussels 7, 8 and 9 March 1988	Agriculture	Mr Kiechle	Mr Andriessen	<p>Implementation of conclusions of February European Council concerning agriculture: informal agreement²</p> <p>Set-aside: informal agreement²</p> <p>Cessation of farming (early retirement): informal agreement²</p> <p>Olive oil</p> <p>Less-favoured areas of western Ireland²</p> <p>Hormones²</p>
1227th Brussels 14 March	Transport	Mr Warnke	Mr Clinton Davis	<p>Access to the market for the carriage of goods by road: detailed examination³</p> <p>Width of refrigerated vehicles: agreement</p> <p>Fixing of rates for the carriage of goods by road: favourable position</p> <p>Uniform implementation of Community social legislation on the carriage of goods by road</p> <p>Charging of transport infrastructure costs to heavy goods vehicles: general exchange of views</p> <p>Weight and dimensions of coaches and buses</p> <p>Commission reports</p>
1228th Brussels 21 March	Environment	Mr Toepfer	Mr Clinton Davis	<p>Close of European Year of the Environment: resolution⁴</p> <p>Water quality objectives for chromium: further examination</p> <p>Discharges of chloroform into the aquatic environment: agreement⁴</p> <p>Waste from the titanium dioxide industry</p> <p>Large combustion plants: further examination⁴</p> <p>Environment and employment creation: resumed examination⁴</p> <p>Control of substances which deplete the ozone layer: initial exchange of views⁴</p> <p>Pollution from motor vehicles (small cubic capacity): initial exchange of views⁴</p>

Number, place and date of meeting	Subject	President	Commission	Main items of business
1229th Brussels 22 March	Internal market	Mr Bangemann	Lord Cockfield	Public supply contracts: adoption ⁵ Completion of the internal market: oral statement by Lord Cockfield Broadcasting: policy debate
1230th Brussels 22 March	General affairs	Mr Genscher	Mr Delors Mr Christopher- sen Mr Cheysson Mr De Clercq	Follow-up to conclusions of the European Council Relations with Hungary
1231st Brussels 28, 29 and 30 March	Agriculture	Mr Kiechle	Mr Andriessen	Implementation of conclusions of February European Council concerning agriculture: informal agreement on stabilizers in the wine sector ² Olive oil ² Structures ² Fixing the prices of agricultural products and certain related measures (1988/1989): introductory statement by Mr Andriessen ²

¹ Economic and monetary policy.

² Agriculture.

³ Transport.

⁴ Environment and consumers.

⁵ Businesses.

Commission

Activities

2.4.23. Mr Delors, President of the Commission, reported to Parliament on the outcome of the February European Council (→ point 1.1.1 *et seq.*).

Decisions, communications and proposals

2.4.24. As provided for in the conclusions of the Brussels European Council,¹ the Commission sent the Council an amended proposal for a Decision on the system of own resources (→ point 2.3.4) and an amended proposal for a framework Regulation on the reform of the structural Funds (→ point 2.1.108). It also adopted a proposal for a Regulation concerning financial

compensation procedures for Spain and Portugal in respect of their contribution to financing the depreciation of agricultural stocks (→ point 2.3.6).

The Commission examined a study carried out at its request on the probable economic impact of implementation of the action programme set out in its White Paper of June 1985 on completing the internal market (→ point 1.4.1 *et seq.*).

It also sent the Council its proposals on agricultural prices and related measures for the 1988/89 marketing year (→ point 1.2.1 *et seq.*).

As a follow-up to its communication of December 1986 on financial engineering, the Commission adopted a communication on

¹ Bull. EC 2-1988, point 1.1.1 *et seq.*

the promotion and financing of transnational technological and industrial cooperation (→ point 2.1.4).

The third annual report on the implementation of the White Paper on completing the internal market, which charts progress made both at Commission level and in the Council and Parliament (→ point 2.1.9).

A plan aimed at increasing the mobility of young Community researchers in economic science and at stimulating economics research networks at European level (SPES) was put to the Council (→ point 2.1.47).

The key objectives of the plan, presented by the Commission to the Council, to put the international market in shipbuilding back on a sound footing, are to work with the main producer countries (Japan and Korea) to stabilize trade, achieve an equi-

table reduction in capacity, restore prices to a normal level and introduce transparency with regard to prices, support and funding (→ point 2.1.34).

At the request of the Member States, the Commission sent the Council an amended proposal for a merger control Regulation which reflects the basic guidelines adopted by the Council in November 1987 (→ point 2.1.59).

The Commission also adopted a proposal for a Directive on single-member companies (→ point 2.1.93).

Two draft Directives proposing a regulatory framework for the use of genetically modified organisms were presented to the Council (→ point 2.1.125).

Finally, the Commission adopted a proposal for a Directive on package travel (→ point 2.1.134).

Court of Justice¹

2.4.25. New cases

Case	Subject	Basis
ECSC — Steel		
72/88 Hoogovens Groep v Commission ¹	Annulment of Commission Decision No 194/88/ECSC extending the system of monitoring and production quotas for certain products of undertakings in the steel industry	Article 33 ECSC
82/88 EISA v Commission ²	Annulment of Article 17 of Commission Decision No 194/88/ECSC extending the system of monitoring and production quotas for certain products of undertakings in the steel industry	Article 33 ECSC
83/88 Cockerill Sambre v Commission ²	Annulment of Article 17 of Commission Decision No 194/88/ECSC extending the system of monitoring and production quotas for certain products of undertakings in the steel industry	Article 33 ECSC

¹ For more detailed information, see the material published by the Court of Justice in the *Official Journal* and the *European Court Reports*, and the publications of its Information Office (e.g. the weekly *Proceedings of the Court*).

Case	Subject	Basis
92/88 Assider v Commission	Annulment of Article 17 of Commission Decision No 194/88/ECSC extending the system of monitoring and production quotas for certain products of undertakings in the steel industry	Article 33 ECSC
Customs union		
37/88 Rheinkrone-Kraftfutterwerk v HZA Hamburg-Jonas ³	<p>1. Are composite goods made up of wheat flour and wheat bran, which according to the General Rules for the interpretation of the CCT are to be classified as wheat flour, mixtures within the meaning of Article 30(3) of Commission Regulation No 1371/81?</p> <p>2. Is the general principle of the protection of legitimate expectations which forms part of Community law to be interpreted as precluding as a matter of law the recovery of sums paid out of the EAGGF where the applicant has provided all the necessary particulars for the description of the product and the authorities after considering those particulars have made payments as a result of a mistake of law of which the applicant could not have been aware either?</p> <p>Is the issue whether recovery is precluded also dependent on other conditions not mentioned in the question?</p>	Article 177 EEC
40/88 Paul F. Weber GmbH in liquidation v Milchwerke Paderborn-Rimbeck ⁴	<p>1. Is CCT subheading 04.02.A II(b) 1 in the version in force in 1978, 1979 and 1980 to be interpreted in such a way that it includes a product made up of 23.4% skimmed-milk powder and, as to the rest, powdered whey (partly enriched with proteins), lactose, calcium caseinate, sodium caseinate, caseinate (SVM), potassium bicarbonate, calcium chloride, calcium carbonate and potash mixed together in a dry form?</p> <p>2. Does it matter in this connection that the caseinate and powdered whey occasionally originated from New Zealand, Canada and Australia and the mixture, according to the defendant, exhibited the same analytic values as powdered skimmed-milk produced from cow's milk?</p> <p>3. If the first question is answered in the negative, does such a product fall under CCT subheading 21.07 D II(a) 1 in the version in force in 1978, 1979 and 1980?</p>	Article 177 EEC
74/88 Commission v Council ⁵	Annulment of three customs conventions concluded under the aegis of the Customs Cooperation Council	Article 173 EEC

Case	Subject	Basis
Right of establishment		
54/88 Criminal proceedings against Eleonora Nino ⁶	<ol style="list-style-type: none"> 1. Obligation on the Member States to enact legislative measures regulating paramedical activities 2. Application of a Member State's criminal law, in the absence of such measures, to persons authorized to pursue a paramedical activity in other Member States 	Article 177 EEC
91/88 Criminal proceedings against Rinaldo Prandina and Bruna Goti ¹	<ol style="list-style-type: none"> 1. Obligation on the Member States to enact legislative measures regulating paramedical activities 2. Application of a Member State's criminal law, in the absence of such measures, to persons authorized to pursue a paramedical activity in other Member States 3. If the Council fails to adopt the directives provided for in Article 57 of the EEC Treaty, may that institution, on the basis of Title V of the General Programme for the abolition of restrictions on freedom of establishment, adopt, in order to compensate for the absence of the said directives, measures designed to coordinate the conditions governing the pursuit of the paramedical activities in question? 	Article 177 EEC
Taxation		
38/88 Waldrich Siegen Werkzeugmaschinen v Finanzamt Hagen ⁴	<ol style="list-style-type: none"> 1. May taxable persons (individuals) residing in a Member State rely directly on Article 4 of Council Directive 69/335/EEC concerning indirect taxes on the raising of capital, once the period referred to in Article 13 thereof has expired? 2. If Question 1 is answered in the affirmative, is paragraph 2(1)(2) of the German <i>Kapitalverkehrsteuergesetz</i> (Capital Transaction Tax Law) 1972, read in conjunction with paragraph 2(2)(1) thereof, compatible with Article 4 of Council Directive 69/335/EEC? 	Article 177 EEC
50/88 Kuhne v Finanzamt München III ⁶	Should the sixth VAT Directive (Council Directive 77/388/EEC) be interpreted as allowing Member States to treat part of the depreciation on a second-hand car purchased by a lawyer from a non-taxable private individual as final consumption on which input VAT is not deductible, it being understood that the car is for both business and private use? If not, is the Directive directly applicable in that a taxable person may rely on it <i>vis-à-vis</i> his country's authorities?	Article 177 EEC
51/88 Hamann v Finanzamt Hamburg-Eimsbüttel ⁴	Is Article 9(2)(d) of the sixth VAT Directive to be interpreted as meaning that ocean-going sailing yachts, rented out in order to exercise sailing as a sport, are a 'means of transport' within the meaning of that Directive?	Article 177 EEC

