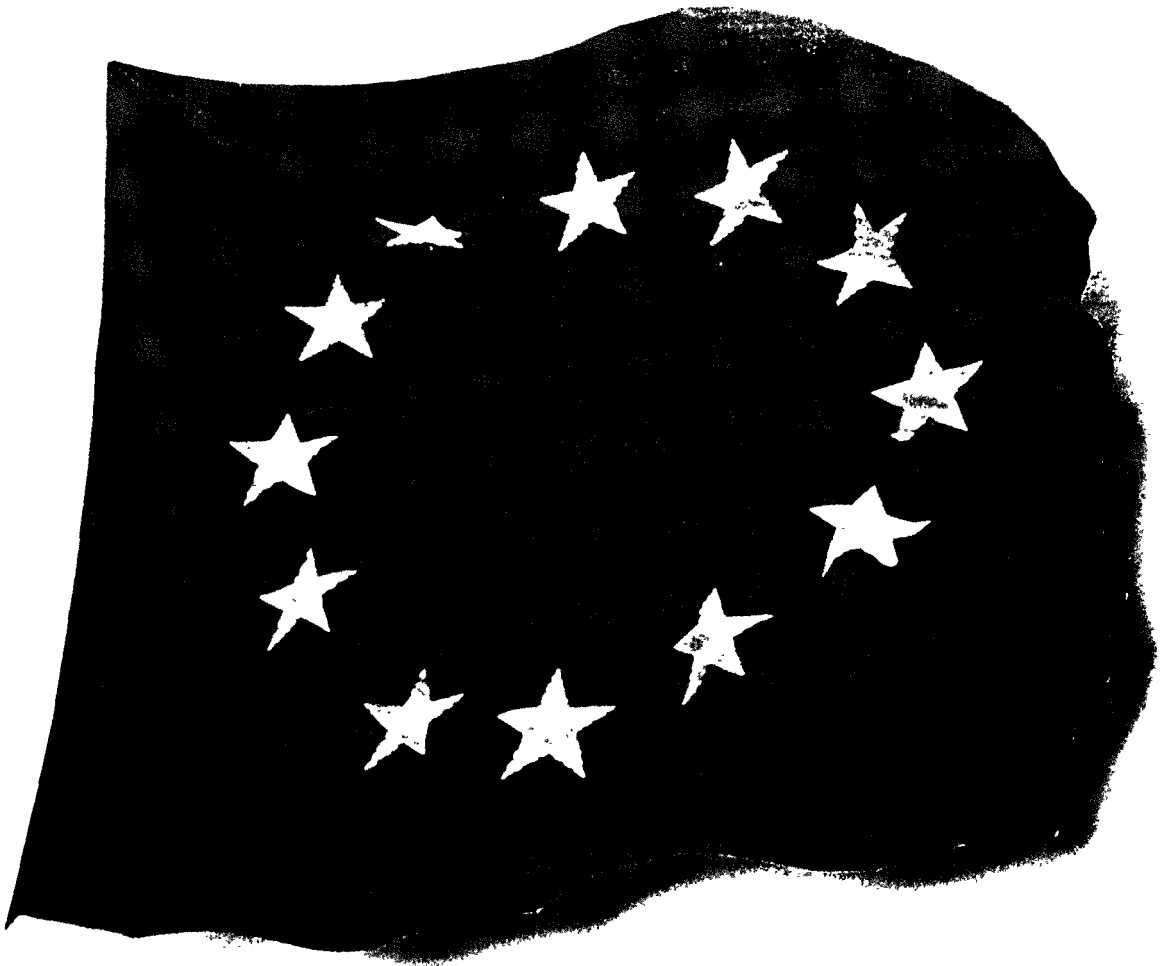


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Commission



No 4 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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PART ONE

SPECIAL FEATURES

1. The internal energy market

1.1.1. Completion of the large internal market will depend on successful action in many different areas, energy coming high on the list. In a working paper entitled 'The internal energy market'¹ which the Commission sent to the Council on 6 May it describes—on the basis of an exhaustive inventory of obstacles to achieving the large internal market in various energy subsectors—how to bring about closer integration of the energy markets.

The exercise ordered by the Commission took the 1985 White Paper on completing the internal market² as the starting-point for an in-depth study of this strategic sector, listing ways of removing the barriers to completing the internal energy market, with particular emphasis on determined enforcement of the relevant Community legislation.

The stakes, specific features and constraints involved in integrating the energy market

1.1.2. Lower energy costs, the natural result of a single market and a *sine qua non* for boosting the competitiveness of the Community's economy, are the biggest prize, but the single market will also bring benefits for consumers, for the structure of the energy industry in the Community, for security of supply and for trade between Member States.

But account will first have to be taken of the characteristics and constraints peculiar to the energy market, with its enormous range of products and applications. For example, depending on the conversion process chosen, the same product can be turned into a heating fuel, a motor fuel, a feedstock or a power source. Others have virtually captive markets (such as road transport or petrochemicals).

Leaving aside the general problem of economic and social cohesion within the Community, the constraints on completion of the internal energy market stem chiefly from the objective of safeguarding security of

supply and from the strategic importance of the energy industry.

1.1.3. A single figure will suffice to give an idea of how much remains to be done: the estimated 'cost of non-Europe' in the energy sector stands at between 0.5% and 1% of the Community's GDP, equivalent to 5%-10% of the cost non-Europe to the Community economy as a whole.³

The framework for action by the Community

1.1.4. Four types of action are planned to complete the internal energy market: implementation of the White Paper;² determined enforcement of Community legislation; action to protect the environment; and specific energy policy measures (on costs, prices, tariffs and infrastructure).

Implementation of the White Paper

1.1.5. Implementation of the White Paper to remove technical and tax barriers on the Community energy market will call for action in three main areas: harmonization of technical rules and standards, public procurement and approximation of taxation.

Harmonization of technical rules and standards

1.1.6. The new approach⁴ adopted by the Council in 1985 should make it possible to harmonize the technical rules by adopting the Community Directives proposed in the White Paper. The differences between the national rules (which are legally binding) and the national standards (which are usually voluntary) constitute barriers to completion of the internal energy market, and affect the manufacture of equipment for

¹ COM(88) 238 final.

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

³ Bull. EC 3-1988, point 1.4.1 *et seq.*

⁴ OJ C 136, 4.6.1985; Bull. EC 5-1985, point 1.3.1 *et seq.*

the energy industry just as much as the manufacture of equipment for energy users.

Public procurement

1.1.7. By the middle of this year the Commission will put to the Council proposals for legislation on sectors excluded from the Community Directives on public procurement at present, including energy.¹

Approximation of taxation

1.1.8. The differences in energy taxation in the Member States are perhaps the biggest obstacle standing in the way of an internal energy market. Energy is concerned both by the VAT² aspect and by the moves to harmonize excise duty on oil products.³

The general approach should be based on discussion of the Commission proposals already before the Council.²

Determined enforcement of Community legislation

1.1.9. Enforcement of Community law—particularly the provisions on free movement of goods and services, monopolies, undertakings and state aid—in the energy sector is one of the keys to completing a more integrated energy market in reasonable time. The Commission will tackle this task determinedly without overlooking the need to strike a balance between its determination and objective measures to take account of the unique features of the energy sector.

Action to protect the environment

1.1.10. The central question to which the Commission and all parties concerned must give detailed consideration is how the Community measures on energy and the environment can reconcile the need for a high level of environmental protection with the possibility, for certain Member States, of adopting more stringent or less stringent measures than the Community average. For example,

there have been major developments in recent years in energy sector standards designed to protect the environment. Lead-free petrol is a case in point.⁴

Specific energy issues

Costs, prices and tariffs

1.1.11. In the second half of 1988 the Commission will be presenting to the Council a detailed comparative analysis of energy prices plus conclusions and proposals regarding price transparency. It also plans to examine price and cost structures in the Member States and to study the conditions applied to energy transfers.

Infrastructure

1.1.12. Fortunately, the Community is already well endowed in this area. However, there is always room for improvement. Adequate infrastructure is a *sine qua non* for flexibility, security of supply, and ultimately a more integrated Community energy market.

The Commission is keen to encourage integration of the three main types of infrastructure: the reception facilities, storage installations and carriage/distribution grids. After making the appropriate contacts and completing the studies needed, it will report to the Council by the end of 1989 on all aspects of energy infrastructure in the light of the plans to complete the internal market.

*

1.1.13. The working paper contains a lengthy inventory of the obstacles to be overcome for each of the five chief energy

¹ OJ L 185, 16.8.1971; OJ L 13, 15.1.1977; OJ L 215, 18.8.1980; Bull. EC 7/8-1980, point 2.1.20; Bull. EC 3-1988, point 2.1.26.

² OJ C 250, 18.9.1987; OJ C 251, 19.9.1987; OJ C 252, 22.9.1987; Bull. EC 7/8-1987, point 1.2.1 *et seq.*; OJ C 183, 11.7.1987; Bull. EC 6-1987, point 2.1.68; OJ C 310, 20.11.1987; Bull. EC 11-1987, point 2.1.90.

³ Seventh General Report (1973), point 172.

⁴ OJ L 96, 3.4.1985; Bull. EC 3-1985, point 2.1.70.

sources (solid fuels, oil, natural gas, electricity and nuclear power). It analyses the present situation for each of these fuels one by one and examines in detail their contribution to the Community's supplies, the structure of each branch and their prospects. The following priorities for future action are proposed:

- (i) in the solid fuels sector, stricter application of the Community rules is the top priority;
- (ii) in the oil sector, approximation of taxation must come first;
- (iii) for natural gas, prices, taxation and the gas pipeline grid must be tackled first;

(iv) in the electricity sector, tax treatment, access to the money markets, standards and administrative constraints, monopolies and exclusive rights, electricity prices and costs and infrastructure problems must all be discussed;

(v) finally, in the case of nuclear energy, the top priorities are to decompartmentalize the equipment and components market and harmonize safety standards.

At the end of next year the Commission will be sending the Council an interim report on the progress made in each of the areas of activity which it has pinpointed.

2. Solvency ratio for credit institutions

1.2.1. On 27 April the Commission transmitted to the Council a proposal for a Directive on a solvency ratio for credit institutions;¹ which measures a bank's ability to cope with the risks it incurs. A Community definition of this ratio is vital for the operation of the Community banking licence system envisaged by the Commission last January in its proposal for a second Directive on the coordination of banking legislation.²

The completion of the internal market in banking will be made possible by the establishment of a system of banking supervision in which the competence of supervisors in credit institutions' home Member States will be respected by supervisors in the other Member States in which they have branches or to which they supply services. The effect will be to make a banking licence granted in any one Member State valid in all others. It is clear that the successful operation of this mutual recognition of 'home country' competence and of licences granted in other Member States will require continued close

cooperation and trust between home and host country supervisors. It is equally clear that a certain degree of harmonization of supervisory practices will also be required. The present proposal is one of the prerequisite pieces of harmonization referred to in Article 22 of the proposal for a second banking coordination Directive and accompanies the proposal for a Directive on the definition of own funds of credit institutions³ and the Commission recommendations on large exposures and deposit guarantee schemes.⁴ It is particularly closely associated with the own funds proposal, since own funds form the numerator of the proposed solvency ratio.

Two objectives

1.2.2. The proposal has two main objectives. The first is to achieve an important

¹ COM(88) 194 final.

² OJ C 84, 31.3.1988; Bull. EC 1-1988, point 1.2.1. *et seq.*

³ OJ C 243, 27.9.1986; Bull. EC 9-1986, point 2.1.56.

⁴ OJ L 33, 4.2.1987; Bull. EC 12-1986, point 2.1.128.

part of the harmonization of prudential supervision necessary for completion of the internal market in banking. The second is to strengthen average solvency standards among Community credit institutions in order further to protect both depositors and investors and the stability of the banking system.

Common definitions and techniques

1.2.3. The proposal lays down common definitions and techniques for a solvency ratio. Beyond this it establishes a minimum level for the ratio, to be respected by all Community credit institutions from 1 January 1993 onwards. The proposal contains a provisional minimum figure of 8% selected after consideration of the confidential statistics collected since 1981 for the Banking Advisory Committee set up by the first banking coordination Directive.¹ The Commission felt that an indicative figure should be included at this stage so that the effect of the proposal can be judged as a whole. It is intended that the figure should be reviewed following a statistical survey of credit institutions' ratios based on the definitions in the proposal. This survey has been prepared by the Commission and will be conducted in the first half of 1988 by the contact group of Community banking supervisors. The Commission will, if necessary, in the light of the results of that survey, propose an amendment to the figure before the Directive is finally adopted.

To ensure the continuous strengthening of capital standards, the proposal stipulates

that between the coming into force of the Directive on 1 January 1990 and the date from which the minimum ratio must be respected, 1 January 1993, no credit institution with a ratio below that minimum may allow it to fall except temporarily in the period immediately after the issuing of new capital.

Adaptation procedure

1.2.4. In view of the rapid rate of innovation and change in financial markets, and correspondingly in the nature of banks' business, the proposal contains an adaptation procedure under which the Commission may propose modifications to most of the existing technical features. It is proposed that the Banking Advisory Committee should offer its opinion on proposed modifications, acting as a regulatory committee according to procedure III(a) of the Council Decision of 13 July 1987 laying down the procedures for the exercise of implementing powers conferred on the Commission.² This form of committee, which departs from the generally agreed form in the case of internal market matters, seems justified not only because of the special role of banking supervisors in bringing about the successful operation of the system of mutual recognition but also because of the special nature of the Banking Advisory Committee, as recognized in the minutes of the Council meeting of 22 June 1987.³

¹ OJ L 322, 17.12.1977.

² OJ L 197, 18.7.1987; Bull. EC 6-1987, points 2.4.11 and 2.4.14.

³ Bull. EC 6-1987, point 2.4.14.