Case	Subject	Basis
65/88 Garcia v Directeur des Services Fiscaux, Gard ⁵	Must the concept of turnover tax or taxes, duties or charges which can be characterized as turnover tax, referred to in Article 33 of the sixth VAT Directive, be interpreted as applying to taxes, duties or charges which, although treated by French domestic legislation as constituting flat-rate indirect taxation <i>stricto sensu</i> nevertheless presuppose the existence of a business and whose yield, as a result of a difference in the applicable rates depending on the age of the taxable machines, their location or the greater or lesser degree of sophistication of their mechanisms, appears related to foreseeable turnover, although it is not expressed as a percentage of actual takings, the amount of which is difficult to assess?	Article 177 EEC
Competition		
98/88 Hilti v Commission	Annulment of the Commission Decision of 22 December 1977 relating to a proceeding under Article 86 of the EEC Treaty	Articles 172 and 173 EEC
Social security		
48/88 Achterberg (née te Riele) v Sociale Verzekeringsbank ⁷	<p>1. Does the expression 'working population' within the meaning of Article 2 of Council Directive 79/7/EEC also cover a person who has worked as an employed person in a Member State but is no longer available on the labour market when one of the risks referred to in Article 3 of that Directive materializes?</p> <p>2. In the case of a system under which the amount of benefit is dependent on the duration of the insurance cover, must Article 5 of the Directive be interpreted as placing the Member States under a duty, as regards old-age benefits payable after 22 December 1984 in the pensioner's own right, to remove the adverse effect on the level of benefit caused by a difference in treatment with regard to the accumulation of rights to benefit which is contrary to the Directive?</p>	Article 177 EEC
Free movement of workers		
33/88 Allué and Others v Università degli Studi di Venezia ⁸	1. The first question concerns the compatibility with Article 48(4) of the EEC Treaty as interpreted by the Court of Justice in its judgment of 17 December 1980 of a national law of a Member State which lays down special rules governing the employment of foreign language lecturers and concerning the duration of their contracts, which are limited in time whilst other State employees are generally guaranteed security of tenure	Article 177 EEC

Case	Subject	Basis
	<p>2. The second question is whether or not the national law of a Member State and/or a contract governed by private law which limits the duration of the employment relationship to a predetermined period of five years is compatible with Article 48(2) of the EEC Treaty, inasmuch as the free movement of workers within the Community involves and entails the abolition of any discrimination, and the derogation from the general rule in force in Italy concerning the duration of employment relationships would appear to be discriminatory</p>	
<p>Agriculture</p> <p>66/88 Visigali and Others v Commission⁹</p>	<p>Application for damages for the loss suffered by the applicants as a result of the Commission's failure to name in time the Italian firms involved in the methanol scandal</p>	<p>Article 215 EEC</p>
<p>88/88 REWE Handelsgesellschaft Nord v Überwachungsstelle für Milcherzeugnisse und Handelsklassen; intervening party: the Oberbundesanwalt at the Bundesverwaltungsgericht¹</p>	<p>Does Article 3(2) of Council Regulation No 2967/76 laying down common standards for the water content of frozen and deep-frozen chickens, hens and cocks prohibit national rules whereby any batch of goods from which a sample has been taken must be withheld from the market until the inspection procedure is completed?</p>	<p>Article 177 EEC</p>
<p>Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters</p>		
<p>36/88 Carl Schilling, Kirchheimer Muschelkalksteinwerke v Merbes Sprimont Travaux¹⁰</p>	<p>Under Article 27(2) of the Convention, is a judgment given in default of appearance to be recognized if the defendant was not duly served with the document which instituted the proceedings or with an equivalent document, but was served with such a document in sufficient time to enable him to arrange for his defence?</p>	
<p>Health protection</p>		
<p>70/88 Parliament v Council¹¹</p>	<p>Annulment of Council Regulation No 3954/87 laying down maximum permitted levels of radioactive contamination of foodstuffs and of feedingstuffs following a nuclear accident or any other case of radiological emergency</p>	<p>Article 173 EEC Article 146 Euratom</p>
<p>Infringements</p>		
<p>67/88 Commission v Italy⁹</p>	<p>Infringement of Article 30 of the EEC Treaty (obligation to add colour-reactive sesame oil to certain oils and fats imported from other Member States)</p>	<p>Article 169 EEC</p>

Case	Subject	Basis
68/88 Commission v Greece ¹²	Seeking a declaration that by refusing to pay with interest agricultural levies on certain quantities of maize imported from Yugoslavia but declared as being of Greek origin, by not taking action for the post-clearance recovery of that amount and by not taking the necessary measures, including those requested by the Commission, to punish the perpetrators of this fraud, Greece has failed to fulfil its obligations under Council Regulations Nos 2891/77, 2727/75 and 1697/79 and under Article 5 of the EEC Treaty	Article 169 EEC
71/88 Commission v Italy ⁵	Continued failure to transpose into Italian law, notwithstanding the Court's judgment in Case 273/82, Council Directive 77/796/EEC on mutual recognition of diplomas and other evidence of formal qualifications for goods haulage and passenger transport operators	Article 169 EEC
89/88 Commission v Greece ²	Failure to adopt within the prescribed period the measures necessary to comply with Council Directive 74/561/EEC on admission to the occupation of road haulage operator in national and international transport operations	Article 169 EEC
90/88 Commission v Italy	Failure to implement Council Directives 78/855/EEC and 82/891/EEC on merger and division operations	Article 169 EEC
97/88 Commission v Germany ²	Seeking a declaration that by exempting from value-added tax the turnover of travel agents in respect of travel services to Spain, Germany has failed to fulfil its obligations under the sixth VAT Directive	Article 169 EEC
99/88 Commission v Italy ¹³	Failure to notify the measures transposing Council Directive 83/128/EEC (clinical thermometers) into national law	Article 169 EEC
105/88 Commission v France ¹⁴	Seeking a declaration that, by instituting and maintaining in force in respect of automatic gaming machines tax rules imposing a general limitation on the right of taxpayers to deduct the input VAT from the tax due on the receipts from such machines, France has failed to adopt the laws, regulations and administrative provisions needed to comply with the sixth VAT Directive, and in particular Article 18(4) thereof, and with the derogation granted to it in that respect by Council Decision 84/517/EEC	Article 169 EEC

Disputes between the Community and its staff

v Commission:

- 58/88 F. and I. Olbrechts
- 75/88 Bonazzi-Bertottilli¹
- 96/88 Moritz²
- 100/88 Oyowe and Traore

v Economic and Social Committee:

- 63/88 Maindiaux, Muller and Patterson
- 81/88 Mullers¹
- 95/88 Laval

v Court of Justice:

- 76/88 La Terza¹⁵

¹ OJ C 100, 15 4 1988
² OJ C 103, 19 4.1988.
³ OJ C 67, 12.3.1988.
⁴ OJ C 70, 16.3.1988.
⁵ OJ C 92, 9 4.1988.
⁶ OJ C 74, 22.3.1988.
⁷ OJ C 72, 18.3 1988.
⁸ OJ C 55, 26.2.1988.
⁹ OJ C 89, 6 4 1988
¹⁰ OJ C 79, 26.3.1988.
¹¹ OJ C 90, 7.4 1988.
¹² OJ C 91, 8.4.1988.
¹³ OJ C 111, 28.4.1988.
¹⁴ OJ C 116, 3.5.1988
¹⁵ OJ C 106, 22.4.1988.