3. The Community's relations with Japan

1.3.1. Mr De Clercq briefed the Council on the Commission's review of the state of relations between the Community and Japan.¹ He judged that relations had improved slightly in 1987, confirming the correctness of the Community's approach to Japan and the need to continue the same policy, both to achieve more breadth and balance in bilateral relations through increased cooperation and to strengthen the third side (Japan-Community) of the US-Japan-Community triangle.

The Council's conclusions

1.3.2. On 25 April the Council confirmed the Commission's views, stressing the need for a better balance of advantage between the Community and Japan and improved access to the Japanese market on a non-discriminatory basis, in particular for major projects.² It expressed the hope that the Japanese Government would fully and rapidly implement the recommendations of the GATT panels on wines and spirits³ and semiconductors.⁴

The Council strongly supported the Commission's intention of continuing discussions with the Japanese authorities on market access for motor vehicles, medical

equipment, pharmaceuticals, agricultural products and major infrastructure projects, enhanced cooperation on telecommunications and information technology, industry, science and technology, and the protection of intellectual property.⁵ The Council also called on the Commission to continue its work on the promotion of exports to Japan and press ahead with an active information programme at regional level in Japan.

On the internal aspect of the Community's policy towards Japan, the Council considered that the Commission and the Member States should strongly encourage Community exporters to look again at the potential of the vigorous Japanese market.

Finally, the Council called on the Commission and the Member States to continue working for the liberalization of Japanese financial markets,⁶ in particular through deregulation of interest rates and the strengthening of the inter-bank market.

¹ Bull. EC 3-1988, point 2.2.16.

² Bull. EC 12-1987, point 2.2.15.

³ Bull. EC 10-1987, point 2.2.17.

⁴ Bull. EC 3-1988, point 2.2.14.

⁵ Bull. EC 2-1987, point 2.2.11; Bull. EC 7/8-1987, point 2.2.22.

⁶ Bull. EC 7/8-1987, point 2.2.20; Bull. EC 9-1987, point 2.2.14.

4. News in brief

Enterprise policy

- Following up the small business action programme and looking ahead to completion of the internal market, the Commission on 27 April adopted a communication setting out an enterprise policy for the Community (→ point 2.1.28).

Telecommunications IT and innovation

- On 11 April the Council adopted a Decision on the second phase of the European strategic programme for R&D in information technology (Esprit II) (→ point 2.1.54).

Employment, education and social policy

- On 20 April the Commission adopted a proposal for a Decision concerning environmental studies in the Community's education systems (→ point 2.1.85).
- The Council adopted a Decision on 18 April establishing a second action programme for the disabled (Helios) (→ point 2.1.92).

A people's Europe and consumer policy

- On 28 April the Commission approved a proposal for a Directive to amend the consumer credit Directive of 22 December 1986 in respect of the requirement that the consumer be informed of the total cost of credit (→ point 2.1.125).

Uruguay Round

- On 22 April the Commission sent the Council a progress report on the Uruguay Round for the forthcoming ministerial-level mid-term review in Montreal (→ point 2.2.1).

Financing Community activities

- On 27 April the Commission adopted a proposal for a Decision on budgetary discipline (→ point 2.3.7).

PART TWO

ACTIVITIES IN APRIL 1988

1. Building the Community

Economic and monetary policy

Council

2.1.1. At its economic and financial affairs meeting on 18 April the Council held a discussion, based on reports presented by the Chairmen of the Monetary Committee and the Committee of Governors of the Central Banks, on the Commission's proposals for creating a European financial area¹ (implementation of Article 67 of the EEC Treaty on the liberalization of capital movements, amendment of the Council Directive of 21 March 1972 on regulating international capital flows,² establishment of a single facility providing medium-term financial support for balances of payments). It agreed to proceed with its consideration of these matters. The Council also held a second exchange of views³ on the economic aspects of the harmonization of indirect taxation in the Community.⁴ Lastly, the Council defined its position concerning the implementation of the European Council's conclusions on budgetary discipline⁵ (→ point 2.3.7).

Medium-term policy

2.1.2. On 12 April the Commission transmitted to the Council a proposal for a Directive on the harmonization of definitions of gross national product at market prices and improvements to the basic statistics needed to estimate it (→ point 2.5.1).

Free movement of capital

2.1.3. On 28 April the Economic and Social Committee adopted an opinion on the series of proposals designed to establish a European financial area through the complete liberalization of capital movements in the Community¹ (→ point 2.4.46).

Monetary meetings in connection with the IMF and World Bank Annual meetings

2.1.4. On 14 and 15 April the half-yearly meetings of the IMF Interim Committee and the World Bank/IMF Development Committee were held in Washington.⁶ The Community was represented by a member of the Commission Delegation in Washington.

The Interim Committee observed that despite positive developments as regards external adjustment and indebtedness, the international situation was still giving cause for concern. The Committee recommended more active monitoring and coordination of the economic policies of the industrialized countries, more open and flexible markets and a more flexible case-by-case approach to debt problems. The Development Committee welcomed the significant progress made in recent months in mobilizing new financial resources for the developing countries — including the then imminent general increase in the capital of the World Bank — and the launching of the Multilateral Investment Guarantee Agency. Despite this, the Committee felt that financial flows to those countries were still inadequate to deal with the problems of promoting growth, reducing poverty, preserving the environment, carrying out structural adjustment and solving the problems of overindebtedness. It also stressed the need for a more buoyant world economic environment.

2.1.5. Earlier, at the meeting of Ministers and Central Bank Governors of the Group

¹ OJ C 26, 1.2.1988; Bull. EC 10-1987, point 1.1.1 *et seq.*

² OJ L 91, 18.4.1972.

³ Bull. EC 11-1987, point 2.1.88.

⁴ OJ C 250, 18.9.1987; OJ C 251, 19.9.1987; OJ C 252, 20.9.1987; Bull. EC 7/8-1987, point 1.2.1 *et seq.*

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

⁶ Previous meetings: Bull. EC 9-1987, point 2.1.6.

of Ten¹ on 14 April, at which the Community was again represented by a member of the Commission Delegation in Washington, there had been renewed confirmation of the commitment to cooperate closely on the stabilization of exchange rates so as to improve the prospects for inflation-free economic growth and a more open trading environment.

The Group noted the progress made in the adjustment of the external imbalances of the industrialized countries but called for both deficit and surplus countries to make further efforts to coordinate their domestic policies. It also expressed the wish that certain newly industrialized countries should assume greater responsibility for effecting the necessary international adjustment. With regard to the problems of indebtedness, the Group confirmed the validity of the current strategy based on both adjustment and the channelling of financial resources.

Internal market

Completing the internal market

2.1.6. Completion of the large internal market will depend on the success of measures in a variety of fields, including the energy sector. In a working paper on the internal energy market which it sent to the Council on 6 May the Commission describes how to make the energy markets more integrated (→ point 1.1.1 *et seq.*).

2.1.7. On 27 April the Commission adopted a communication to the Council on the development of a Community policy and a programme of priority measures in respect of statistical information, with the aim of creating the statistical infrastructure necessary for the proper functioning of the large market (→ point 2.5.2).

A people's Europe

2.1.8. On 21 April the Commission sent the Council a communication on the teach-

ing of foreign languages in the Community (→ point 2.1.88).

2.1.9. On 15 April Parliament adopted a resolution on twinning arrangements in the Community² (→ point 2.4.19).

Free movement of persons and freedom to provide services

Mutual recognition of diplomas and access to occupations

Nurses

2.1.10. At its meeting on 19 and 20 April the Advisory Committee on Training in Nursing adopted a set of recommendations aimed at stepping up and improving training in the field of nursing care for cancer patients. These recommendations, which relate to both basic and subsequent training for nurses, form part of the Commission action programme against cancer.³ The Committee also adopted its work programme. This will include the preparation of a recommendation for a Directive on the mutual recognition of diplomas in pediatric nursing and the drawing up of a report and recommendations on the teaching of primary health care in basic nursing training. The Committee heard and discussed papers on methods of monitoring and assessing training in the Federal Republic of Germany, Italy and Greece.

Freedom to provide audiovisual services

Broadcasting

2.1.11. On 6 April the Commission sent the Council an amended proposal⁴ for a

¹ The Group of Ten meetings are attended by Finance Ministers and Central Bank Governors from the United States, Japan, the Federal Republic of Germany, France, the United Kingdom, Italy, Canada, Switzerland, Belgium, Sweden and the Netherlands.

² OJ C 122, 9.5.1988.

³ OJ C 50, 26.2.1987; Bull. EC 12-1986, point 1.4.1 *et seq.*

⁴ OJ C 110, 27.4.1988; COM(88) 154 final.

Directive concerning the pursuit of broadcasting activities¹ to take account of the opinions delivered by the Economic and Social Committee² and Parliament.³

The amended proposal contains three major changes to the original proposal. First, the concept of a Community work, contained in the chapter concerned with promotion of distribution and production of television programmes, has been considerably enlarged, notably to allow works produced in European countries which are not Member States of the Community to be taken into account. Such a possibility would be based on agreements allowing for reciprocal treatment.

Second, the amended proposal considerably strengthens the position of copyright holders. In order to ensure free movement of broadcasts, it no longer requires the application of a statutory licence in the context of copyrights but proposes the setting up of bodies representing the interests involved, which will be called upon to arbitrate in cases of conflicts persisting despite all efforts to come to a contractual arrangement.

Third, the amended proposal contains a new chapter introducing the possibility of a right of reply for natural or legal persons whose legitimate interests have been damaged by the assertion of incorrect facts in a broadcast originating in the Community.

Free movement of goods

Protective measures

Portugal

2.1.12. On 20 April the Commission, acting under Article 379 of the Act of Accession of Spain and Portugal, adopted a Decision authorizing Portugal to limit until 31 December 1988 imports of refrigerators and freezers originating in or in free circulation in other Member States or coming direct from non-member countries.⁴ The limits must be not less than 76 000 units in

the case of products originating in or in free circulation in other Member States and not less than 15 000 units in the case of products coming direct from other countries.

Standardization, certification and testing

Implementing the new approach to technical harmonization and standards

2.1.13. On 14 April the Commission sent the Council a proposal for a Directive relating to personal protective equipment.⁵ This was drawn up pursuant to the Council resolution of 7 May 1985 on a new approach to technical harmonization and standards.⁶ It forms part of the programme laid down in the White Paper on completing the internal market by 1992.⁷

Removal of barriers to trade

Industrial products

Tractors

2.1.14. On 15 April the Commission sent the Council a re-examined proposal⁸ for a Directive amending the Directive of 4 March 1974⁹ on the type-approval of wheeled agricultural or forestry tractors.¹⁰ This accepts the change in the Advisory Committee procedure called for by Parliament¹¹ but aligns the wording on that

¹ OJ C 179, 17.7.1986; Supplement 5/86 — Bull. EC, Bull. EC 3-1986, point 1.2.1 *et seq.*

² OJ C 232, 31.8.1987; Bull. EC 7/8-1987, point 2.4.40.

³ OJ C 49, 22.2.1988; Bull. EC 1-1988, point 2.1.8.

⁴ OJ C 116, 3.5.1988.

⁵ COM(88) 157 final.

⁶ OJ C 136, 4.5.1985; Bull. EC 5-1985, point 1.3.1.

⁷ Bull. EC 6-1985, point 1.3.1 *et seq.*

⁸ COM(88) 226 final.

⁹ OJ L 84, 28.3.1974.

¹⁰ OJ C 88, 3.4.1987; Bull. EC 1-1987, point 2.1.9.

¹¹ OJ C 94, 11.4.1988; Bull. EC 3-1988, point 2.1.16.

adopted by the Council for committees of this type.¹

Dangerous substances and preparations

2.1.15. On 20 April the Commission transmitted to the Council a proposal² for a Directive amending for the ninth time the Directive of 27 July 1976 relating to restrictions on the marketing and use of certain dangerous substances and preparations.³

This proposal is designed to restrict the use of pentachlorophenol (PCP) and its compounds in industrial installations to the treatment of wood, the impregnation of heavy-duty textiles and synthesizing or processing operations.

2.1.16. On 13 April Parliament adopted a decision⁴ approving the Council's common position⁵ on the proposal for a Directive relating to the classification, packaging and labelling of dangerous preparations.⁶

2.1.17. On the same day it also approved the Council's common position⁷ on the proposal for a Directive on the inspection and verification of the organizational processes and conditions under which laboratory studies are planned, performed, recorded and reported for the non-clinical testing of chemicals (good laboratory practice).⁸

2.1.18. On 28 April the Economic and Social Committee delivered its opinion on the proposal for a Directive relating to restrictions on the marketing and use of certain dangerous substances and preparations⁹ (→ point 2.4.47).

Foodstuffs

2.1.19. On 19 April the Council examined in detail the remaining technical difficulties associated with the proposals for Directives on food additives¹⁰ and quick-frozen foodstuffs.¹¹ As the views of delegations had converged significantly, the two dossiers were referred to the Permanent Representa-

tives Committee, which will shortly be reporting to the Council.

2.1.20. On 20 April the Commission sent the Council a re-examined proposal¹² for a Directive on extraction solvents used in the production of foodstuffs and food ingredients.¹³ This incorporates Parliament's amendments¹⁴ to the Council's common position.¹⁵

2.1.21. On 13 April the Commission transmitted to the Council a re-examined proposal¹⁶ for a Directive relating to flavourings for use in foodstuffs and to source materials for their production.¹⁷ This incorporates those of Parliament's amendments¹⁸ to the Council's common position¹⁵ which the Commission accepts; the Commission's views on the other amendments are appended.

2.1.22. In order to take account of new data on the safety of colourants which had become available since the transmission of its proposal in September 1985¹⁹, the Commission sent the Council on 14 April an amended proposal²⁰ for a Directive amending for the eighth time the Directive of 23 October 1962 concerning the colouring

¹ OJ L 197, 18.7.1987; Bull. EC 6-1987, point 2.4.11 to 2.4.14.

² OJ C 117, 4.5.1988; COM(88) 190 final.