2.4.26. Judgments

Date and Case	Held
ECSC — Steel	<p>Removed from the Court Register (annulment of the individual decision addressed by the Commission to the British Steel Corporation, increasing its reference production and delivery quantities in various categories of products following that company's acquisition of certain facilities belonging to Alphasteel, and of Article 13(4) of Commission Decision No 3485/85/ECSC in so far as it applies in relation to Article 13(1) of that Decision)</p> <p>1. Articles 30 and 36 of the EEC Treaty must be interpreted as precluding the courts of a Member State from issuing an injunction prohibiting the importation from another Member State of a product which infringes a patent endorsed</p>
8.3.1988: 150/86 Usinor and Sacilor v Commission ¹	
Free movement of goods	<p>1. Articles 30 and 36 of the EEC Treaty must be interpreted as precluding the courts of a Member State from issuing an injunction prohibiting the importation from another Member State of a product which infringes a patent endorsed</p>
3.3.1988: 435/85 Allen and Hanburys v Generics UK ²	

Date and Case	Held
	<p>'licences of right' against an importer who has undertaken to take a licence on the terms prescribed by law where no such injunction may be issued in the same circumstances against an infringer who manufactures the product in the national territory</p> <p>2. Articles 30 and 36 of the EEC Treaty must be interpreted as prohibiting the competent administrative authorities from imposing on a licensee terms impeding the importation from other Member States of a product covered by a patent endorsed 'licences of right' where those authorities may not refuse to grant a licence to an undertaking which would manufacture the product in the national territory and market it there</p> <p>3. The replies to the first and second questions are not affected by the fact that the product in question is a pharmaceutical product and comes from a Member State where it is not patentable</p> <p>4. A prohibition on importation cannot be justified on grounds of imperative requirements relating to consumer protection or fair trading where the national legislation on which it is based is not applicable without distinction to domestic and imported products</p>
Customs Union	
8.3.1988: 321/86 August Töpfer v HZA Hildesheim ²	The provisions applicable in June 1979 to the Community transit procedure in connection with goods for which export refunds are available, in particular Articles 10 and 12 of Regulation No 223/77 on provisions for the implementation of the Community transit procedure and for certain simplifications of that procedure, must be interpreted as meaning that the retroactive issue of Control Copy T No 5 is dependent upon prior completion of the dispatch or export formalities
8.3.1988: 43/87 Nicolet Instrument v HZA Frankfurt am Main-Flughafen ²	Consideration of the question raised has disclosed no factor of such a nature as to affect the validity of Decision No (85) 1661/2 of 18 October 1985 finding that the apparatus known as 'Nicolet-Data acquisition and processing system, model NIC-1180' could not be imported free of import duties
16.3.1988: 92/86 B & S Chemie Handel v Commission	Finding of <i>ultra vires</i> (annulment of the Commission Decision of 25 October 1985 addressed to the Federal Republic of Germany requiring the post-clearance recovery of customs duties in a specific case)

Date and Case	Held
<p>Taxation</p> <p>3.3.1988: 252/86 Bergandi v Directeur général des impôts³</p>	<ol style="list-style-type: none"> 1. Article 33 of the sixth VAT Directive must be interpreted as meaning that as from the introduction of the common system of VAT the Member States are no longer entitled to impose on the supply of goods, the provision of services or imports liable to VAT, taxes, duties or charges which can be characterized as turnover taxes 2. A charge which, although providing for different amounts according to the characteristics of the taxed article, is assessed exclusively on the basis of the placing thereof at the disposal of the public, without in fact taking account of the income which could be earned thereby, may not be regarded as a charge which can be characterized as a turnover tax 3. Article 95 of the EEC Treaty also applies to internal taxation which is imposed on the use of imported products where those products are essentially intended for such use and have been imported solely for that purpose 4. A system of taxation graduated according to the categories of automatic gaming machines, which is intended to achieve legitimate social objectives and which procures no fiscal advantage for domestic products to the detriment of similar or competing imported products is not incompatible with Article 95 5. Article 30 of the Treaty does not apply to the taxation of products originating in other Member States the compatibility of which with the Treaty falls under Article 95 thereof
<p>8.3.1988: 102/86 Apple and Pear Development Council v Commissioners of Customs and Excise²</p>	<p>The exercise by the Apple and Pear Development Council of its functions pursuant to Article 3 of the Apple and Pear Development Council Order 1980, S.I. No 623 (as amended by the Apple and Pear Development Council (Amendment) Order 1980, S.I. No 2001) and the imposition on growers pursuant to Article 9(1) of an annual charge for the purpose of enabling the Development Council to meet administrative and other expenses incurred or to be incurred in the exercise of such functions do not constitute 'the supply of ... services effected for consideration' within the meaning of Article 2 of the sixth VAT Directive</p>
<p>8.3.1988: 165/86 Leesportefeuille 'Intriem' v Secretary of State for Finance⁴</p>	<p>The circumstances of supply are immaterial where the goods supplied are used for the purposes of the taxable person's business and the taxable person receives invoices for those goods (deductibility by the employer of the VAT on goods supplied to employees)</p>

Date and Case	Held
State aid	
8.3.1988: Exécutif régional Wallon and Others v Commission ²	Application dismissed (seeking the annulment of the Commission Decision of 3 December 1986 on a proposal by the Belgian Government to grant aid to a flat-glass producer (Glaverbel))
16.3.1988: 169/84 Cofaz and Others v Commission ¹	Partially removed from the Court Register (annulment of the Commission's Decision, of which the applicants were informed by letter dated 24 April 1984, on the tariff system applied in the Netherlands for the supply of natural gas to Dutch ammonia producers)
Agriculture	
8.3.1988: 296/86 Anthony McNicholl v The Minister for Agriculture ⁴	<p>1. The failure of a purchaser of beef held in intervention storage and intended for exportation to fulfil his obligation to export it, as a result of fraud or negligence or a combination of fraud and negligence on the part of an independent carrier to whom the transport of the goods was subcontracted, does not constitute a case of <i>force majeure</i> within the meaning of Article 11 of Commission Regulation No 1687/76 laying down common detailed rules for verifying the use and/or destination of products for intervention</p> <p>2. Where the fulfilment of an obligation to export a quantity of beef purchased from an intervention agency is guaranteed by the security referred to in Regulation No 1687/76 the principle of proportionality is properly applied if the intervention agency determines the amount of the security to be declared forfeit by reference to the tonnage which was not exported. Except in the case of <i>force majeure</i>, that principle does not require the intervention agency to take into consideration other circumstances such as the moral blame attaching to the exporter, the loss suffered by Community funds or the profit which might have been made on a resale within the Community</p>
24.3.1988: 347/85 United Kingdom v Commission ⁵	Application dismissed (annulment of the Commission Decisions on the clearance of accounts presented by the United Kingdom in respect of the EAGGF for 1980 and 1981 in so far as they disallow certain expenditure in the milk and milk products sector following the infringements established by the Court in Case 23/84 (Milk Marketing Boards))

Date and Case	Held
<p>Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters</p> <p>8.3.1988: 9/87 <i>Arcado v Haviland</i>²</p>	<p>Proceedings relating to the wrongful repudiation of an independent commercial agency agreement and the payment of commission due under such an agreement are proceedings in matters relating to a contract within the meaning of Article 5(1) of the Convention</p>
<p>Social security</p> <p>8.3.1988: 80/87 <i>Dik and Others v College van Burge-meesters en Wethouders</i>²</p>	<ol style="list-style-type: none"> 1. Council Directive 79/7/EEC on the progressive implementation of the principle of equal treatment for men and women in matters of social security must be interpreted as meaning that it does not confer on the Member States a discretionary power to include in the national law implementing the Directive a transitional provision on the basis of which a married woman who became unemployed before 23 December 1984 remains subject even after that date to the requirement that she be a 'wage-earner' 2. Article 8 of Directive 79/7/EEC must be interpreted as meaning that a Member State which adopts implementing measures after the expiry of the period provided for by the Directive may fix the date of their entry into force retroactively to the date of expiry of the period, provided that the rights which Article 4(1) of the Directive gives to individuals in the Member States from the expiry of the said period are observed.
<p>Budget</p> <p>3.3.1988: 85/86 <i>Commission v EIB</i>⁶</p>	<p>The Decision of the Board of Governors of the EIB to use the proceeds of the income tax deducted from the salaries of the Bank's staff for the benefit of the Bank itself is void</p>
<p>Infringements</p> <p>2.3.1980: 309/88 <i>Commission v Italy</i>⁶</p>	<p>By failing to adopt within the period prescribed the provisions needed to comply with Council Directive 82/242/EEC on the approximation of the laws of the Member States relating to methods of testing the biodegradability of non-ionic surfactants and amending Directive 73/404/EEC, and Council Directive 82/243/EEC amending Directive 73/405/EEC on the approximation of the laws of the Member States relating to methods of testing the biodegradability of anionic surfactants, Italy has failed to fulfil its obligations under the EEC Treaty</p>

Date and Case	Held
3.3.1988: 116/86 Commission v Italy ⁷	By failing to adopt within the prescribed period the provisions needed to comply with Articles 6(b), second indent, 7 and 8 of Council Directive 79/109/EEC amending, as regards brucellosis, Council Directive 64/432/EEC on animal health problems affecting intra-Community trade in bovine animals which are subject in the Member State in which they originate to tests carried out in accordance with methods which have not been adopted by Italy, but which have been adopted by other Member States in the exercise of the option authorized by Articles 1, 2, 3, 4, 5 and 9 of the said Directive, Italy has failed to fulfil its obligations under the EEC Treaty
15.3.1988: 147/86 Commission v Greece ⁸	<ol style="list-style-type: none"> 1. By prohibiting nationals of other Member States from establishing 'frontistiria' (crammers' schools) and private music and dancing schools, and from giving private lessons at home, Greece has failed to fulfil its obligations under Articles 52 and 59 of the EEC Treaty 2. By prohibiting or by restricting access for nationals of other Member States already employed in Greece and for members of their families to the posts of director and teacher in 'frontistiria' and in private music and dancing schools, Greece has failed to fulfil its obligations under Article 48 of the EEC Treaty 3. The remainder of the claims in the application are dismissed
16.3.1988: 227/87 Commission v France	Removed from the Court Register (by requiring French nationality as a condition for carrying on, in France, the occupation of surveyor as a self-employed person and by failing to bring its legislation in that area into conformity with Community law France has failed to fulfil its obligations under the EEC Treaty)
24.3.1988: 104/86 Commission v Italy ⁹	By imposing on the taxpayer, under Article 19 of Decree-Law No 688 of 30 September 1982, converted into Law No 873 of 27 November 1982, the burden of proving by documentary evidence alone that the national taxes and charges of which he is seeking repayment on the ground that they were unduly paid, as they were contrary to Articles 9 <i>et seq.</i> and 95 of the EEC Treaty, have not been passed on to other persons and by giving that provision retroactive effect, Italy has failed to fulfil its obligations under Articles 5, 9 <i>et seq.</i> and 95 of the EEC Treaty

Court of Auditors

Date and Case	Held
24.3.1988: 240/86 Commission v Greece ⁹	<ol style="list-style-type: none">1. By deliberately failing to communicate to the Commission the text of the regulations applicable to cereal imports and the information requested by that institution concerning the exchange authorizations granted and cereal imports effected in 1984, Greece has failed to fulfil its obligations under Article 5 of the EEC Treaty2. The remainder of the application is dismissed

Disputes between the Community and its staff

v Commission:

8.3.1988: 339/85 Brunotti⁴ — Application dismissed

8.3.1988: 64, 71, 72, 73 and 78/86 Sergio and Others⁴ — Applications dismissed (annulment of the decisions of the Selection Board in internal competition COM/A/8/84 refusing to admit the applicants to the training courses commencing 17 March 1986. Suspension of the implementation of these negative decisions)

23.3.1988 — 141/85 Dufrane — Removed from the Court Register

23.3.1988: 19/87 Hecq¹ — Application dismissed

23.3.1988: 248/87 Mouriki¹ — Application dismissed

24.3.1988: 228/86 Goossens and Others⁹ — Applications dismissed (annulment of the decisions of the Selection Board in internal competition COM/A/8/84 rejecting the applicants' applications and annulment of the appointments made consequent upon the said competition)

v Parliament:

8.3.1988: 251/87 Jacques — Removed from the Court Register

23.3.1988: 105/87 Morabito¹ — Application dismissed

v Court of Justice:

23.3.1988: 76/88R La Terza⁵ — Order of the President of the Second Chamber of the Court (suspension of the decision of the administrator of the Court of 13 November 1987 refusing to extend to 31 December 1988 the authorization given to the applicant to work part time; extension of the authorization to that date unless judgment is given in this case before that date)

¹ OJ C 103, 19 4 1988.

² OJ C 89, 6.4.1988

³ OJ C 78, 25 3 1988

⁴ OJ C 90, 7.4.1988

⁵ OJ C 106, 22 4 1988

⁶ OJ C 77, 24 3 1988

⁷ OJ C 79, 26 3 1988

⁸ OJ C 92, 9.4.1988

⁹ OJ C 105, 21 4 1988

Court of Auditors

2.4.27. On 10 March the Court of Auditors adopted a special report on Community and national procedures and systems relat-

ing to the management of the European Social Fund.

The report sets out the findings of checks carried out in the Commission and in the Member States, which emerge as the driving

force behind the formulation and implementation of Community policy in this area. The Court highlights the shortcomings and weaknesses inherent in the formulation, management and monitoring of Fund policy and points out what needs to be done for the system to operate efficiently, with emphasis not only on management procedures at Community level but also on the setting-up of adequate coordination and control structures within the Member States.

Economic and Social Committee

254th plenary session

2.4.28. The Economic and Social Committee held its 254th plenary session in Brussels on 23 and 24 March with Mr Margot in the chair.¹ Lord Cockfield, Vice-President of the Commission with special responsibility for the internal market, also attending, presented the third Commission report² on the implementation of the White Paper on completing the internal market (→ point 2.1.9).

Free movement of persons and freedom to provide services

2.4.29. The Economic and Social Committee approved *nem. con.*, with four abstentions, the proposal for a Directive³ making technical amendments to five Directives concerning the mutual recognition of medical diplomas,⁴ diplomas of nurses responsible for general care,⁵ diplomas of dental practitioners,⁶ diplomas of veterinary surgeons⁷ and midwives' diplomas, as well as three Directives aimed at coordinating the laws, regulations and administrative provisions concerning the activities of doctors,⁴ veterinary surgeons⁷ and midwives.⁸

2.4.30. The Committee unanimously approved the proposal for a Directive⁹ amending the Council Directives of 27 June 1977 on the activities of nurses responsible for general care.⁵ The Committee con-

sidered that the Directive should be implemented as soon as possible.

Free movement of goods

2.4.31. The Committee unanimously adopted an opinion on the proposal for a Directive on the approximation of the laws of the Member States relating to electromagnetic compatibility,¹⁰ subject to a number of reservations. Although it accepted the need for some derogations, it called on the Commission to re-examine the derogating clause with a view possibly to leaving the final decision in such matters to the Commission in order to prevent excessive use of general terms.

The Committee also felt that the procedure for certifying conformity laid down by the Directive was too restrictive and suggested adding an Annex III on a standard Community conformity mark.

2.4.32. The Committee unanimously adopted an opinion on the proposal for a Directive¹¹ supplementing and amending the Council Directive of 18 December 1975 in respect of the calcium, magnesium, sodium and sulphur content of fertilizers.¹² It welcomed the proposal as a step towards the completion of the internal market.

Biotechnology

2.4.33. The Committee unanimously adopted an opinion on the proposal for a Council Decision to adopt a first multiannual programme (1988-93) for biotechnol-

¹ Bull. EC 2-1988, point 2.4.21 *et seq.*

² Bull. EC 5-1987, point 2.1.7.

³ OJ C 353, 30.12.1987; Bull. EC 11-1987, point 2.1.15.

⁴ OJ L 167, 30.6.1975.

⁵ OJ L 176, 15.7.1977.

⁶ OJ L 233, 24.8.1978.

⁷ OJ L 362, 23.12.1978.

⁸ OJ L 33, 11.2.1980.

⁹ OJ C 20, 26.1.1988; Bull. EC 12-1987, point 2.1.13.

¹⁰ OJ C 322, 2.12.1987; Bull. EC 11-1987, point 2.1.22.

¹¹ OJ C 20, 26.1.1988, Bull. EC 12-1987, point 2.1.19.

¹² OJ L 24, 30.1.1976.

ogy-based agro-industrial research and technological development (Eclair).¹

The Committee approved the proposal in principle but expressed a number of reservations and came up with some suggestions aimed at making the programme more specific and more innovative. It criticized the lack of coordination between the Eclair programme and the 1984-88 agricultural research programmes,² as well as the other programmes relating to agriculture. It also questioned the economic viability of some of the projects and deplored the lack of innovative guidelines. Finally, it stressed the need to bear in mind the ethical aspects of modern biotechnology, with regard to both pure research and applied science.

Block exemption Regulation for know-how licensing agreements

2.4.34. The Committee unanimously adopted an own-initiative opinion on the draft Commission Regulation on the application of Article 85(3) of the Treaty to certain categories of know-how licensing agreements.³ The opinion, prepared in connection with the opinion⁴ on the Commission's Sixteenth Report on Competition Policy,⁵ welcomed the proposal. However, the Committee felt that the aim of the exemption Regulation was too narrow and that it should endeavour not only to ensure greater legal certainty but also to encourage the conclusion of know-how agreements. In this connection, it felt strongly that the Regulation should pay particular attention to the needs of small businesses affected by the transfer of know-how both as licensors and as licencees.

Social security for migrant workers

2.4.35. The Committee adopted *nem. con.*, with one abstention, a favourable opinion on the proposal⁶ amending Regulation No 1408/71 of 14 June 1971⁷ and Regulation No 574/72 of 21 March 1972⁸ on the application of social security schemes to employed persons, to self-employed per-

sons and to members of their families moving within the Community.

Veterinary and livestock husbandry legislation

2.4.36. The Committee unanimously adopted an opinion on the proposal for a Directive on health problems affecting the production, placing on the market of the Community and importation from third countries of minced meat and meat in pieces of less than 100 grams.⁹ The Committee welcomed the proposal and suggested that similar rules be drawn up for white meats, as these were the prime source of public health problems.

2.4.37. The Committee unanimously adopted an opinion on the proposal for a Regulation laying down health conditions for the marketing of fish and fish products concerning nematodes.¹⁰ It agreed with the aims of the proposal but felt that a number of amendments were required to overcome certain shortcomings. The Committee announced its intention of delivering a reasoned opinion on the proposal at its next plenary session.