³ OJ L 262, 27.9.1976.

⁴ OJ C 122, 9.5.1988.

⁵ Bull. EC 12-1987, point 2.1.190.

⁶ OJ C 211, 2.8.1985; Bull. EC 7/8-1985, point 2.1.126.

⁷ Bull. EC 12-1987, point 2.1.189.

⁸ OJ C 13, 17.1.1987; Bull. EC 12-1986, point 2.1.196.

⁹ OJ C 43, 16.2.1988; Bull. EC 1-1988, point 2.1.11.

¹⁰ OJ C 116, 16.5.1986; Bull. EC 4-1986, point 2.1.10; OJ C 154, 12.6.1987; Bull. EC 5-1987, point 2.1.14.

¹¹ OJ C 267, 6.10.1985; Bull. EC 9-1984, point 2.1.14; OJ C 267, 18.10.1985; Bull. EC 9-1985, point 2.1.11.

¹² COM(88) 227 final.

¹³ OJ C 312, 17.11.1983; Bull. EC 10-1983, point 2.1.16; OJ C 77, 23.3.1985; Bull. EC 3-1985, point 2.1.11.

¹⁴ OJ C 68, 14.3.1988; Bull. EC 2-1988, point 2.1.10.

¹⁵ Bull. EC 10-1987, point 2.1.11.

¹⁶ COM(88) 221 final.

¹⁷ 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.

¹⁸ OJ C 94, 11.4.1988; Bull. EC 3-1988, point 2.1.18.

¹⁹ OJ C 278, 30.10.1985; Bull. EC 9-1985, point 2.1.10.

²⁰ OJ C 111, 28.4.1988; COM(88) 132 final.

matters that are authorized for use in food-stuffs intended for human consumption.¹

2.1.23. The Community system for the rapid exchange of information on food-stuffs operated satisfactorily in the case of olive oil contaminated by perchloroethylene and in that of grapefruit that had been deliberately poisoned in Italy.

2.1.24. On 13 April Parliament adopted (first reading) its opinion² on the proposal for a Directive³ amending for the third time the Directive of 17 November 1975 on fruit juices and certain similar products.⁴ The House called for only one amendment, which was accepted by the Commission, concerning the use of citric acid to correct the natural acidity of grape juice and apple juice.

2.1.25. On the same day Parliament approved the proposal for a Directive⁵ amending the Directive of 24 July 1979 on fruit jams, jellies and marmalades and chestnut puree.⁶

2.1.26. As required by the Council Directive of 15 July 1980 relating to the exploitation and marketing of natural mineral waters,⁷ France notified the Commission of an addition to the list of mineral waters recognized in France.⁸

Pharmaceutical products

2.1.27. On 21 April the Commission transmitted to the Council an amended proposal⁹ for a Directive on 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,¹⁰ incorporating the 21 amendments adopted by Parliament in March.¹¹

Enterprise

Small business action programme

2.1.28. On 29 April the Commission sent a communication to the Council and the

other institutions setting out an enterprise policy for the Community.¹²

This paper marks a clear commitment, within the context of the large single market, to improving the business environment and helping new and growing small businesses. It reflects the experience gained in implementing the small business action programme¹³ and sets up a coherent framework for a policy set in a broad economic context and linked to the completion of the internal market and associated reforms. The paper contains no proposals for specific new measures but does consider areas for possible future action. It defines three objectives and the principles which need to guide future action. These three major objectives of Community enterprise policy are as follows:

- (i) to safeguard and improve the business environment;
- (ii) to help new and growing businesses to benefit from the opportunities offered by the internal market;
- (iii) to ensure that there is a coherent framework of principles and methods whereby enterprises, and in particular small businesses, can play a part in implementing Community policies.

Improving the business environment

Administrative simplification

2.1.29. On 20 April the Commission adopted a communication on administrat-

¹ OJ 115, 11.11.1962.

² OJ C 122, 9.5.1988.

³ OJ C 24, 31.1.1987; Bull. EC 12-1986, point 2.1.27.

⁴ OJ L 311, 1.12.1975.

⁵ OJ C 25, 3.2.1987; Bull. EC 11-1986, point 2.1.20.

⁶ OJ L 205, 13.8.1979.

⁷ OJ L 229, 30.8.1980.

⁸ OJ C 109, 26.4.1988.

⁹ COM(88) 231 final.

¹⁰ OJ C 17, 23.1.1987; Bull. EC 12-1986, point 2.1.31¹.

¹¹ OJ C 94, 11.4.1988; Bull. EC 3-1988, point 2.1.20.

¹² COM(88) 241 final.

¹³ OJ C 287, 14.11.1986; Bull. EC 10-1986, point 1.3.1; Bull. EC 5-1987, point 2.1.21; Bull. EC 2-1988, point 2.1.14.

ive simplification in the Community, in response to several statements from the European Council¹ and the Council² on the need to reduce the administrative burden on firms, especially small firms. The document reviews initiatives taken to this end, both in terms of legislation prepared by the Commission and as regards collaboration with national experts to take stock of measures introduced in the Member States and to compare them. Action taken by Member States will be the subject of a detailed report at a later date. The Community will now be providing a framework in which action to simplify administrative procedures can be taken simultaneously and on a comparative basis at regional, national and European levels.

Industrial strategy and services

Steel

The Community steel industry

Market management

Market situation

2.1.30. A feature of the Community steel market in 1987 as compared with 1986 was an increase of 9.8% in orders and 3.3% in deliveries, the respective figures being 89.3 and 86.8 million tonnes. Similarly, there were first-quarter increases of 1.5 and 2.8 million tonnes respectively this year. The Commission is therefore vindicated in the position it took before the Council towards the end of 1987³ and in the decision it then adopted early this year.⁴

2.1.31. Crude steel production stood at 34.5 million tonnes in the first quarter and 11.2 million in April, exceeding production levels for the equivalent period of 1987 by 8.9% and making it clear that the provisional rates of abatement set for the

second quarter⁵ are too restrictive — at least for some product categories.

Forward Programme

2.1.32. On 14 April, at the second reading, the Commission approved the Forward Programme for Steel for the second quarter of 1988⁶ after making certain drafting changes to take account of the ECSC Consultative Committee's opinion⁷ and the final figures adopted after initial approval of the document.⁸

Investment

2.1.33. The Commission published the 1987 Report on Investment in the Community Coalmining and Iron and Steel Industries.⁹ This report presents the results of the Commission survey, carried out in early 1987, of past and future investment and its impact on production potential.

In the steel industry, capital expenditure in the Community of Ten was roughly 3 500 million ECU in 1986 compared with 4 200 million in 1985 (a reduction of 16.4%), steel production falling by 6.2% to 113.3 million tonnes and production of hot-rolled products by 2.6% to 92.7 million tonnes. Production potential for hot-rolled products declined to 140.3 million tonnes, 32.3 million less than in 1980. It is vital that the remaining excess capacity be eliminated if undertakings are to realize the profits needed for investment in technology and research and improvements in management and customer service.

¹ Bull. EC 3-1983, point 1.2.3; Bull. EC 11-1985, point 1.1.1 (conclusions of the Presidency on the economic and social situation).

² OJ C 287, 14.11.1986; Bull. EC 10-1986, point 1.3.1.

³ Bull. EC 11-1987, point 2.1.35; Bull. EC 12-1987, points 2.1.27 and 2.1.28.

⁴ OJ L 25, 29.1.1988; Bull. EC 1-1988, point 2.1.14.

⁵ OJ L 49, 23.2.1988; Bull. EC 2-1988, point 2.1.25.

⁶ OJ C 107, 23.4.1988.

⁷ Bull. EC 3-1988, point 2.4.40.

⁸ Bull. EC 3-1988, point 2.1.31.

⁹ Available from the Office for Official Publications of the European Communities, 2985 Luxembourg. Previous report: Bull. EC 2-1987, point 2.1.25.

Trade with non-Community countries

2.1.34. The texts of the arrangements negotiated by the Commission and certain non-Community countries have been approved by the Council, so the Commission and the countries concerned can now proceed to sign them (→ point 2.2.7).

Shipbuilding

2.1.35. On 13 April the Commission amended its proposal for a Regulation instituting a Community programme to assist the conversion of shipbuilding areas (Renaval programme) (→ point 2.1.102).

Research and technology

Community R&TD policy

Council

2.1.36. At its meeting in Luxembourg on 11 April the Council adopted the Decision on the second phase of the European strategic programme for research and development in information technology (Esprit II). This phase, to run for five years beginning on 1 December 1987, is to receive funding amounting to 1 600 million ECU (→ point 2.1.54).

The Council also adopted a common position on a Community action in the field of learning technologies — Development of European learning through technological advance (Delta) (→ point 2.1.56), a Community programme in the field of information technology and telecommunications applied to road transport (Drive) (→ point 2.1.57), a research and development programme in the field of applied metrology and chemical analyses (1989-92) (Community Bureau of References) (→ point 2.1.46), the revision of the multiannual research action programme in the field of biotechnology (1985-89) (→ point 2.1.47) and a programme plan to stimulate the

international cooperation and interchange needed by European research scientists (Science) (1988-92) (→ point 2.1.52).

The Council held a policy debate on the Commission proposal to replace the current (1985-89) fusion programme¹ by a five-year programme ending in 1991.²

Ministers had a very detailed exchange of views on four main aspects of the Commission communication entitled 'A new outlook for the Joint Research Centre'³; the new role envisaged for the Board of Governors; staff policy; financial questions (relationship of the various areas of JRC activity to the 1987-91 framework programme; short- and medium-term financial targets); and application of the customer/contractor principle.

Lastly, on the basis of memoranda from the Presidency, the Council had an exchange of views on development-related standardization for the promotion of technological development in Europe and on relations between Community research as defined in the framework programme and the research projects carried out in the Eureka framework.

Joint Research Centre

2.1.37. On 6 April the Commission sent the Council a series of amendments⁴ to its three proposals for Decisions on the adoption of research programmes (1988-91) to be implemented by the JRC,³ taking account of the opinions delivered by Parliament.⁵

Coordination of national policies

2.1.38. At its meeting in Brussels on 14 and 15 April the Scientific and Technical Research Committee (Crest) had a detailed exchange of views on the organizational

¹ OJ L 83, 25.3.1985; Bull. EC 12-1984, point 1.7.1 *et seq.*

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

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

⁴ COM(88) 178 final.

⁵ OJ C 94, 11.4.1988; Bull. EC 3-1988, point 2.1.37.

procedures for research evaluation in the Commission and on the new guidelines that the competent Commission departments wish to lay down in this area. The Committee reacted very favourably to the ideas set out in an expert report drawn up at the Commission's request, stressing in particular the need to include evaluation in the decision-making process. To this end, the identification of all the objectives associated with the implementation of Community activities is of fundamental importance. The Committee also stressed the importance of an objective approach to programme evaluation and, in particular, of the need for indisputable guarantees. A number of delegations suggested that Crest could play a special role in this area. At all events, the Committee did not consider that the creation of new mechanisms was necessary to ensure continued flexibility in the area of evaluation and felt that further studies should be carried out, notably with a view to integrating the new FAST programme in this type of activity.¹

Crest also endorsed the Commission proposal for a biotechnology-based agro-industrial research and technological development programme (Eclair).² It noted with satisfaction that this programme will eventually be rounded off with a new action covering the specific technologies used in the food industry.

International cooperation

Agreements with EFTA countries

2.1.39. The Joint Committee set up under the framework agreement for scientific and technical cooperation between the European Economic Community and Finland³ held its third meeting, at Ispra, on 22 April.⁴ The Committee reviewed recent developments in the scientific and technical policies pursued by the Community and Finland and also examined the priorities of the two parties. It then looked at the progress achieved in the areas covered by Community programmes: the negotiations involving four cooperation agreements

(environment, medical research, stimulation of interchange and management of radioactive waste) are at an advanced stage; a number of Finnish companies and research centres are taking part in projects in the field of advanced materials (Euram), telecommunications (RACE) and industrial technologies (Brite). The Committee also discussed the possibility of cooperation in the areas covered by the Drive, Delta, AIM, BCR and FAST programmes.

2.1.40. On 28 April the Commission transmitted to the Council a proposal⁵ for a Decision concerning the conclusion of a cooperation agreement between the Community and Finland on research in the field of wood, including cork, as a renewable raw material (as provided for in Article 6 of the Council Decision of 10 June 1986 adopting a research programme on materials (raw materials and advanced materials) (1986-89).⁶

COST

2.1.41. On 18 April the Commission sent the Council a communication on 'COST and the European Technology Community',⁷ expressing the view that cooperation within the COST framework should continue to receive Community support, on the grounds that it has an identity of its own and complements the other research cooperation arrangements that have evolved over recent years.

The European context in which cooperation on scientific and technical research has developed has undergone far-reaching changes since COST's inception in 1971, which means that the different factors involved in the changing European scientific and technical scene must be taken into con-

¹ OJ C 39, 11.2.1988; Bull. EC 10-1987, point 2.1.33.

² OJ C 62, 5.3.1988; Bull. EC 12-1987, point 2.1.58.

³ OJ L 78, 24.3.1986; OJ L 71, 14.3.1987; Bull. EC 3-1987, point 2.1.42.

⁴ Previous meeting: Bull. EC 3-1987, point 2.1.43.

⁵ COM(88) 204 final.

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

⁷ COM(88) 191 final.

sideration when endeavouring to map out the future of COST. These factors include development of Community research, enlargement of the Community, tightening of Community links with the EFTA countries, launching of the Eureka initiative in 1985¹ and entry into force of the Single Act.²

In the present situation the Commission feels that there is room in Europe for different types of cooperation based on Community research programmes, framework agreements covering bilateral cooperation, Eureka projects and COST projects. The implementation of these different forms of cooperation will ensure greater flexibility than hitherto in meeting the scientific and technical needs not only of the Community but also of European non-member countries.