Transport statistics

2.4.38. The Committee unanimously adopted an opinion on a proposal¹¹ to amend the Directive of 12 June 1978 on statistical returns in respect of carriage of

¹ OJ C 62, 5.3.1988; Bull. EC 12-1987, point 2.1.58.

² OJ L 358, 22.12.1983; Bull. EC 12-1983, point 2.1.159; OJ L 85, 28.3.1987; Bull. EC 3-1987, point 2.1.51.

³ OJ C 214, 12.8.1987; Bull. EC 5-1987, points 2.1.68 and 2.1.69.

⁴ OJ C 35, 8.2.1988; Bull. EC 12-1987, point 2.4.33.

⁵ Bull. EC 7/8-1987, point 2.1.89.

⁶ OJ C 52, 24.2.1988; Bull. EC 1-1988, point 2.1.47.

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

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

⁹ OJ C 18, 23.1.1988; Bull. EC 12-1987, point 2.1.228.

¹⁰ OJ C 66, 11.3.1988; Bull. EC 2-1988, point 2.1.136.

¹¹ OJ C 4, 8.1.1988; Bull. EC 11-1987, point 2.1.255.

goods by road, as part of regional statistics.¹

Community transit

2.4.39. The Committee unanimously adopted an own-initiative opinion on Community transit traffic through non-member countries (Switzerland, Austria and Yugoslavia). It outlined the problems involved and highlighted the abnormal situation whereby virtually all road haulage traffic was making detours via France and especially Austria to avoid passing through Switzerland. The Committee felt that the negotiations between the Community and the three countries concerned should take account of the interests of all parties—particularly in relation to the environmental and financial assistance—and culminate in an overall agreement. It deplored any attempt to enforce stricter conditions for transit by rail or road as a serious violation of the GATT standstill principle.

ECSC Consultative Committee

268th meeting

2.4.40. The ECSC Consultative Committee held an ordinary meeting in Luxembourg on 23 March with Mr Roy Evans in the chair. The Committee was consulted under Articles 19 and 46 ECSC on the forward programme for steel for the second quarter of 1988 (→ point 2.1.31). While it agreed that the overall situation was favourable, it felt that the relative stability of international markets should not be allowed to obscure the long-term problems of the steel industry.

The Committee was also consulted under the same Articles on the Commission's annual report on the solid fuels market (situation in 1986 and outlook for 1987).² The discussion centred on environmental protection, surpluses on world markets and their effects on the cost of production and of financing investments, protecting Community coal against dumping by non-mem-

ber countries and the need for a Community policy to secure the future of the Community coal industry.

The Committee was consulted under Article 55(2)(c) ECSC on the allocation of financial aid from the ECSC levy to a programme of 81 steel research projects at a cost of 21 588 950 ECU and a programme of seven pilot and/or demonstration projects in the steel industry at a cost of 8 411 050 ECU. The Committee agreed to the financial aid proposed by the Commission.

Still under Article 55(2)(c) ECSC, the Committee agreed to financial aid totalling 22 million ECU for a coal research programme comprising 61 projects. However, it regretted that bureaucratic delays in the project selection procedure prevented urgent new needs, for example those relating to new rules on pollution, from being taken into consideration.

European Investment Bank³

Operations in March 1988

2.4.41. Loans announced by the European Investment Bank in March for investments within the Community totalled 600.4 million ECU,⁴ broken down as follows: 433 million ECU in Italy, 103.3 million ECU in the Federal Republic of Germany, 25.7 million ECU in Ireland, 24.6 million ECU in the Netherlands and 13.8 million ECU in Denmark. Of this total, 8 million ECU was provided from the resources of the new Community borrowing and lending instrument (NCI).⁵

¹ OJ L 168, 26.6.1978.

² OJ C 207, 4.7.1987; Bull. EC 7/8-1987, point 2.1.266, OJ C 313, 25.11.1987; Bull. EC 9-1987, point 2.1.190.

³ Further details can be obtained from the European Investment Bank, 100 boulevard Konrad Adenauer, L-2950 Luxembourg (Tel. 4379-1).

⁴ The conversion rate at 31 December used by the EIB in statistics for the first quarter 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.

⁵ OJ L 298, 20.10.1978.

Community

Italy

2.4.42. The EIB lent LIT 653 000 million for projects in Italy, including LIT 12 000 million from the resources of the NCI.

Of this total, LIT 292 000 million was for industrial projects and included a LIT 30 000 million loan to Enichem Fibre for the reconstruction and modernization of two synthetic fibre plants at Ottana and Porto Torres in Sardinia. The Centro Studi e Laboratori Telecomunicazioni (CSELT — Centre for telecommunications studies and laboratories) received LIT 15 000 million for expanding a research centre using advanced technology in electronics and telecommunications. Global loans to the Istituto Mobiliare Italiano (IMI), Mediocredito Centrale, the Banca Nazionale del Lavoro, Credito Industrial Sardo, Meliorconsorzio and the Istituto Regionale di Credito Agrario per l'Emilia Romagna totalled LIT 235 000 million. They will be used to finance small and medium-scale investments in industry, agricultural processing, tourism and related services.

Loans of LIT 7 000 million and LIT 5 000 million respectively to Mediocredito Centrale and the Federagraria-Agroindustrie will finance productive investment in small and medium-sized firms throughout the country. The global loans from the Bank's own resources include one of LIT 90 000 million to the IMI which will also be used to finance small and medium-scale investments in the rational use of energy and environmental protection.

Infrastructure will benefit from loans totalling LIT 285 000 million. Two of these will be spent on sections of motorway which are vital for economic development: LIT 200 000 million on further work on the 'Tunnels motorway' to connect Piedmont with Switzerland and Central Europe and LIT 75 000 million on improvements to the Milan-Rome and Rome-Naples motorways, so improving links with the South. A loan of LIT 10 000 million to Telespazio will

contribute to a new telecommunications earth satellite at Scanzano in Sicily.

In the energy sector, a LIT 40 000 million loan to Italgas will be used to help extend the natural gas distribution network in Rome and so promote use of this fuel in line with the Community's energy objectives. Exploitation of the Pennina natural gas field off the coast of the Marche will benefit from a LIT 6 500 million loan and a global loan of LIT 20 000 million to the Istituto Bancario San Paolo di Torino will help finance energy saving and environmental protection schemes.

Germany

2.4.43. The Bank lent DM 213 million in Germany, including a DM 200 million global loan to the Industriekreditbank AG for investments by small and medium-sized firms. These loans will help finance investments in industry and related services selected in agreement with the EIB and located throughout the country, including Berlin. This loan marks a diversification of the Bank's activities in Germany, where it lent DM 1 500 million in 1986 and 1987, mainly for public investment in environmental protection.

The Bank also lent DM 13 million for a district heating scheme in Saarland, bringing to DM 73 million the total so far granted for construction of a heat transport network between Dillingen and Saarlouis and the installation of local distribution networks in those towns. The heat used will be recovered from existing industrial plant, so achieving savings in imported energy resources and reducing atmospheric pollution by cutting the number of individual heating installations. The investments will be carried out by Fernwärme-Verbund Saar GmbH, which is owned by the Saarberg/Fernwärme GmbH group (74%) and Stadtwerke Saarbrücken AG (26%).

Denmark

2.4.44. The Bank lent DKR 110 million for work to complete the E4 motorway, the

most important road link between Scandinavia and the rest of Europe via Copenhagen. The work will involve a number of sections running from south of the capital, across the islands of Zealand, Falster and Lolland to the Rødby ferry terminal. This will provide continuous motorway between Copenhagen and the most important crossing to Germany. Traffic on this route is sometimes extremely dense and has increased considerably in recent years (an average of 8 000 to 12 000 vehicles a day, reaching a peak of more than 18 000) and it forms part of the network of roads of European significance, as defined by the Commission. Work should be completed by 1990 and should cater for the 20% increase in traffic expected by the year 2000.

Ireland

2.4.45. A loan of IRL 20 million to the Electricity Supply Board (ESB) will help upgrade the electricity transmission and distribution system in Ireland and improve supplies to the whole of the country. It will include telecommunications equipment and information systems to provide better service to consumers and enable 38 000 new connections to be made. The equipment will also reduce energy losses and increase the reliability of supplies.

Over the last 10 years the Bank has granted loans totalling over IRL 300 million for electricity production so that the ESB can meet demand into the next decade. This loan also brings the total advanced for the modernization and extension of the transmission and distribution network to almost IRL 90 million.

Netherlands

2.4.46. The Bank made two loans, totalling HFL 57 million, for industrial investment in the Netherlands. An HFL 50 million global loan (line of credit) to Amro Bank will be onlent for productive investment by small and medium-sized firms throughout the country selected in agreement with the EIB and involved in industry and related services.

A loan of HFL 7 million to Kaldin BV was made for a plant in Echt (Limburg) using a new process for recycling fly ash from power stations and industrial steam generators as a raw material for the production of sandlime bricks. This means that waste which could have posed an environmental hazard can be recycled, so providing the firm with improved supplies of limestone on better terms and enabling it to diversify its activities to include the drying of materials for the chemicals industry and the refining of sand for use in lime or mortar.

5. Statistics

General

Increased cooperation with the Andean Group

2.5.1. From 9 to 11 March the head of the statistical unit of the Andean Group¹ made an official visit to the Statistical Office and the Commission's Directorate-General for External Relations.

Meetings held during the visit reviewed progress on the plan to set up an Andean Centre for training statisticians, the Seasa project (system for statistics on food security in the Andean region), which has been running since 1987, and the continuing cooperation

¹ The member countries of the Andean Group are Bolivia, Colombia, Ecuador, Peru and Venezuela.

on statistics in the manufacturing and services sectors.

Data

Energy (1987)

2.5.2. A study of energy statistics for the Community in 1987 shows that the year was marked by a 3.3% increase in electricity demand, while the nuclear share of total electricity production remained stable (at 32.4%), natural gas consumption increased substantially (up 6.4%), deliveries of petroleum products remained stable and coal production and deliveries fell.

As far as electricity is concerned, Community demand (including losses) amounted to some 1 566 000 million kWh, approximately 3.3% up on 1986. That increase, although greater than the increase for 1986 on 1985, is still more than one percentage point less than the increase for the two previous years. A rise in net consumption was observed in all Member States, ranging from 5.2% in Portugal to 0.9% in Ireland. Net Community production was 1 563 000 million kWh, an increase of 44 000 million kWh or 2.9%. As in the case of consumption, that increase, though slightly greater than that for 1985/86, was less than in previous years. As far as the method of production is concerned, nuclear power continued to account for over 65% of electricity generated in France and Belgium (69.8% and 66% respectively). In the Federal Republic of Germany and Spain, the nuclear share levelled out at approximately 30%. Conventional power stations still account for the bulk of the electricity generated in the Community, with very little change on previous years (55.7% as against 56% in 1986 and 56.9% in 1985).

Initial interim statistics suggest that gross domestic consumption of natural gas in the Community in 1987 rose by 6.4% over the previous year. That figure is substantially higher than the 1.3% increase recorded at the beginning of 1987. Community pro-

duction and imports from non-member countries, both of which rose (by 3.9% and 10.8% respectively), enabled the increased demand to be met. Ireland was the only Member State registering a slight drop (1.3%) in gross natural gas consumption. This is a consequence of the virtual stabilization of production and the physical impossibility of importing natural gas into that country. Consumption rose in all other Member States (by between 1.5% in the United Kingdom and as much as 26% in Denmark). Pending more precise data on natural gas consumption, it can be supposed that the main driving-force behind these increases is, except in special cases, higher domestic consumption. Nevertheless, the relatively large increase in consumption in Italy (14.3%) is probably mainly due to increased use of natural gas for electricity production following the shut-down of nearly all of its nuclear power stations.

According to initial estimates for 1987 deliveries of all petroleum products in the Community seem to have remained stable (down 0.2% on 1986) at 440 million tonnes. This generally stable picture conceals differing trends in individual Member States, ranging from decreases of 14% in Ireland and 5.7% in Denmark to increases of 8.3% in Portugal and 12% in Luxembourg. Deliveries rose fairly sharply in Italy to 5.24 million tonnes (an increase of 6.8% in 1986).

As far as the Community coal sector is concerned, coal and coke deliveries fell again in 1987. In order to adjust to that situation, coal production in the Community was therefore reduced by around 12 million tonnes according to initial estimates. Total deliveries in the Community of Twelve could amount to some 315 million tonnes in 1987, as against 332 million tonnes in 1986. Of that figure, the amount of coal delivered to power stations can be estimated at some 190 million tonnes and the amount of coking coal at 71.4 million tonnes. Other deliveries can be broken down as follows: approximately 32 million tonnes to industry, 16 million tonnes for household use and free coal allowances and an estimated 5.5 million tonnes or so for other uses. In com-

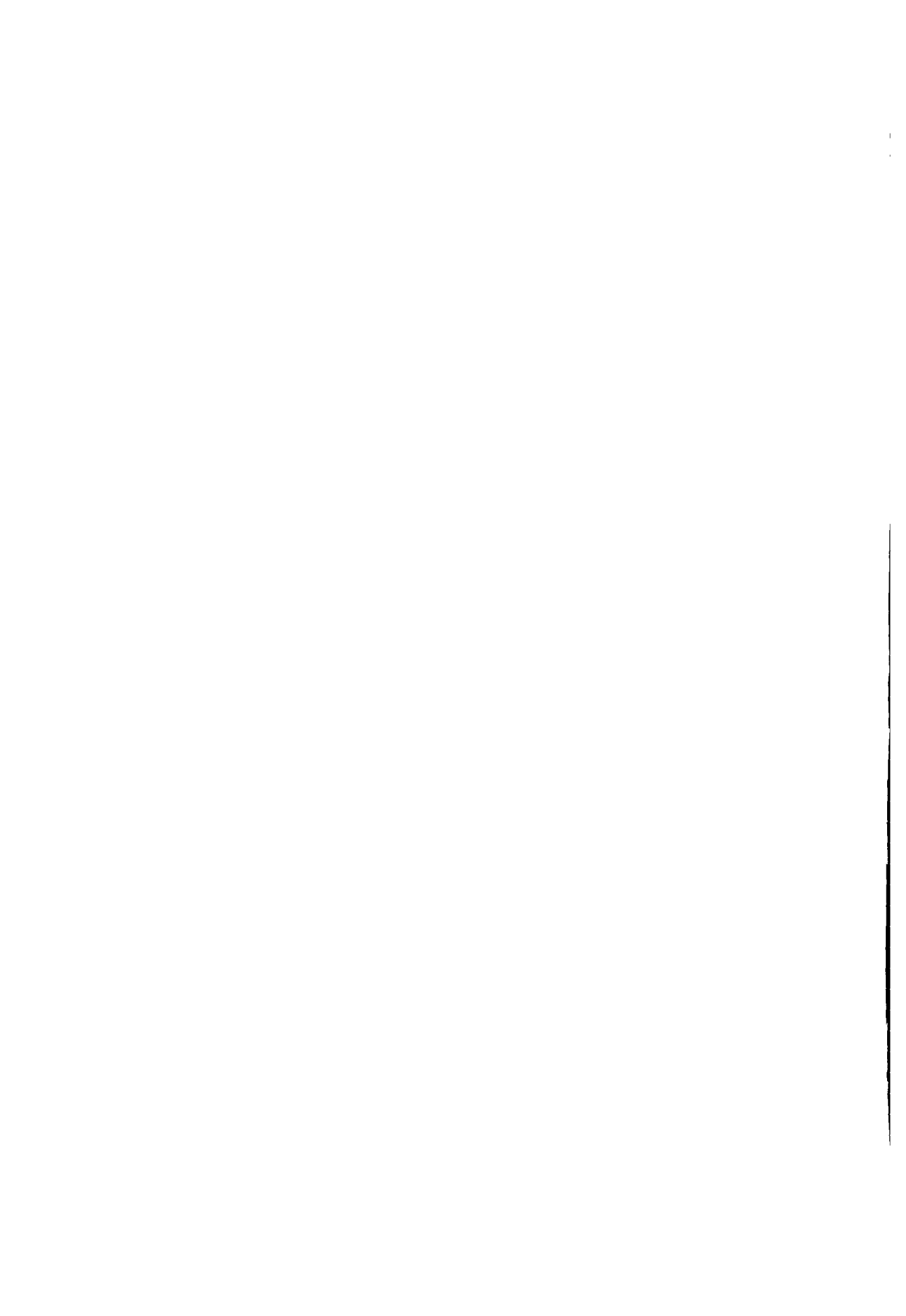
parison with 1986, therefore, total deliveries in the Community fell by 17 million tonnes (5.1%), which comprises an 11 million tonne (or 5.7%) drop in coal deliveries to power stations and a fall of some 6.1 million tonnes (or 7.9%) in deliveries of coking coal.

Publications

Europe in figures

2.5.3. In mid-March the first copies of *Europe in figures*, a new Eurostat publi-

cation, rolled off the press. It is the first publication by the Statistical Office aimed primarily at young people. In the form of a four-colour magazine, *Europe in figures* abandons the traditional and often dry presentation of statistics and takes an entirely new approach. Graphs, tables and brief comments, written in simple language but without sacrificing accuracy and objectivity, highlight the salient features of life in Europe. The 30 or so topics selected cover all aspects of the socio-economic situation in the Community and draw comparisons with the United States and Japan.