In the light of the existing complementarity, the Commission feels that steps should be taken to promote the continuation of COST agreements involving the first group (those which form an integral part of Community programmes and therefore involve both Community financing and a complementary financial contribution from the non-member countries towards the implementation of these programmes).

The Commission also feels that measures should be taken — in the form of increased research on new areas of science and technology and by the exercise by the competent Commission departments of the right to put forward 'proposals' — to reinforce the COST agreements involving the second group (whereby the research is pooled and the rule is that each participating state accepts responsibility for the costs it incurs, with the relatively low costs of coordinating the cooperation being paid mainly by the Council and the Commission).

Furthermore, the Commission is committed to a re-examination of this last group of projects in areas which will henceforth also be covered by Community programmes. Such an examination will coincide with the adoption of new specific programmes or reviews of existing programmes.

The COST framework could also serve as a means of implementing complementary programmes in cases where the number of EEC Member States interested in such programmes is less than 12, with the possible participation of non-member countries, as provided for in the Single Act.

2.1.42. On 14 April Italy signed the Memorandum of Understanding on COST project 311 (Maritime traffic simulation).

Main areas of Community R&TD

Quality of life

Environment

2.1.43. On 14 April the Commission issued a call for proposals³ concerning research on the health effects of pollutants with a view to implementing the multiannual programme in the field of the environment (1986-90).⁴

Information technology and telecommunications

2.1.44. Developments in this area are reported in the 'Telecommunications, information technology and innovation' section *infra*.

Industrial technology

Materials

2.1.45. Under the joint auspices of the Commission and the Consejo superior de investigaciones científicas, the closing meetings of the European concerted-action project on magnets (CEAM project) were held in Madrid from 12 to 16 April. Over a 30-month period, in the framework of the

¹ Bull. EC 7/8-1985, points 2.1.210 and 2.1.211.

² OJ L 197, 29.6.1987; Supplement 2/86 — Bull. EC.

³ OJ C 99, 14.4.1988.

⁴ OJ L 159, 14.6.1987; Bull. EC 6-1986, point 2.1.67.

stimulation plan,¹ and the Euram programme,² 58 European laboratories (involving more than 120 research scientists) have been collaborating in the CEAM project on joint research on new high-performance permanent magnets (iron/neodymium/boron), required as alternatives to electromagnets in numerous applications.

The Madrid meetings opened with a conference/exhibition to familiarize some 300 representatives from scientific and political circles in Spain and other European countries with the major achievements recorded under the project. They continued in the form of meetings attended by contracting parties at which the latest scientific results obtained in the three areas of the project (materials, manufacturing, applications) were presented.

Scientific standards and reference materials and methods

2.1.46. On 11 April the Council adopted a common position on the proposal for a Regulation relating to a research and development programme in the field of applied metrology and chemical analyses (1988-92) (Community Bureau of References).³ This programme is for a five-year period from 1 January 1988. The necessary funding is estimated at 59.2 million ECU, including expenditure on a staff of 32.

Biological resources

Biotechnology

2.1.47. On 11 April the Council adopted a common position on the proposal for a Decision⁴ on the revision of the multiannual research action programme in the field of biotechnology (1985-89).⁵ As proposed by the Commission, the estimates for the necessary funding will be increased from 55 to 75 million ECU in order to permit the extension to Spain and Portugal of the activities envisaged under the programme and the intensification of the current research effort in the sector of the pro-

gramme that concerns the assessment of risks associated with information biotechnology.

Energy

Nuclear fusion energy

2.1.48. On 6 April the Tore-Supra tokamak, developed at the Cadarache Centre for Nuclear Studies, France, as a result of collaboration between Euratom and the Commissariat à l'énergie atomique (CEA), entered into service with the production of its first plasma (ionized gas composed of positive nuclei and electrons). Within two years this tokamak should reach its nominal performance (plasma current: 1.7 million amperes; discharge duration: 30 seconds).

Tokamaks are fusion machines using magnetic confinement. In Tore-Supra the magnetic field is produced by a set of superconducting windings forming the toroidal magnet. The magnetic energy (600 megajoules) is so far the largest stored in a superconducting tokamak. Thanks to this development, which will allow the provision of a permanent magnetic field (45 000 gauss), and to the implementation of systems with a total power of 25 megawatts for the heating and maintaining of the plasma current, the investigation of tokamak operation in steady—or quasi-steady—regime will be initiated for the first time.

The construction of Tore-Supra has had 45% of its funding met by the Community, which is also assuming responsibility for 25% of its running costs (staff, operation). Thirty or so Community scientists and technicians are taking part in the work on Tore-Supra.

2.1.49. The ITER (international thermonuclear experimental reactor) Council, the

¹ OJ L 83, 25.3.1985; Bull. EC 12-1984, points 1.7.1 and 1.7.2.

² OJ L 159, 14.6.1986; Bull. EC 6-1986, point 2.1.65.

³ OJ C 304, 14.11.1987; Bull. EC 9-1987, point 2.1.43.

⁴ OJ C 15, 20.1.1988; Bull. EC 10-1987, point 2.1.39.

⁵ OJ L 83, 25.3.1985; Bull. EC 12-1984, point 1.7.1 *et seq.*

body responsible for managing ITER quadripartite cooperation activities in the field of controlled thermonuclear fusion (involving the European Community, Japan, the Soviet Union and the United States), held its first meeting in Vienna, under the auspices of the International Atomic Energy Agency, on 21 and 22 April.¹

The ITER Council approved the work programme and rules of procedure of the ITER Management Committee and Scientific and Technical Advisory Committee for the three-year design-activity period (1988-90).

Nuclear fission energy

2.1.50. Meeting in Brussels on 12 April, the Management and Coordination Advisory Committee for Nuclear Fission Energy (fuel cycle, management and storage of waste) endorsed the Commission proposal relating to the Community's future R&TD programme (1989-93) on the decommissioning of nuclear installations. It also expressed itself in favour of the Commission's announced intention of participating in research projects on the storage of radioactive waste, involving a Community contribution of 4 545 000 ECU. Lastly, the Committee reacted favourably to the guidelines for the Community's future R&TD programme on remote handling in hazardous and disordered environments (Teleman programme).

Non-nuclear energy

2.1.51. Meeting in Brussels on 18 and 19 April, the Management and Coordination Advisory Committee for Non-nuclear Energy endorsed the Commission proposal for a new R&TD programme in the field of non-nuclear energy (1989-92) to replace the existing programme (1985-88).² This new programme would cover four areas: energy and environment models, rational use of energy, fossil energy and renewable energy sources.

European scientific and technical cooperation

Stimulation plan

2.1.52. On 11 April the Council adopted a common position on a plan (1988-92) to stimulate the international cooperation and interchange needed by European research scientists (Science),³ envisaged for a five-year period from 1 January 1988. As proposed by the Commission, estimates for the necessary funding amount to 167 million ECU, including expenditure on a staff of 18.

Telecommunications, information technology and innovation

Telecommunications

Green Paper

2.1.53. On 28 April the Economic and Social Committee gave its opinion on the Commission's communication⁴ reviewing the state of discussions and the proposals it put forward in its Green Paper on the development of the common market for telecommunications services and equipment⁵ (→ point 2.4.48).

IT

Esprit

2.1.54. On 11 April the Council adopted the Decision⁶ on the second phase of the

¹ Bull. EC 10-1987, point 2.1.37; Bull. EC 2-1988, point 2.1.38.

² OJ L 83, 24.3.1983; Bull. EC 12-1984, points 1.7.1 and 1.7.2.

³ OJ C 14, 19.1.1988, Bull. EC 9-1987, point 2.1.51.

⁴ Bull. EC 2-1988, point 2.1.43.

⁵ Bull. EC 6-1987, point 1.4.1.

⁶ OJ L 118, 6.5.1988.

European strategic programme for R&D in information technology (Esprit II).¹

The purpose of the programme, which is to run for a period of five years beginning on 1 December 1987 and will receive a total of 1 600 million ECU² in Community funding, is to:

- (i) provide the European IT industry with the basic technologies that will enable it to face competition in the 1990s;
- (ii) promote European cooperation in pre-competitive R&D in information technology;
- (iii) pave the way for internationally accepted standards.

The programme will comprise precompetitive R&D projects, complementary basic research activities, and accompanying measures.

2.1.55. The fourth Esprit call for proposals, published by the Commission on 29 December 1987,³ closed on 12 April. This was the first call for proposals under Esprit II and is expected to lead to the implementation of projects costing a total of 1 200 million ECU. The response was much greater than had been expected, since 700 proposals were received, for projects costing a total of nearly 10 000 million ECU.

Combined use of IT and telecommunications in general applications

Delta

2.1.56. On 11 April the Council adopted a common position on the pilot phase of a Community action in the field of learning technology — Developing European learning through technological advance (Delta).⁴

Drive

2.1.57. The Council also adopted on 11 April a common position on a Community programme in the field of infor-

mation technology and telecommunications applied to road transport — Dedicated road infrastructure for vehicle safety in Europe (Drive).⁵

*

2.1.58. On 11 April the Commission sent the Council its fifth report⁶ on Community activities in the field of microelectronics technology.⁷

Standardization

Conformance testing services

2.1.59. A centre for testing OSI (open systems interconnection) products was opened in Caen, France, in April and offers one of the first services to be set up under the CTS-WAN (conformance testing service—wide area network) project launched by the Commission. The centre is able to test products implementing OSI Transport and Session layers and, as an experimental service, electronic mail (× 400).

An important outcome of the CTS-WAN project is the systematic publication in an organized fashion of documentation concerning testing methods, user access to testing centres, test sequences for the different products, forms to be filled in by clients, etc. All the available documentation and the relevant prices are listed in the CTS-WAN catalogue, now available.

Innovation

Information market

2.1.60. The Commission has taken the initiative of convening European experts in

¹ OJ C 283, 21.10.1987; Bull. EC 7/8-1987, point 2.1.65; OJ C 10, 15.1.1988; Bull. EC 12-1987, point 2.1.73, OJ C 88, 5.4.1988; Bull. EC 2-1988, point 2.1.45.

² This corresponds to the amount entered in the framework programme (OJ L 302, 24.10.1987; Bull. EC 9-1987, point 2.1.32).

³ OJ C 350, 29.12.1987.

⁴ OJ C 265, 5.10.1987; Bull. EC 17/8-1987, point 2.1.67.

⁵ OJ C 355, 31.12.1987, Bull. EC 7/8-1987, point 2.1.68.

⁶ COM(88) 173 final. Previous report: Bull. EC 2-1987, point 2.1.39.

⁷ OJ L 376, 30.12.1981; OJ L 47, 19.2.1983.

computing and linguistics with a view to identifying areas that call for Community action. The contracts made will generate further input for preparatory work on a programme specifically geared to the 'language industry'.

2.1.61. The Commission has acquired the rights to operate the Systran machine translation system for German-English, which brings the number of available language pairs to 10.

2.1.62. The fifth meeting of the Senior Officials Advisory Group for the Information Market was held in Luxembourg on 25 April.¹ The group took note of a report on progress made in the Council on the Commission communication² on, and amended proposal³ for, the establishment of a policy and a plan of priority action for the development of an information services market. It was informed of the Commission's initial analysis of the 715 replies received in response to the call for expressions of interest in pilot/demonstration projects.⁴ It also heard the Commission's proposals for setting up an information market observatory with the task of seeking, compiling and analysing statistical data on the different segments of the information market.

2.1.63. ECHO, the European Community Host Organization, which is playing a major role in the development of a Community information services market, currently provides access to some 20 different databases, produced or financially supported by the Commission.

Use of ECHO services has increased considerably in recent months and has now reached more than 1 600 connect hours with more than 3 600 registered users. About the same number of non-registered users are consulting some of the ECHO databases via public passwords.

2.1.64. In the field of materials databases, which is a priority work area in the Community's five-year programme for the development of a specialized information market

in Europe,⁵ a set of assessments and quality tests were carried out on a number of databases in Luxembourg on 26 and 27 April, with a view to their possible inclusion in the materials database demonstration programme.

Customs union and indirect taxation

Customs union

General legislation

Customs debt

2.1.65. On 18 April the Council adopted a Regulation⁶ determining the persons liable for payment of a customs debt.⁷ The rules it contains are designed to ensure that the Council Regulation of 13 July 1987 on customs debt⁸ will have the desired legal and economic effects, identical throughout the Community, and are thus important for the proper functioning of the customs union.

Common Customs Tariff and Combined Nomenclature

Common Customs Tariff

2.1.66. On 18 April the Council adopted a Regulation⁹ amending the Council Regulation of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff¹⁰ as regards the conventional rate of duty for products falling

¹ Previous meeting: Bull. EC 11-1987, point 2.1.74.

² OJ C 249, 17.9.1987; Bull. EC 7/8-1987, point 2.1.71.

³ OJ C 30, 4.2.1987; Bull. EC 1-1988, point 2.1.32.

⁴ OJ C 188, 17.7.1987.

⁵ OJ L 314, 4.12.1984, Bull. EC 11-1984, point 2.1.25.

⁶ OJ L 102, 21.4.1988.

⁷ OJ C 340, 28.12.1982; Bull. EC 12-1982, point 2.1.32;

OJ C 189, 17.7.1984; Bull. EC 6-1984, point 2.1.30.

⁸ OJ L 201, 22.7.1987; Bull. EC 6-1987, point 2.1.61.

⁹ OJ L 103, 22.4.1988.

¹⁰ OJ L 256, 7.9.1987; Bull. EC 7/8-1987, point 2.1.80.

within CN code 8527 32 00 (tuners and tuner amplifiers combined with a clock).

Indirect taxation

Elimination of tax frontiers

2.1.67. At an economic and financial affairs meeting on 18 April the Council heard a statement by the Chairman of the Economic Policy Committee introducing the Committee's report on the economic aspects of the approximation of indirect taxation in the Community¹ which the Council had asked for in November 1987.²

Competition

General rules applying to businesses

Block exemption for franchising agreements

2.1.68. On 28 April the Economic and Social Committee adopted an opinion on the draft Regulation providing block exemption from the EEC competition rules for franchising agreements³ (→ point 2.4.49).

Competition in air transport

2.1.69. Acting under Council Regulation No 3976/87,⁴ which authorizes it to grant an exemption from Article 85(1) of the Treaty for certain agreements relating to air transport and air transport services, the Commission adopted on 20 April three draft Regulations setting out the conditions with which air carriers must comply before certain restrictive agreements can be exempted.

A first series of agreements concerns joint planning and coordination of capacity, revenue sharing, tariff consultation and slot allocation at airports. Such agreements will

only be authorized to the extent that they help ensure regular and reliable air services during off-peak periods, safe utilization of airport capacity and airspace, and open procedures for consultations on tariffs. In order to safeguard competition the largest possible degree of liberty for individual air carriers must be maintained and discriminatory conditions that could unduly affect competing carriers are prohibited.

Agreements for provision of ground handling services may also be authorized, subject to conditions ensuring absence of discrimination among air carriers and continued choice between different companies offering these services.

Finally, agreements on the joint purchase, development and operation of computer reservation systems may be authorized subject to fulfilment of a number of conditions designed to eliminate any bias between air carriers listed in such systems. The Member States, the air transport industry and other parties concerned will shortly be consulted on these draft measures.

Restrictive practices, mergers and dominant positions: specific cases

Joint ventures

Kernkraftwerk RWE—Bayernwerk GmbH

2.1.70. On 7 April the Commission transmitted to the Council a proposal for the amendment of two Decisions taken on 18 June 1963, the first of which concerned the establishment of Kernkraftwerk RWE—Bayernwerk GmbH (KRB) and the second the conferring of certain advantages on KRB and the transfer of know-how (→ point 2.1.190).

¹ Bull. EC 7/8-1987, point 1.2.1 *et seq.*

² Bull. EC 11-1987, point 2.1.88.

³ OJ C 229, 27.8.1987; Bull. EC 6-1987, point 2.1.72.

⁴ OJ L 374, 31.12.1987; Bull. EC 12-1987, point 2.1.280.

Mergers

Anglo United/Burnett & Hallamshire Holdings

2.1.71. On 5 April the Commission authorized the acquisition by Anglo United plc, Chesterfield, of 31.3% of the issued share capital of Burnett & Hallamshire Holdings plc, Worksop.

Both Anglo United and Burnett & Hallamshire are engaged in coal mining and distribution, mainly in Great Britain and Northern Ireland. In order to restructure their respective businesses they decided to exchange part of their activities with the result that in future Anglo United—whose 31.3% of Burnett & Hallamshire will suffice to give it sole control owing to the wide spread of the other shareholdings—will deal with distribution only whereas Burnett & Hallamshire will specialize in production. The effects on competition of the proposed merger had mainly to be assessed against the background of the supply conditions for wholesalers in the relevant market, where the nationalized coal industry amalgamated in British Coal plays a predominant role. In these circumstances Anglo United cannot be expected to establish, through the shareholding, a position likely to entail any restriction of competition. The Commission therefore concluded that the transaction satisfied the conditions for authorization under Article 66 of the ECSC Treaty.

British Steel Corporation/Samson

2.1.72. On 11 April the Commission authorized British Steel Corporation (BSC) under the competition rules of the ECSC Treaty to acquire the entire share capital of the Samson Group of Companies, Colnbrook, a steel merchant and stockholder.

BSC, a steel producer, is also engaged in the distribution and stockholding of steel products through its subsidiary British Steel Service Centres Ltd. Acquisition of the Samson Group will mean a slight increase in BSC's present share of the UK stockholders'

market without actually restricting competition on that market.

Upon scrutiny, the proposed transaction was found to satisfy the tests of Article 66(2) of the ECSC Treaty and therefore met with the Commission's approval.

State aid

General schemes

Promotion of quality

Spain

2.1.73. On 20 April the Commission decided to raise no objections to a Spanish scheme to finance a four-year programme worth 72 million ECU for the promotion of quality, design and fashion.

The programme, which will be focused on small manufacturing firms, will help develop creative talent, improve product quality, raise technical standards and reduce manufacturing costs in industries in which fashion and design play an important part (jewellery, clothing, leather, furniture, etc.).

Aid for R&D

Greece

2.1.74. On 27 April the Commission decided to raise no objections to the Greek scheme of aid for scientific and technological research (Pabe). Introduced in 1985, the scheme has an annual budget of approximately 2.5 million ECU. Its aim is to encourage private industry to step up its research effort so as to enhance the Greek economy's competitiveness.

Regional schemes

France

2.1.75. On 20 April the Commission decided to initiate Article 93(2) proceedings in respect of regional planning grants

awarded for 24 investment projects in non-assisted areas. The Commission's Decision of 10 October 1984 on the regional planning grant scheme¹ states specifically in Article 3 that the award of such grants for industrial investment in non-assisted areas is deemed compatible with the common market only until 31 December 1986 'on condition that the prior authorization of the Commission is obtained following notification for any project involving investment of 4.5 million ECU or over or to be awarded a grant at a nominal rate of 15% or over'. The Commission has discovered that the French authorities have not respected this condition, either the maximum amount of aid—three of the grants top 7 million ECU—or the intensity ceiling having been exceeded without its consent. These being grounds for notification, the aid was paid in violation of a Commission Decision. The Commission has therefore decided to open an investigation and has given the French authorities one month in which to submit their comments.

Industry schemes

Textiles

France

2.1.76. Also on 20 April the Commission decided to initiate Article 93(2) proceedings in respect of the French Government's plan to award FF 5.3 million (0.75 million ECU) in aid to Caulliez Frères, Prouvy. The aid, to be given in the form a regional planning grant, is to go towards setting up a combed cotton spinning mill costing FF 76.6 million (11 million ECU).

The Commission felt that, as the investment was to be carried out in a subsector suffering from structural overcapacity, stagnating demand, falling prices and stiff competition both in and outside the Community, the aid was incompatible with the Community guidelines on aid to the textile and clothing industry and was likely to affect trade and distort or threaten to distort competition.

Portugal

2.1.77. On 27 April the Commission decided to approve a Portuguese Government proposal to launch an ESC 4 000 million (24.15 million ECU) programme designed to restructure and modernize the Portuguese wool textile industry.

The sector accounts for some 12% of total textile production, which is worth about ESC 25 000 million (153 million ECU) and employs around 25 000 people mainly in the north-east of Portugal. Composed mainly of small companies, the woollen industry is suffering from increased production costs and declining international demand, inadequate technology and poor financial performance. Aid will not be granted to increase capacity, and a 10% reduction in employment is expected by 1990. The main features of the scheme are: aid to engage technical consultants, with a ceiling of ESC 2 million (12 000 ECU); aid of up to 35% of investment costs; aid towards the cost of engaging up to two qualified experts; aid for staff training and retraining; for each company to be aided there is an aid intensity ceiling of 45% and a cash limit of ESC 225 million (1.36 million ECU).

In view of the programme's limited budget and the fact that there will be no capacity increase or undue distortion of competition, the Commission concluded that the proposal was compatible with the Community rules on aid to the industry. It also took the view that the programme was eligible for Community co-financing under the Pedip budget heading,² should the Portuguese authorities wish to avail themselves of this opportunity.

Shipbuilding

United Kingdom

2.1.78. The same day the Commission terminated the proceedings it had initiated on

¹ OJ L 11, 12.1.1985; Bull. EC 10-1984, point 2.1.45.

² Bull. EC 10-1987, point 2.1.112.

7 October 1987¹ in respect of two schemes of aid for building vessels or offshore mobile installations in the form of preferential credit terms (Home Credit Scheme) and for research and development through British Maritime Technology Ltd (BMT). The Home Credit Scheme has now been made available to British shipowners regardless of place of construction in the Community. In the case of the BMT scheme, the Commission established that the aid is granted as a general budgetary contribution to BMT as part of the British Government's privatization drive in order to enable it to operate on a fully commercial basis in 1990, an aim which is in keeping with the Community guidelines on State aid for R&D.

On the other hand, it was decided that the proceedings commenced in respect of aid for R&D under the Innovation scheme of the Science and Technology Act¹ should continue.

Financial institutions and company law

Financial institutions

Banks and other financial institutions

2.1.79. On 27 April the Commission sent the Council a proposal for a Directive on a solvency ratio for credit institutions (→ point 1.2.1 *et seq.*).

Company law, company taxation and capital movements

Disclosure requirements in respect of branches of companies

2.1.80. On 5 April the Commission, to take account of the opinion of Parliament,² sent the Council an amended proposal³ for an 11th company law Directive concerning disclosure requirements in respect of branches of companies set up in one Mem-

ber State by certain forms of company governed by the law of another Member State, which it had transmitted to the Council of 29 July 1986.⁴

Employment, education and social policy

Employment

Employment and labour market

Labour force survey

2.1.81. On 29 April the Commission sent the Council a proposal for a Regulation on the organization of a labour force sample survey in the spring of 1989.⁵ The series of labour force surveys carried out since 1973 is currently the sole source of statistics on the structure and development of employment and unemployment compiled by uniform methods and based on common definitions. The results of these surveys make a considerable contribution to statistical requirements for social, economic, regional, industrial and agricultural policies, and also for education, competition and environmental policy.

Meeting of Directors-General for Employment and Directors of Employment Services

2.1.82. The Directors-General for Employment and Directors of Employment Services met on 26 and 27 April and discussed the impact of the internal market on employment policies and the implementation of the Council resolution of 22 December 1986 on an action programme on

¹ Bull. EC 10-1987, point 2.1.66.

² OJ C 345, 21.12.1987; Bull. EC 11-1987, point 2.1.109.

³ OJ C 105, 21.4.1988; COM(88) 153 final.

⁴ OJ C 203, 12.8.1986; Bull. EC 7/8-1986, points 2.1.16 and 3.5.1.

⁵ COM(88) 186 final.

employment growth.¹ On the first topic, the Commission outlined current thinking and initial discussions were held both on the results of the Commission's analysis and on the various policy proposals. A consensus was reached on the Commission proposal to review, with 1992 in mind, the structures for the placement and movement of workers within the Community.

As regards the second topic, the second report on the implementation of the 1986 Council resolution was examined.²

The other items on the agenda concerned the provisional conclusions on action taken by Member States to implement the Council resolution of 7 June 1984 on measures to combat unemployment among women;³ action taken by the Commission to promote employment for young people;⁴ and the implementation of the Council conclusions of December 1986 on action taken to combat long-term unemployment,⁵ in respect of which the Commission proposed an action programme.⁶ The broad lines of this programme were approved.

Finally, the Commission drew the attention of the meeting to employment statistics, particularly those needed for the allocation of structural Funds, which concern relatively small geographical areas.

Dialogue with the two sides of industry

2.1.83. At its meeting on 11 April the Working Party on New Technologies and the Social Dialogue continued its discussion of problems relating to the adaptability and flexibility of the labour market.⁷ It decided on a working method best able to cover these problems and produce a common opinion. The Working Party agreed to seek at one and the same time broad guidelines both for the general issue of adaptability and for each of its components.

Financial instruments

European Social Fund

2.1.84. On 29 April the Commission approved most requests for financial sup-

port submitted to the European Social Fund for 1988 — a total amount of 2 372.97 million ECU, shared among 8 216 programmes or projects involving over 2 million people.

This was made possible by commitment appropriations amounting to the 12 provisional twelfths approved by the budget authorities in accordance with Article 204 of the Treaty.

Table 1

<i>million ECU¹</i>	
Applications approved, by category	Amounts
Operations for young people under 25:	
in less-favoured regions	814.21
in other regions	970.23
Operations for persons aged 25 or over:	
in less-favoured regions	236.56
in other regions	287.06
Specific operations	64.91
Total	2 372.97

¹ April 1988 rates.

The remaining applications will be approved in a supplementary decision once the 1988 budget has been adopted.

Education and vocational training

2.1.85. On 20 April the Commission adopted, for transmission to the Council, a proposal for a Decision calling on the rel-

¹ OJ C 340, 31.12.1986; Bull. EC 12-1986, point 2.1.138.

² First report: Bull. EC 4-1987, point 2.1.73.

³ OJ C 161, 21.6.1984; Bull. EC 6-1984, point 2.1.57.

⁴ OJ C 193, 20.7.1983; Bull. EC 6-1983, points 1.4.1 to 1.4.10 and 2.1.80; OJ C 29, 4.2.1984; Bull. EC 12-1983, point 2.1.64; Bull. EC 1-1984, point 2.1.40.

⁵ OJ C 2, 4.1.1985; Bull. EC 12-1984, point 2.1.82.

⁶ Bull. EC 5-1987, point 2.1.94.

⁷ Previous meeting: Bull. EC 11-1987, point 2.1.115.

evant authorities of the Member States to promote the introduction of environmental studies at all levels of general education and in vocational and adult training programmes.¹ The purpose of this is to heighten public awareness of environmental issues and to guide people's behaviour in such a way as to ensure the greatest possible protection of the environment and natural resources.

2.1.86. On 14 April the Commission published a notice of invitation to tender for the pluriannual study programme in the field of education, training and youth policy.² Interested parties are invited to take part in this programme, which is designed to enable the Commission departments concerned to plan and evaluate their work programme, among other things by establishing a list of studies to be carried out and promoting contacts between those wishing to contribute to the creation of European groupings.

Higher education

Erasmus programme

2.1.87. On 22 April the Commission transmitted to the Council the first annual report³ on the implementation of the Community action programme on student mobility (Erasmus).⁴ Covering the period from 14 June to 31 December 1987, the report reviews activities under the programme during this first academic year. In spite of the transitional nature of this first year of operation, the reactions of the universities were even more positive than the Commission had hoped. Admittedly, organizational problems have still to be resolved, but the result of the launch of the programme may be considered encouraging.