PART THREE

DOCUMENTATION

1. ECU

Values in national currencies of one ECU

30 March 1988¹

Belgian franc and Luxembourg franc (convertible)	43.4182
Belgian franc and Luxembourg franc (financial)	43.6295
Danish krone	7.95742
German mark	2.07381
Greek drachma	165.957
Portuguese escudo	169.619
French franc	7.03178
Dutch guilder	2.32840
Irish pound	0.775238
Italian lira	1 535.95
Spanish peseta	138.449
Pound sterling	0.667458
United States dollar	1.24247
Swiss franc	1.71337
Swedish krona	7.34053
Norwegian krone	7.80335
Canadian dollar	1.53570
Austrian schilling	14.5792
Finnish mark	4.99102
Japanese yen	155.744
Australian dollar	1.68700
New Zealand dollar	1.91592

¹ OJ C 83, 31 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

March 1988	
National currency	Value in national currency of one ECU
Belgian franc and Luxembourg franc	47.3310 ¹
	48.0467 ²
	48.0658 ³
Danish krone	8.58163 ¹
	8.88697 ⁴
	8.75497 ⁵
German mark	2.41047 ⁶
	2.39792 ⁷
	2.36110 ¹
	2.38516 ⁵
Greek drachma	134.328 ⁴
	137.262 ⁸
	150.275 ¹
	134.174 ^{7, 9, 10, 11}
	128.340 ^{12, 13}
	124.840 ⁵
Portuguese escudo	181.888 ^{1, 8}
	173.609 ¹⁴
	171.725 ^{5, 11}
French franc	7.47587 ^{3, 6, 11}
	7.69553 ¹⁵
	7.54539 ¹
	7.45826 ²
	7.43671 ¹⁰
	7.73579 ⁴
Dutch guilder	2.70230 ⁶
	2.68801 ⁷
	2.67387 ¹
	2.67387 ⁵
Irish pound	0.832119 ²
	0.831375 ³
	0.844177 ¹⁵
	0.843427 ⁴
	0.817756 ¹
Italian lira	1 629.00 ¹⁶
	1 674.00 ⁴
	1 554.00 ¹
	1 597.00 ^{7, 17}
	1 603.00 ¹⁰
	1 613.00 ⁵

March 1988	
National currency	Value in national currency of one ECU
Spanish peseta	151.805 ¹
	155.786 ²
	154.213 ^{3, 10, 11}
	155.643 ⁴
Pound sterling	0.694266 ⁴
	0.710546 ¹⁵
	0.652675 ¹
	0.665557 ²
	0.656148

- ¹ For sheepmeat and goatmeat
- ² For other livestock products.
- ³ For crop products.
- ⁴ For pigmeat.
- ⁵ For other products.
- ⁶ For milk and milk products.
- ⁷ For cereals.
- ⁸ Amounts not related to the fixing of prices.
- ⁹ For sugar and tobacco.
- ¹⁰ For wine.
- ¹¹ For olive oil.
- ¹² For other crop products.
- ¹³ For eggs and poultrymeat.
- ¹⁴ For fishery products.
- ¹⁵ For beef/veal
- ¹⁶ For fruit and vegetables and tobacco.
- ¹⁷ 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 10-1987

Point 2.1.61

Commission Decision of 7 October 1987 concerning Law 1386/1983 by which the Greek Government grants aid to Greek industry
OJ L 76, 22.3.1988

Bull. EC 11-1987

Point 2.1.243

Commission Decision of 26 November 1987 on an increase in addition to the annual increase in the Community quota for the carriage of goods by road for 1988
OJ L 57, 3.3.1988

Bull. EC 12-1987

Point 2.1.2

Council Decision of 22 December 1987 adopting the annual report on the economic situation in the Community and laying down economic policy guidelines for 1988
OJ L 394, 31.12.1987

Point 2.1.58

Proposal for a Council Decision to adopt a first multiannual programme (1988 to 1993) for biotechnology-based agro-industrial research and technological development — Eclair (European collaborative linkage of agriculture and industry through research)
OJ C 62, 5.3.1988

Point 2.1.100

Commission Decision of 22 December 1987 relating to proceedings under Article 85 of the EEC Treaty (IV/31.206 — Rich Products/Jus-rol)
OJ L 69, 15.3.1988

Point 2.1.102

Commission Decision of 18 December 1987 relating to a proceeding under Article 85 of the EEC Treaty (IV/31.503 — Konica)
OJ L 78, 23.3.1988

Point 2.1.103

Commission Decision of 22 December 1987 relating to a proceeding under Article 86 of the EEC Treaty (IV/30.787 and 31.488 — Eurofix-Bauco v Hilti)
OJ L 65, 11.3.1988

Point 2.1.131

Commission Recommendation of 22 December 1987 to the Portuguese Republic concerning the adjustment of the State monopoly of a commercial character in petroleum products *vis-à-vis* the other Member States
OJ L 56, 2.3.1988

Point 2.1.141

Commission Decision of 22 December 1987 on applications for assistance from the European Communities concerning exceptional financial support for Greece in the social field, submitted by Greece (1987)
OJ L 56, 2.3.1988

Point 2.1.263

Commission Decisions of 11 December 1987 for the multiannual guidance programme for the fishing fleet (1987 to 1991) forwarded by the Member States pursuant to Regulation (EEC) No 4028/86
OJ L 62, 8.3.1988
OJ L 67, 12.3.1988
OJ L 70, 16.3.1988

Point 2.1.275

Proposal for a Council Directive on the charging of transport infrastructure costs to heavy goods vehicles

OJ C 79, 26.3.1988

Bull. EC 1-1988**Point 2.141**

Commission Decision of 20 January 1988 on the Belgian Government's aid proposal in favour of

Roger Vanden Berghe NV, a polypropylene yarn and carpet producer located in Desselgem, Belgium
OJ L 78, 23.3.1988

Point 2.1.42

Proposal for a second Council Directive on the coordination of laws, regulations and administrative provisions relating to the taking-up and pursuit of the business of credit institutions and amending Directive 77/780/EEC

OJ C 84, 31.3.1988

Points 2.4.34 to 2.4.47

Opinions adopted by the Economic and Social Committee during its January session

OJ C 80, 28.3.1988

3. Infringement procedures

Initiation of proceedings for failure to implement Directives

3.3.1. In March 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 22 December 1986¹ amending the Council Directive of 28 September 1981 on the approximation of the laws of the Member States relating to analytical, pharmacotoxicological and clinical standards and protocols in respect of the testing of veterinary medicinal products² (*Germany, Ireland, Italy, Netherlands*).
- Council Directive of 22 December 1986¹ amending the Council Directive of 26 January 1965 on the approximation of provisions laid down by law, regulation or administrative action relating to proprietary medicinal products³ (*Germany, Ireland, Italy, Netherlands*).
- Council Directive of 22 December 1986 on the approximation of national measures relating to the placing on the market of high-technology medicinal products, particularly those derived from biotechnology¹ (*Germany, Ireland, Italy, Netherlands*).

- Council Directive of 24 July 1986⁴ on the installation, location, operation and identification of the controls of wheeled agricultural and forestry tractors (*Italy, Netherlands*).

Employment, education and social policy

- Council Directive of 28 July 1982⁵ on the protection of workers from the risks related to exposure to metallic lead and its ionic compounds at work (first individual Directive within the meaning of Article 8 of Directive 80/1107/EEC) (*Belgium, France, Ireland, Italy, Luxembourg, Netherlands*).

Agriculture

- Council Directive of 23 January 1969 on the approximation of the laws of the Member States concerning the classification of wood in the rough⁶ (*Greece*).

¹ OJ L 15, 17.1.1987

² OJ L 317, 6.11.1981

³ OJ 22, 9.2.1965.

⁴ OJ L 240, 26.8.1986.

⁵ OJ L 247, 23.8.1982

⁶ OJ L 32, 6.2.1968.

Proceedings terminated

3.3.2. The Commission decided not to continue the following infringement proceedings:

Internal market

- Council Directive of 25 April 1983 on the approximation of the laws of the Member States relating to materials and articles made of generated cellulose film intended to come into contact with foodstuffs¹ (*United Kingdom*).
- Council Directive of 13 December 1983² 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 consumption³ (*Greece*).
- Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to common provisions for pressure vessels and methods for inspecting them⁴ (*Greece*).
- Council Directive of 4 November 1976 on the approximation of the laws of the Member States relating to electrical energy meters⁵ (*Greece*).
- Commission Directive of 16 January 1984⁶ adapting to technical progress the Council Directive of 6 February 1979 on the approximation of the laws of the Member States concerning electrical equipment for use in potentially explosive atmospheres employing certain types of protection⁷ (*Greece*).
- Council Directive of 17 September 1984 on the approximation of the laws of the Member States relating to common provisions for lifting and mechanical handling appliances⁸ (*Netherlands*).
- Council Directive of 17 September 1984 on the approximation of the laws of the Member States relating to electrically operated lifts⁸ (*Luxembourg, Netherlands*).
- Commission Directive of 6 November 1986⁹ adapting to technical progress the Council Directive of 1 March 1971 on the approximation of the laws of the Member States relating to the rear-view mirrors of motor vehicles¹⁰ (*Luxembourg*).
- Council Directive of 1 October 1985¹¹ amending for the sixth time the Council Directive of 27 July 1976 on the approximation of the laws, regulations and administrative provisions of the Member States relating to restrictions on the marketing and use of certain dangerous substances and preparations⁴ (*Ireland*).
- Council Directive of 21 May 1973 on the abolition of restrictions on movement and residence within the Community for nationals of Member

States with regard to establishment and the provision of services¹² (*Portugal*).

- Council Directive of 17 December 1974 concerning the right of nationals of a Member State to remain in the territory of another Member State after having pursued therein an activity in a self-employed capacity¹³ (*Portugal*).
- Council Directive of 17 December 1974¹³ extending the scope of the Council Directive of 25 February 1964¹⁴ on the coordination of special measures concerning the movement and residence of foreign nationals which are justified on grounds of public policy, public security or public health to include nationals of a Member State who exercise the right to remain in the territory of another Member State after having pursued therein an activity in a self-employed capacity (*Portugal*).
- Council Directive of 16 June 1975 concerning the coordination of provisions laid down by law, regulation or administrative action in respect of activities of doctors¹⁵ (*Belgium*).