Foreign languages

2.1.88. On 21 April the Commission sent the Council a communication on the teaching of foreign languages,⁵ the object of which is to contribute to a discussion on the teaching and learning of modern lan-

guages in the Community at the Council meeting of Education Ministers in May. The opinions expressed on that occasion will help the Commission to prepare a Community action programme on the teaching and learning of modern languages, which it hopes to present to the Council by the end of the year. This will help to give effect to the right of every Community citizen to take up an occupation or to study anywhere in the Community.

*

2.1.89. On 21 April three universities in the Member States (Lille II in France, Saarbrücken in Germany, and Warwick in the United Kingdom) concluded the first agreement to set up a university law programme designed from a Community standpoint. It will offer their students an opportunity to work together and study ways and means of promoting harmonization of national legislation in a number of fundamental areas with a view to completion of the single market by 1992.

Living and working conditions and social protection

Equal opportunities for women and men

2.1.90. On 20 April the Commission sent the Council a communication⁶ on the signing by Community Member States of the additional protocol to the European Social Charter of the Council of Europe and a declaration by Member States on matters coming within the Community's jurisdiction (equal treatment for men and women). As the Community is not a party to the Charter and cannot therefore sign the additional protocol, it is proposed that

¹ COM(88) 202 final.

² OJ C 99, 14.4.1988.

³ COM(88) 192 final.

⁴ OJ L 166, 25.6.1987; Bull. EC 5-1987, points 1.3.1 and 1.3.2.

⁵ COM(88) 203 final.

⁶ COM(88) 218 final.

Member States signing it should make a declaration to the effect that they will apply the protocol in accordance with their obligations under Community law.¹

2.1.91. Under the medium-term Community programme on equal opportunities for women (1986-90),² the Commission published an invitation to tender inviting consultants to carry out studies on the social protection of self-employed workers and helper-spouses, the socio-economic situation of single women and infrastructure problems affecting women's employment.³

Social integration of handicapped people

2.1.92. On 18 April the Council, acting on proposals from the Commission,⁴ adopted a Decision⁵ establishing a second action programme to promote economic integration, social integration and an independent way of life for disabled people (Helios)⁶.

This programme covers more than 30 million Community nationals with permanent and serious physical or mental handicaps. A sum of 19 million ECU is to be set aside for the programme for the period 1988 to 1991.

The Helios programme will continue and develop the cooperation with the Member States begun under the first action programme,⁷ which came to an end on 31 December 1987. In particular, it will introduce for the first time in the Community a consistent overall policy on all questions relating to the handicapped. It will also provide the basis and framework for the development of policy measures, including proposed legislation, will build on efforts and developments at local and national level and will provide a new dimension for the involvement of those directly concerned in the preparation of decisions on the specific measures to be taken.

Lastly, measures to increase public awareness will be undertaken in order to stress

the value and special capabilities of handicapped people in an open society.

Social security for migrant workers

2.1.93. On 13 April Parliament adopted a favourable opinion⁸ on the proposal for a Regulation⁹ amending those of 14 June 1971¹⁰ and 21 March 1972¹¹ on social security for migrant workers. It called on the Council to inform it of any proposed departures from the approved text.

Health and safety

Public health

2.1.94. On 14 April the Commission sent the Council a communication¹² on the implementation of the resolution of the Council and Representatives of the Governments of the Member States, meeting within the Council, of 29 May 1986,¹³ on a Com-

¹ Directive of 10.2.1975 (equal pay): OJ L 45, 19.2.1975; Directive of 9.2.1976 (equal treatment as regards training and access to employment): OJ L 39, 14.2.1976; Directive of 19.12.1978 (equal treatment in matters of social security): OJ L 6, 10.1.1979; Directive of 24.7.1986 (equal treatment in occupational social security schemes): OJ L 225, 12.8.1986; Bull. EC 7/8-1986, point 2.1.104; Directive of 11.12.1986 (equal treatment in self-employed activities — including agriculture — and protection during pregnancy and motherhood): OJ L 359, 19.12.1986; Bull. EC 12-1986, point 2.1. 152.

² OJ C 203, 12.8.1986; Supplement 3/86 — Bull. EC; Bull. EC 6-1986, point 2.1.116.

³ OJ C 113, 29.4.1988.

⁴ OJ C 257, 28.9.1987; Bull. EC 7/8-1987, point 2.1.141; Bull. EC 11-1987, point 2.1.131.

⁵ OJ L 104, 23.4.1988.

⁶ Handicapped people in the European Community living independently in an open society.

⁷ OJ C 347, 31.12.1981; Bull. EC 12-1981, point 2.1.64.

⁸ OJ C 122, 9.5.1988.

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

¹⁰ 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.

¹¹ 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.

¹² COM(88) 184 final.

¹³ OJ C 184, 23.7.1986; Bull. EC 5-1986, point 2.1.66.

munity programme of action on toxicology for health protection. In it the Commission outlines the action taken and planned in the three areas covered by the programme: experimental toxicology, clinical toxicology, and training and information.

2.1.95. On the same date the Commission, in response to Parliament's opinion,¹ sent the Council an amendment² to the proposal for a Decision adopting an action plan (1987-89) on informing the general public and training of the health professions in the context of the 'Europe against cancer' programme.³

2.1.96. On 27 April the Commission adopted a report⁴ on the implementation up to 31 March of the 'Europe against cancer' programme, the launching of which had been recommended by the Milan European Council in June 1985.⁵ The report emphasizes that, although numerous European bodies have submitted medical research projects and proposals for studies and action in the field of cancer prevention and health education, very serious difficulties were encountered in 1987 and early this year in implementing the programme as a result of the delay in the Council's adoption of certain legal instruments and the shortage of funds.

Health and safety at work

2.1.97. On 15 April Parliament endorsed⁶ the proposal⁷ to amend the Council Decision of 27 June 1974⁸ so as to extend the responsibilities of the Advisory Committee on Safety, Hygiene and Health Protection at Work to include health protection against the dangers arising from ionizing radiation.

2.1.98. On 28 April the Economic and Social Committee delivered favourable opinions on the Commission's proposal of 24 February for a framework Directive to improve health and safety at the workplace⁹ and the proposal of the same date on minimum health and safety requirements

for the workplace¹⁰ (→ point 2.4.50 and 2.4.51).

Culture

2.1.99. On 13 April Parliament adopted a resolution⁶ on the Commission proposals for action to promote European culture¹¹ (→ point 2.4.19).

2.1.100. On 28 April the Economic and Social Committee also adopted an opinion supporting the Commission's programme for a fresh boost for culture in the Community¹¹ (→ 2.4.52).

Regional policy

Financial instruments

European Regional Development Fund

Twelfth annual report

2.1.101. On 28 April the Economic and Social Committee adopted an opinion on the Commission's report on the activities of the ERDF in 1986¹² (→ point 2.4.53).

Programme preparation

2.1.102. On 13 April the Commission amended¹³ its proposal for a Regulation instituting a Community programme to

¹ OJ C 68, 14.3.1988; Bull. EC 2-1988, point 2.1.85.

² OJ C 111, 28.4.1988; COM(88) 200 final.

³ OJ C 50, 26.2.1987; Bull. EC 12-1986, point 1.4.1 *et seq.*

⁴ COM(88) 239.

⁵ Bull. EC 6-1985, point 1.2.3.

⁶ OJ C 122, 9.5.1988.

⁷ OJ C 111, 25.4.1987; Bull. EC 3-1987, point 2.1.111.

⁸ OJ L 185, 9.7.1974.

⁹ Bull. EC 2-1988, points 1.2.3 and 1.2.4.

¹⁰ Bull. EC 2-1988, point 1.2.5.

¹¹ Supplement 4/87 — Bull. EC; Bull. EC 12-1987, point 1.2.1 *et seq.*

¹² Bull. EC 12-1987, point 2.1.160.

¹³ COM(88) 205.

assist the conversion of shipbuilding areas (Renaval).¹ The purpose of the amendment is to ensure that the eligibility criteria for the areas covered by the Renaval programme are consistent with the criteria for selecting the areas concerned by Objective No 2 of the structural Funds (conversion of declining industrial areas), as laid down by the Commission in its proposal for a framework Regulation.²

ERDF grants

Financing of studies

2.1.103. At the end of March the Commission decided, in accordance with Article 24(1) of the ERDF Regulation, to grant financial assistance of 17 000 ECU to a study closely related to Fund operations and aimed at identifying and assessing the opportunities for business creation and at producing a strategic marketing and development plan for the Carrickfergus area (Northern Ireland).

ERDF Committee

2.1.104. The ERDF Committee met on 26 and 27 April to give its opinion on 78 draft grant decisions under the third 1988 allocation; it also gave its opinion on four national programmes of Community interest and two draft decisions to promote the indigenous development potential of regions (Article 15).

Business and innovation centres

2.1.105. In April the Commission decided to make a financial contribution under Article 543 of the 1988 budget to three conversion measures in areas affected by industrial decline—Cagliari (295 000 ECU) in Italy and Madrid (140 000 ECU) and Alcoy (150 000 ECU) in Spain. The measures concern the preparation, launching or completion of three business and innovation centres which, while having to meet a medium-term profitability objective, are required to provide a full range of back-up

services for small businesses and to foster new activities.

Aid for disaster victims

2.1.106. On 14 April Parliament adopted a resolution on the flood disasters in Germany³ (→ point 2.4.19), the victims of which have been granted emergency aid amounting to 400 000 ECU by the Commission.

2.1.107. On 28 April the Economic and Social Committee adopted a resolution on the islands in the Community (→ point 2.4.54).

Coordination of structural instruments

Reform of structural Funds

2.1.108. At its April session the Economic and Social Committee endorsed the amended proposal for a framework Regulation on the tasks of the structural Funds⁴ (→ 2.4.55).

Integrated Mediterranean programmes

2.1.109. On 13 April the Advisory Committee on IMPs delivered a favourable opinion on the two draft IMPs concerning Emilia-Romagna and Umbria (Italy) adopted by the Commission in February.⁵

¹ OJ C 291, 31.10.1987; Bull. EC 7/8-1988, point 2.1.146.

² Bull. EC 3-1988, point 2.1.108.

³ OJ C 122, 9.5.1988.

⁴ Bull. EC 3-1988, point 2.1.108.

⁵ Bull. EC 2-1988, points 2.1.96 and 2.1.97.

Environment and consumers

Environment

Prevention and reduction of pollution and nuisance

Protection of the aquatic environment

2.1.110. On 13 April Parliament approved¹ the amended proposal² for a Directive concerning limit values for discharges of aldrin, dieldrin and endrin into the aquatic environment and quality objectives for aldrin, dieldrin and endrin in the aquatic environment³ subject to a number of amendments, in particular concerning the legal basis (Article 130s instead of Articles 100 and 235 of the EEC Treaty).

2.1.111. On the same day the House approved¹ the proposal for a Directive⁴ amending Annex II to the Council Directive of 12 June 1986⁵ on limit values and quality objectives for discharges of certain dangerous substances included in List I of the Annex to the Directive of 4 May 1976.⁶

Air pollution

2.1.112. On 15 April Parliament approved¹ the proposal for a Decision on the conclusion of the Protocol⁷ to the 1979 Geneva Convention on long-range transboundary air pollution.⁸ The Protocol aims to reduce emissions or transboundary transmission of sulphur by at least 30%.⁹

2.1.113. On 5 April the Commission sent the Council, Parliament and the Economic and Social Committee the second annual report¹⁰ on implementation of the Council Directive of 15 July 1980 on air quality limit values and guide values for sulphur dioxide and suspended particulates.¹¹ The report contains all relevant information on measures taken between 1 April 1984 and 31 March 1985 and the other information required under the Directive which the

Commission had received from the Member States by 1 July 1986.

Noise abatement

2.1.114. On 17 April the Economic and Social Committee adopted an opinion on the proposal¹² to amend the Council Directive of 23 November 1978 on the approximation of the laws of the Member States relating to the permissible sound level and exhaust system of motorcycles¹³ (→ point 2.4.56).

Control of chemicals, industrial hazards and biotechnology

Chemicals

2.1.115. On 27 April the Commission adopted, for transmittal to the Council, a report¹⁴ on the possibility of changing the tests and guidelines specified in existing Community legislation, in accordance with Article 23 of the Council Directive of 24 November 1986 regarding the protection of animals used for experimental and other scientific purposes.¹⁵

The Commission concludes that there is little chance of changing such tests and guidelines for the moment. The Commission's proposals are therefore directed principally towards continuing to develop alternative methods and establishing a framework which will allow them to be

¹ OJ C 122, 9.5.1988.

² OJ C 309, 3.12.1986, Bull. EC 10-1986, point 2.1.118.

³ OJ C 146, 12.6.1979; OJ C 341, 31.12.1980.

⁴ OJ C 314, 26.11.1987; Bull. EC 10-1987, point 2.1.124.

⁵ OJ L 181, 4.7.1986; Bull. EC 6-1986, point 2.1.147.

⁶ OJ L 129, 18.5.1976.

⁷ Bull. EC 7/8-1985, point 2.1.122.

⁸ OJ L 171, 27.6.1981.

⁹ Bull. EC 2-1987, point 2.1.89.

¹⁰ COM(88) 142 final. Previous report: Bull. EC 7/8-1985, point 2.1.121.

¹¹ OJ L 229, 30.8.1980.

¹² OJ C 44, 17.2.1988; Bull. EC 1-1988, point 2.1.59.

¹³ OJ L 349, 13.12.1978.

¹⁴ COM(88) 243 final.

¹⁵ OJ L 358, 18.12.1986; Bull. EC 11-1986, point 2.1.162.

incorporated into legislation as they become available.

Improving the quality of life

Public awareness and education

2.1.116. On 20 April the Commission adopted, for transmittal to the Council, a proposal for a Decision on environmental education¹ which sets out to intensify public awareness of environmental problems and to encourage the public to behave in a way which helps to protect the environment and natural resources (→ point 2.1.85).