Employment, education and social policy

- Council Directive of 9 February 1976 on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions¹⁶ (*Germany*).
- 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 businesses¹⁷ (*Italy*).
- Council Directive of 15 July 1980¹⁸ amending the Directives laying down the basic safety standards for the health protection of the general public and workers against the dangers of ionizing radiation (*Belgium, Denmark, Germany, France, Ireland, Netherlands*).

¹ OJ L 123, 11.5.1983

² OJ L 357, 21.12.1983

³ OJ L 24, 30.1.1976

⁴ OJ L 262, 27.9.1976

⁵ OJ L 336, 4.12.1976

⁶ OJ L 31, 2.2.1984

⁷ OJ L 43, 20.2.1979

⁸ OJ L 300, 19.11.1984

⁹ OJ L 327, 22.11.1986

¹⁰ OJ L 68, 22.3.1971

¹¹ OJ L 269, 11.10.1985

¹² OJ L 172, 28.6.1973

¹³ OJ L 14, 20.1.1975

¹⁴ OJ L 56, 4.4.1964

¹⁵ OJ L 167, 30.6.1975

¹⁶ OJ L 39, 14.2.1976

¹⁷ OJ L 61, 5.3.1977

¹⁸ OJ L 246, 17.9.1980

- Council Directive of 3 September 1984¹ amending the Council Directive of 15 July 1980² as regards the basic safety standards for the health protection of the general public and workers against the dangers of ionizing radiation (*Belgium, Denmark, Germany, France, Ireland, Netherlands*).
- Council Directive of 3 September 1984 laying down basic measures for the radiation protection of persons undergoing medical examination or treatment¹ (*Italy*).
- Council Directive of 28 July 1982 on the protection of workers from the risks related to exposure to metallic lead and its ionic compounds at work³ (*Greece*).

Agriculture

- Council Directive of 9 April 1968 on the marketing of material for the vegetative propagation of the vine⁴ (*Greece*).
- Council Directive of 22 March 1971⁵ amending the Directive of 9 April 1968 on the marketing of material for the vegetative propagation of the vine⁴ (*Greece*).
- Council Directive of 21 December 1976 on protective measures against the introduction into the Member States of harmful organisms of plant or plant products⁶ (*Belgium, France*).
- Council Directive of 18 March 1980⁷ amending the Directive of 21 December 1976 on protective measures against the introduction into the Member States of organisms harmful to plants or plant products⁶ (*Belgium*).
- Council Directive of 18 March 1980⁷ amending the Annexes to the Directive of 21 December 1976 on protective measures against the introduction into the Member States of organisms harmful to plants or plant products⁶ (*Belgium*).
- First Commission Directive of 28 September 1977⁸ amending the Annexes to the Council Directive of 9 April 1968 on the marketing of material for the vegetative propagation of the vine⁴ (*Greece*).
- Council Directive of 25 July 1978⁹ amending the Council Directive of 14 June 1966,¹⁰ 9 April 1968,⁴ 30 June 1969¹¹ and 29 September 1970¹² on the marketing of beet seed, fodder plant seed, cereal seed, seed potatoes, material for the vegetative propagation of the vine, seed of oil and fibre plants and vegetable seed (*Greece*).
- Commission Directive of 14 December 1984¹³ amending the Annexes to the Council Directive of 14 June 1966 on the marketing of fodder plant seed¹⁰ (*Italy*).
- Council Directive of 11 December 1984¹⁴ amending the Council Directives of 26 June 1964¹⁵ and 12 December 1972¹⁶ as regards certain measures relating to foot-and-mouth disease and swine vesicular disease (*Ireland*).
- Council Directive of 12 June 1985¹⁷ amending the Council Directive of 15 February 1971 on health problems affecting trade in fresh poultry-meat¹⁸ (*United Kingdom*).
- Second Commission Directive of 6 November 1985¹⁹ amending the Annex to the Council Directive of 30 June 1982 concerning certain products used in animal nutrition²⁰ (*France*).

Transport

- Council Directive of 8 July 1985²¹ amending the Directive of 19 July 1968 on the standardization of provisions regarding the duty-free admission of fuel contained in the fuel tanks of commercial motor vehicles²² (*Ireland, Italy*).
- Council Directive of 26 May 1986²³ amending, on account of the accession of Portugal, the Directive of 25 July 1983 concerning the authorization of scheduled inter-regional air services for the transport of passengers, mail and cargo between Member States²⁴ (*Denmark, Ireland, Luxembourg*).

Environment and consumer protection

- Council Directive of 15 July 1980 on air quality limit values and guide values for sulphur dioxide and suspended particulates²⁵ (*Belgium*).
- Council Directive of 6 December 1984 on the supervision and control within the European Com-

¹ OJ L 265, 5.10.1984.

² OJ L 246, 17.9.1980.

³ OJ L 247, 23.8.1982.

⁴ OJ L 93, 17.4.1968.

⁵ OJ L 71, 25.3.1971.

⁶ OJ L 26, 31.1.1977.

⁷ OJ L 100, 17.4.1980.

⁸ OJ L 257, 8.10.1977.

⁹ OJ L 236, 26.8.1978.

¹⁰ OJ L 125, 11.7.1966.

¹¹ OJ L 169, 10.7.1969.

¹² OJ L 225, 12.10.1970.

¹³ OJ L 16, 19.1.1985.

¹⁴ OJ L 339, 27.12.1984.

¹⁵ OJ L 121, 29.7.1964.

¹⁶ OJ L 302, 31.12.1972.

¹⁷ OJ L 168, 28.6.1985.

¹⁸ OJ L 55, 8.3.1971.

¹⁹ OJ L 314, 23.11.1985.

²⁰ OJ L 213, 21.7.1982.

²¹ OJ L 183, 16.7.1985.

²² OJ L 175, 23.7.1968.

²³ OJ L 152, 6.6.1986.

²⁴ OJ L 237, 26.8.1983.

²⁵ OJ L 229, 30.8.1980.

munity of the transfrontier shipment of hazardous waste¹ (*Belgium*).

- Council Directive of 20 March 1985 on the approximation of the laws of the Member States concerning the lead content of petrol² (*Netherlands*).

- Sixth Commission Directive of 16 July 1985³ adapting to technical progress Annexes II, III, IV, V and VI to the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products⁴ (*Belgium*).

- Commission Directive of 25 July 1985⁵ amending the Council Directive of 2 April 1979 on the conservation of wild birds⁶ (*Greece*).

- Commission Directive of 22 July 1985⁷ adapting to technical progress the Council Directive of 6 December 1984 on the supervision and control within the European Community of the transfrontier shipment of hazardous waste¹ (*Belgium*).

- Fourth Commission Directive of 11 October 1985 on the approximation of the laws of the Member States relating to methods of analysis necessary for checking the composition of cosmetic products⁸ (*Belgium*).

- Seventh Commission Directive of 28 February 1986⁹ adapting to technical progress Annexes II, III, IV and V to the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products⁴ (*Belgium*).

- Eighth Commission Directive of 26 March 1986¹⁰ adapting to technical progress Annexes II, IV and VI to the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products⁴ (*Belgium*).

Financial institutions and company law

- Council Directive of 5 March 1979 coordinating the conditions for the admission of securities to official stock exchange listing¹¹ (*France*).

- Council Directive of 10 June 1985¹² amending the Directive of 17 July 1969 concerning indirect taxes on the raising of capital¹³ (*Greece*).

Energy

- Council Directive of 4 May 1976 regarding a Community procedure for information and consultation on the prices of crude oil and petroleum products in the Community¹⁴ (*Greece*).

Customs union and indirect taxation

- Commission Directive of 14 October 1985¹⁵ amending the Directive of 4 November 1977¹⁶ laying down detailed rules for implementing certain provisions of the Directive of 15 March 1976¹⁷ on mutual assistance for the recovery of claims resulting from operations forming part of the system of financing the European Agricultural Guidance and Guarantee Fund, and of agricultural levies and customs duties (*Greece, Ireland*).

¹ OJ L 326, 13.12.1984.

² OJ L 96, 3.4.1985.

³ OJ L 224, 22.8.1985.

⁴ OJ L 262, 27.9.1976.

⁵ OJ L 233, 30.8.1985.

⁶ OJ L 103, 25.4.1979.

⁷ OJ L 272, 12.10.1985.

⁸ OJ L 295, 7.11.1985.

⁹ OJ L 138, 24.5.1986.

¹⁰ OJ L 149, 3.6.1986.

¹¹ OJ L 66, 16.3.1979.

¹² OJ L 156, 15.6.1985.

¹³ OJ L 249, 3.10.1969.

¹⁴ OJ L 140, 28.5.1976.

¹⁵ OJ L 285, 25.10.1985.

¹⁶ OJ L 333, 24.12.1977.

¹⁷ OJ L 73, 19.3.1976.

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