International cooperation

2.1.117. On 18 April bilateral consultations were held between the Commission and a US Government delegation in Brussels on the environment policies of the Community and the USA. These regular bilateral consultations started in 1974 following an exchange of letters between the USA and the Community.²

The main subjects discussed were: ratification of the Vienna Convention, and Montreal Protocol, for the protection of the ozone layer (the USA has already ratified these two instruments, and the Council is considering Commission proposals for a Decision and a Regulation which will enable the Community to approve and implement them³); hazardous waste; ratification by the USA of an amendment to the Washington Convention on international trade in endangered species which would allow the Community to become a Contracting Party to the Convention; dangerous chemical substances and rules governing their export to non-member countries; and integration of development and environment policies.

2.1.118. At its meeting on 19, 20 and 21 April the OECD Environment Committee took a number of important decisions, particularly on accidents involving dangerous substances. It also adopted its work pro-

gramme for 1989, giving priority to the socio-economic aspects of climatic change, control of chemical substances and the environmental problems raised by biotechnology. There was also an in-depth discussion on the environment and agriculture. The OECD Agriculture Committee is still discussing reports on this subject.

Consumers

Physical protection and product safety

Cosmetics

2.1.119. On 13 April Parliament adopted at first reading an opinion⁴ on the proposal for a Directive⁵ amending for the fourth time the Council Directive of 27 July 1976 relating to cosmetic products.⁶ The amendments relating to special precautionary information on cosmetic products for professional use and identification of manufacture were accepted by the Commission.

2.1.120. On 28 April the Commission decided to withdraw its proposal for a fifth Directive to authorize, under certain conditions and subject to certain restrictions, the use of benzoyl peroxide in cosmetic products⁷ in the light of the opinion issued by the Scientific Committee on Cosmetology, which recommended banning the use of the product on account of its carcinogenic properties implicated in the development of skin cancers even in low doses, irrespective of restrictions on its concentration, its composition and the scope of its use.

¹ COM(88) 202 final.

² Eighth General Report, point 250.

³ Bull. EC 2-1988, point 2.1.104.

⁴ OJ C 122, 9.5.1988.

⁵ OJ C 86, 1.4.1987; Bull. EC 2-1987, point 2.1.98.

⁶ OJ L 262, 27.9.1976.

⁷ Bull. EC 4-1987, point 2.1.100.

Toy safety

2.1.121. On 13 April the Commission sent the Council a re-examined proposal¹ for a Directive on the approximation of the laws of the Member States concerning the safety of toys.² The proposal accords with the common position adopted by the Council in December 1987;³ amendments proposed by Parliament in March⁴ were not accepted by the Commission, which states its views on them in its communication to the Council.

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

2.1.122. On 27 April the Economic and Social Committee adopted an opinion endorsing the proposal for a decision⁵ amending that of March 1984 introducing a Community system for the rapid exchange of information on dangers arising from the use of consumer products⁶ (→ point 2.4.58).

2.1.123. On 24 March the Commission was notified by the Federal Republic of Germany of contamination of oil by tetrachloroethylene. On 30 March the Commission convened a contact meeting attended by experts on chemical substances and toxicology at which it was agreed that the producing countries would investigate the reasons for the contamination of the olive oil and that the consumer countries would conduct analyses. The information was forwarded to the Member States and the matter of possible risks to health was brought before the Scientific Committee for Food. On 15 April the Committee issued an opinion stating that the reported level of contamination (up to 30.0 mg/kg) did not constitute a health risk.

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2.1.124. On 27 April the Economic and Social Committee delivered an own-initiative opinion on the general safety requirement for products (→ point 2.4.57).

Protection of economic and legal interests

Consumer credit

2.1.125. On 28 April the Commission approved, for transmittal to the Council, a proposal⁷ for a Directive to amend that of 22 December 1986 relating to consumer credit⁸ which requires that consumers be informed of the total cost of credit.

It is impossible however, without a uniform method of calculating the true cost of credit, to make comparisons between the many different forms of consumer credit available. The difference between the cost of a bank overdraft or personal loan, credit card facilities or revolving credit (for example, with a department store) is not readily discernible at a glance.

Parliament stressed the need for a uniform method of calculation applicable in all the Member States.⁹ The Commission accepted this, and is now proposing that a mathematical formula for the calculation of the annual percentage rate of charge for credit be introduced. The charge for credit in some cases is on a monthly basis, in others an annual charge is payable, which makes comparison between competing offers less transparent than it should be. The proposed amendment, therefore, requires an annual percentage rate of charge to be stated.

Various Member States use differing methods of calculation. The Commission's preference is for the strictest and most exact of them, the actuarial or present value method. In the absence of consensus between government experts on the various

¹ COM(88) 220 final.

² OJ C 282, 8.11.1986; Bull. EC 10-1986, point 2.1.128; OJ C 343, 21.12.1987; Bull. EC 10-1987, point 2.1.134.

³ Bull. EC 12-1987, point 2.1.196.

⁴ OJ C 94, 11.4.1988; Bull. EC 3-1988, point 2.1.132.

⁵ Bull. EC 3-1988, point 2.1.133.

⁶ OJ L 70, 13.3.1984; Bull. EC 3-1984, point 2.1.111.

⁷ COM(88) 201 final.

⁸ OJ L 42, 12.2.1987; Bull. EC 12-1986, point 2.1.205.

⁹ OJ C 242, 12.9.1983; Bull. EC 7/8-1983, point 2.1.95.

types of charge, including interest, which should be taken into account in calculating the annual percentage rate of charge, harmonization of this aspect will be deferred.

Agriculture

Continuing reform of the CAP

2.1.126. On 25 April, further to the substantive agreement reached at the 7 to 9 March Council meeting¹ and following receipt of the opinions of Parliament² and the conciliation meeting with a delegation from Parliament on 19 April (→ point 2.1.127), the Council formally adopted³ Regulations to implement the conclusions issued by the European Council in February.⁴ The Regulations relate to the cessation of farming (early retirement),⁵ set-aside (→ point 2.1.148)⁶ and the various agricultural stabilizers for cereals, oilseeds and protein plants, sheepmeat and goatmeat, sugar, milk, fruit and vegetables and raw tobacco.⁷

The Regulations on wine⁸ will be formally adopted once Parliament has delivered its opinion.

Council

2.1.127. The Council met on 18 and 19 April to continue⁹ its discussions on the farm price proposals and related measures for 1988/89,¹⁰ concentrating on the major problems raised during preparatory work with regard to cereals, fruit and vegetables, sugar, beef/veal and tobacco. It also held an initial exchange of views on the proposal for a 10-point dismantling of negative MCAs for Greece.

The Council also decided¹¹ to further extend¹² the milk year until 31 May and the beef/veal marketing year until 5 June. It took note of the Commission's intention of taking certain interim protective measures for cauliflowers and dried fodder, to ensure a smooth transition from the 1987/88 marketing year to 1988/89 (→ point 2.1.135).

The Council examined two proposals for Directives on quick-frozen foodstuffs and on additives in foodstuffs for human consumption (→ point 2.1.19).

The Council discussed the following outstanding veterinary questions:

- (i) trade in certain animals and their meat as referred to in Article 7 of the hormones Directives;¹³
- (ii) amount of the fees to be charged for health inspections and controls (fresh meat and poultrymeat);¹⁴
- (iii) health rules for fresh meat reserved for the domestic market and level of fees;¹⁵
- (iv) health problems affecting intra-Community trade in fresh meat;¹⁶
- (v) health problems upon importation of bovine animals and swine and fresh meat from non-member countries.¹⁶

The Agriculture Ministers also took the opportunity, on 19 April, to hold a conciliation meeting between the Council and a delegation from Parliament, attended by the Commission, at which the cessation of farming (early retirement)¹⁷ and all the agri-

¹ Bull. EC 3-1988, point 2.1.136.

² OJ C 318, 30.11.1987; Bull. EC 10-1987, point 2.1.159; OJ C 49, 22.2.1988; Bull. EC 1-1988, point 2.1.63; OJ C 94, 11.4.1988; Bull. EC 3-1988, point 2.1.137, OJ C 122, 9.5.1988.

³ OJ L 106, 27.4.1988; OJ L 110, 29.4.1988.

⁴ Bull. EC 2-1988, point 1.1.1 *et seq.*

⁵ OJ C 236, 2.9.1987; Bull. EC 4-1987, point 1.2.1 *et seq.*; Bull. EC 2-1988, point 1.1.1.; Bull. EC 3-1988, point 2.1.136.

⁶ OJ C 51, 23.2.1988; Bull. EC 1-1988, point 1.3.1 *et seq.*; OJ C 84, 31.3.1988; Bull. EC 2-1988, points 1.1.1. and 2.1.108.

⁷ Bull. EC 9-1987, point 1.5.1; OJ C 84, 31.3.1988; Bull. EC 2-1988, points 1.1.1 and 2.1.108; COM(88) 223 final; COM(88) 228 final.

⁸ Bull. EC 9-1987, point 1.5.1; Bull. EC 2-1988, point 1.1.1; Bull. EC 3-1988, point 2.1.136.

⁹ Bull. EC 3-1988, point 2.1.138.

¹⁰ Bull. EC 3-1988, point 1.2.1 *et seq.* and 2.1.139.

¹¹ OJ L 104, 23.4.1988.

¹² OJ L 88, 1.4.1988; Bull. EC 3-1988, point 2.1.138.

¹³ OJ L 70, 16.3.1988; Bull. EC 3-1988, point 2.1.138.

¹⁴ OJ C 180, 18.7.1986; Bull. EC 6-1986, point 2.1.201.

¹⁵ OJ C 302, 27.11.1986; Bull. EC 11-1986; point 2.1.199; OJ C 298, 7.11.1987; Bull. EC 10-1987, point 2.1.160.

¹⁶ OJ C 276, 1.11.1986; Bull. EC 11-1986, point 2.1.199.

¹⁷ OJ C 236, 2.9.1987; Bull. EC 4-1987, point 1.2.1 *et seq.*; Bull. EC 2-1988, point 1.1.1; Bull. EC 3-1988, point 2.1.136.

cultural aspects of the follow-up to the conclusions of the European Council in Brussels last February¹ were discussed.

At the close of the conciliation meeting, a joint statement was adopted in which the three institutions recalled the agreement reached at the Brussels European Council on the reform of the CAP and the structural Funds and stressed that compliance with the budgetary discipline agreed required close interinstitutional cooperation.

Agricultural prices and related measures for 1988/89

2.1.128. On 28 April the Economic and Social Committee adopted an opinion on the farm price proposals and related measures for 1988/89 (→ point 2.4.59).²

Market organizations

Cereals and rice

2.1.129. Following the agreement reached between the Community and Argentina in October 1987 to open a Community quota for the import of 550 000 tonnes of bran at a reduced levy,³ the Council laid down the general conditions for the import of bran, sharps and other residues derived from the sifting, milling or other working of cereals other than maize and rice.⁴ According to these arrangements, the products in question may be imported under certain conditions at a levy which is reduced by an amount established on a flat-rate basis at 40% of the variable component of the levy.

2.1.130. On 29 April the Commission adopted a Regulation laying down detailed rules for the application of these special import arrangements⁵ (→ point 2.1.129).

2.1.131. On 28 April the Commission sent the Council a proposal for a Regulation⁶ to amend the Regulation of 17 November 1987 on the transfer of 150 000 tonnes of barley held by the Spanish intervention agency,⁷ seeking to extend to 31 May the time limit laid down for the transport to Greece of the residual 30 000 tonnes of bar-

ley that it had not been possible to transfer by the date specified in the November 1987 Regulation, namely 15 April.

Fruit and vegetables

2.1.132. On 25 April the Council, acting on a proposal from the Commission⁸ after receiving the opinion of Parliament,⁹ adopted a Regulation¹⁰ the purpose of which is to ban henceforward, except in exceptional circumstances, the marketing of Class III products as defined by the Regulation of 18 May 1972 on the common organization of the market in fruit and vegetables.¹¹

2.1.133. On account of the difficult situation on the Community market in dessert apples during the current marketing year — a result *inter alia* of export forecasts from non-member countries, notably in the southern hemisphere, which are well in excess of traditional exports to the Community, and of the actual rate of exports from Chile in particular — the Commission was initially obliged to suspend temporarily the issue of import licences for dessert apples from Chile from 18 to 29 April.¹²

It subsequently decided to set an overall target for imports of dessert apples, divided fairly between the supplier countries, and to prolong until 31 August the suspension of the issue of import licences for Chile since imports from Chile had reached the permitted reference quantity.¹³

Lastly, it took a similar decision regarding imports from non-member countries other

¹ Bull. EC 2-1988, points 1.1.1 and 2.1.108.

² Bull. EC 3-1988, points 1.2.1 *et seq.* and 2.1.139.

³ OJ L 24, 29.1.1988.

⁴ OJ L 104, 23.4.1988.

⁵ OJ L 111, 30.4.1988.

⁶ COM (88) 236 final.

⁷ OJ L 328, 19.11.1987; Bull. EC 11-1987, point 2.1.177.

⁸ Bull. EC 2-1988, point 2.1.115.

⁹ OJ C 122, 9.5.1988.

¹⁰ OJ L 107, 28.4.1988.

¹¹ OJ L 118, 20.5.1977.

¹² OJ L 98, 15.4.1988.

¹³ OJ L 102, 21.4.1988.

than Chile, New Zealand, Australia, South Africa and Argentina.¹

2.1.134. On 28 April the Commission amended² its Regulation of 3 February 1988 introducing special surveillance of imports of dessert apples from non-member countries.³ The purpose of the amendment is to extend from one month to 40 days the term of validity of import licences applied for before 31 March but issued from that date.

2.1.135. On 26 April, in order to ensure a smooth transition from the 1987/88 marketing year to 1988/89, the Commission adopted a Regulation laying down precautionary measures in the fruit and vegetables sector, with respect to cauliflowers.⁴

Wine

2.1.136. On 20 April the Commission sent the Council a recommendation for a Decision authorizing the Commission to enter into negotiations with a view to concluding an agreement between the Community and the United States of America on cooperation in the wine sector.⁵

Such an agreement would relate to oenological processes, import documentation, the protection of geographic names used to designate wines, the harmonization of rules on wine labelling and cooperation against fraud.

2.1.137. On 6 April the Commission adopted two Regulations⁶ fixing the quotas for 1988 to be opened by Spain and Portugal respectively for certain wine-sector products from non-member countries. It was decided, taking account of the quotas for 1987⁷ and of trade recorded, to increase the quotas by 10% on 1987.

2.1.138. On 14 April the Commission adopted a Regulation⁸ providing for an exception in Italy for the 1987/88 wine year as regards the notification by producers of quantities of table wine to be delivered by them for compulsory distillation.⁹ This authorizes Italian producers who are subject

to compulsory distillation to notify the quantities involved to the competent authority by 30 April instead of 31 March 1988.

Milk and milk products

2.1.139. On 5 May the Commission sent the Council a proposal for a Regulation¹⁰ amending the Regulation of 16 March 1987¹¹ on the temporary withdrawal of a proportion of the reference quantities allocated under the arrangements for the application of the additional milk levy. Current rules provide for the direct payment of compensation to producers where the reference quantities of all producers are reduced to meet a specific quantitative target and where a uniform proportion of the reference quantities is withdrawn temporarily. A feature of milk production in Greece is the large number of small producers, which means that it faces major difficulties in reaching sufficiently high quality standards. Since the administrative tasks involved in the direct payment of such compensation to individual producers would seem disproportionate to the benefits it brings them, it would be more efficient and more in the interests of producers to authorize Greece to invest the sums concerned in programmes to improve milk quality.

Beef/veal

2.1.140. On 18 April the Council, acting on a proposal from the Commission,¹² adopted a Regulation opening, for 1988, a special unilateral tariff quota for imported fresh high-quality beef and veal falling within CN codes 0201 and 0206 10 95.¹³

¹ OJ L 102, 21.4.1988; OJ L 107, 27.4.1988.

² OJ L 108, 29.4.1988.

³ OJ L 34, 6.2.1988; Bull. EC 2-1988, point 2.1.116.

⁴ OJ L 106, 27.4.1988.

⁵ COM(88) 159 final.

⁶ OJ L 90, 7.4.1988.

⁷ OJ L 6, 8.1.1987.

⁸ OJ L 98, 15.4.1988.

⁹ OJ L 378, 31.12.1987; Bull. EC 12-1987, point 2.1.214.

¹⁰ COM(88) 237 final.

¹¹ OJ L 78, 20.3.1987; Bull. EC 3-1987, point 2.1.150.

¹² OJ L 30, 4.2.1988; Bull. EC 1-1988, point 2.1.80.

¹³ OJ L 101, 20.4.1988.

The quota in question totals 1 000 tonnes at a rate of duty of 20%.

2.1.141. Likewise on 18 April the Council, acting on a proposal from the Commission,¹ adopted a Regulation opening, for 1988, a special unilateral tariff quota for imported high-quality, fresh, chilled or frozen beef and veal falling within CN codes 0201 and 0202 and for products falling within CN codes 0206 10 95 and 0206 29 91.² The total amount of this quota is 8 000 tonnes expressed in weight of the product, and the rate of duty is 20%.

Oils and fats

2.1.142. On 7 April the Commission sent the Council a proposal for a Regulation³ to amend the regulation of 14 June 1983 on the subsidy for oilseeds.⁴

In view of the increase in the production of sunflower seed in recent years and the rise in demand for such seed from the animal feed industry, the system of aid provided for in Article 27 of the Council Regulation of 22 September 1966 on the establishment of a common organization of the market in oils and fats⁵ should be extended to sunflower seed incorporated in feeding-stuffs.

2.1.143. On 14 April the Commission adopted a Regulation⁶ excluding olive oil whose tetrachloroethylene content exceeds 1 mg/kg from qualifying for Community aid.

2.1.144. On 27 April the Commission amended⁷ its Regulation of 19 February fixing, for the period 1 January to 31 December 1988, the maximum quantity of certain products of the oils and fats sector to be released for consumption and imported into Spain.⁸ This amended Regulation increases by 100 000 tonnes the quantity of sunflower seed which may qualify for the compensatory aid on export, following the updating of the forecast supply balance for 1988 for certain products in the

oils and fats sector subject to the system for controlling the prices and quantities of such products released for consumption in Spain.

Sugar

2.1.145. On 21 April the Commission adopted a Regulation⁹ amending the Regulation of 24 July 1978 laying down detailed rules of application in respect of the production refund for sugar used in the chemical industry.¹⁰

The 1978 Regulation specifies that when one of the chemical products listed in the Annex to the Council Regulation of 25 March 1986¹¹ is not obtained by virtue of its method of manufacture directly from the basic product in question but from an intermediate product which is itself obtained from that basic product the granting of the production refund cannot take place unless verification covers all the stages of processing. Owing to the considerable difficulties of carrying out such verification on a continuous basis even where an intermediate product is manufactured in one Member State and processed into the final chemical product in another, this provision has had very limited application to date in a single Member State.

The purpose of the new Regulation is, therefore, to provide an appropriate verification system, to list the intermediate products in question and to determine the technical coefficients for converting them into basic products.

¹ Bull. EC 12-1987, point 2.1.220.

² OJ L 101, 20.4.1988.

³ COM(88) 164 final.

⁴ OJ L 163, 22.6.1983.

⁵ OJ 172, 30.9.1966.

⁶ OJ L 98, 15.4.1988.

⁷ OJ L 107, 28.4.1988.

⁸ OJ L 47, 20.2.1988; Bull. EC 2-1988, point 2.1.133.

⁹ OJ L 103, 22.4.1988.

¹⁰ OJ L 201, 25.7.1978.

¹¹ OJ L 94, 9.4.1986; Bull. EC 3-1986, point 2.1.122.

Tobacco

2.1.146. In continuation of its policy of release from stock, and of reducing the period of storage of tobacco held in intervention, the Commission awarded contracts for the export without refund of four of the six lots of tobacco offered for sale by tender,¹ involving a total of 5 336 233 kg of tobacco from the 1985 harvest held by the Greek intervention agency.²

The Commission opened a new invitation to tender for the sale of the remaining 2 353 006 kg of tobacco from the 1985 crop.³

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Import arrangements for manioc

2.1.147. On 26 April the Council adopted a Regulation concerning the autonomous import arrangements to apply in 1988 to manioc originating in certain non-member countries which are not members of GATT, other than the People's Republic of China.

The regulation maintains these countries' quota for manioc imports at the 1987 level,⁴ i.e. 30 000 tonnes subject to a levy of not more than 6% *ad valorem*. The quantitative limit does not, however, apply to imports of manioc for human consumption.

Structures

Socio-structural measures

2.1.148. On 26 April the Council formally adopted a new Regulation⁵ incorporating the schemes for the set-aside of arable land and for the extensification and conversion of production into the Regulation of March 1985 on improving the efficiency of agricultural structures⁶ (→ point 2.1.159).

2.1.149. On 29 April the Commission, pursuant to this new Council Regulation (→ point 2.1.148), adopted two Regu-

lations laying down detailed rules for applying the set-aside incentive scheme for arable land and laying down criteria for delimitating the regions or areas which may be exempted from the schemes for the set-aside of arable land, extensification and the conversion of production.⁷ This means that the set-aside scheme can be brought in by the Member States in time for the 1988/89 marketing year.

2.1.150. On 26 April the Council also adopted a Regulation on the cessation of farming (early retirement) (→ point 2.1.127).⁸

2.1.151. On 29 March the Council adopted a Regulation⁹ amending the Regulation of 12 March 1985 on improving the efficiency of agricultural structures.⁶ This amendment relates to the number of pig places eligible for investment aid, which has been cut to 300 places per holding out of a total of 800 places, and to a 10% increase in the amount of investment aid for holdings in Greece, Ireland, Italy, Portugal and Spain, a possibility which remains open until 31 December 1989.

Regional measure and specific common measures

2.1.152. On 25 April the Council, acting on a proposal from the Commission¹⁰ after receiving Parliament's opinion,¹¹ adopted a Regulation on a specific common measure to encourage the development of agriculture in certain regions of Spain.¹²

¹ OJ C 43, 16.2.1988.

² OJ C 96, 12.4.1988.

³ OJ L 92, 9.4.1988; OJ C 96, 12.4.1988.

⁴ Bull. EC 2-1987, point 2.1.134.

⁵ OJ L 106, 27.4.1988.

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

⁷ OJ L 121, 11.5.1988.

⁸ OJ L 110, 29.4.1988.

⁹ OJ L 108, 29.4.1988.

¹⁰ OJ C 25, 30.1.1988.

¹¹ OJ C 122, 9.5.1988.

¹² OJ L 107, 28.4.1988.

This measure is designed to concentrate Community funding. So as to improve agricultural structures and ensure the survival of farming in the less-favoured areas of Spain, the aim is to give priority to such areas and to mountain areas and to improve economic and social cohesion as defined in the Single European Act.¹

The measures best suited to resolving the main problems of this new Member State are the following:

- (i) the improvement of the rural infrastructure;
- (ii) the renewal and/or extension of existing irrigation networks where this is essential in order to orient production better;
- (iii) the consolidation of agricultural land with the aim of lowering production costs, and related operations;
- (iv) the prevention of erosion, countryside conservation and the protection of valley habitats;
- (v) the improvement of privately owned farmland as part of an overall scheme;
- (vi) woodland improvement and related measures;
- (vii) the improvement of farm housing to avoid a rural exodus.

The duration of the common measure is restricted to five years and the cost to the Guidance Section of the EAGGF is 420 million ECU.

2.1.153. On 28 April the Economic and Social Committee adopted an own-initiative opinion on upland areas (→ point 2.4.60).

Environment

2.1.154. The Commission approved, by Decision of 12 April, a series of measures taken under the Regulation of 12 March 1985,² as amended by the Regulation of 15 June 1987,³ concerning the protection of eight Environmentally Sensitive Areas (ESA) in England, Scotland and Wales. The purpose of these measures, which cover an

eligible area of 225 000 hectares, is to protect the landscape, conserve the flora and fauna and encourage the regeneration of woodlands and low-intensity grazing.

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2.1.155. On 20 April the Commission sent the Council a proposal for a Decision on special support for the development of agricultural statistics in Ireland.⁴ The aim of this proposal is to make a Community contribution to help Ireland carry out the structural surveys of farm holdings required by the Council Regulation of 29 February 1988.⁵

2.1.156. On 20 April the Commission also sent the Council a proposal for a Decision adopting a pilot project on remote sensing applied to agricultural statistics.⁶ The purpose of this pilot project is to incorporate remote sensing data into the Community agricultural information system, in particular as regards estimates of crop area and harvest forecasts. The planned duration of the project is five years, starting on 1 January 1989, and it will be carried out by the Joint Research Centre in close collaboration with national laboratories and bodies. The amount of financing considered necessary for the full duration of the project is 35.5 million ECU, to be paid in annual instalments.

Legislation

Veterinary and animal husbandry legislation

2.1.157. On 12 April the Commission sent the Council a proposal for a Decision recognizing certain parts of the territory of the

¹ OJ L 169, 29.6.1987; Supplement 2/86 — Bull. EC.

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

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

⁴ OJ C 118, 5.5.1988; COM(88) 183 final.

⁵ OJ L 56, 2.3.1988; Bull. EC 2-1988, point 2.5.1.

⁶ OJ C 119, 6.5.1988; COM(88) 163 final.

Community as being either officially swine fever free or swine fever free.¹ The main purpose of the proposal is to recognize a number of new regions in France, the Netherlands and the Federal Republic of Germany as being either officially swine fever free or swine fever free. It also consolidates into a single list all parts of the Community which have been so recognized in previous instruments.

2.1.158. On 18 April the Commission sent the Council a proposal for a Decision designating and laying down the functions of a Coordinating Institute for foot-and-mouth disease vaccines.²

2.1.158a. On 26 April it sent the Council a proposal for a Decision designating and laying down the functions of a reference laboratory for the identification of foot-and-mouth disease virus.³

2.1.159. The incidence of brucellosis in Northern Ireland has been reduced drastically. The Commission therefore, by Decision of 13 April, increased to two years the interval between testing in cattle herds in Northern Ireland.

Plant health legislation

2.1.160. On 5, 7 and 8 April the Commission adopted five plant health measures: two Directives amending the Annexes to the Council Directive of 21 December 1976 on protective measures against the introduction into the Member States of organisms harmful to plants or plant products,⁴ which established the Community plant health regime, an implementing Directive to supplement that regime, and two Decisions granting derogations from certain provisions of the 1976 Directive.

The principal aim of the first amending Directive is to supplement the list of harmful organisms against which the Community must be protected.⁵ The second incorporates, on a temporary basis, various restrictions which Member States have

imposed unilaterally on certain products from non-member countries.⁶ The justification for these restrictions from the point of view of plant health will be assessed at Community level on a case-by-case basis before the expiry of the second Directive.

The implementing Directive specifies the Community areas recognized as free from *Quadrastipidiotus perniciosus* (San Jose scale).⁶ Products from these areas will no longer be subjected to seasonal bans or fumigation requirements.

The two derogation Decisions specify the plant health conditions under which ware potatoes produced in Cuba or Turkey may be imported this year into certain Member States.⁶

Feedingstuffs

2.1.161. On 8 April the Commission adopted a Directive amending the Annexes to the Council Directive of 23 November 1970 concerning additives in feedingstuffs⁷ in the light of advances in scientific and technical knowledge.⁸ The measures relate to the authorization at Community level of a new use of the colourant canthaxanthin, a restriction on the vitamin A content of poultry feed and the authorization at national level of the use of certain additives classed as antibiotics.

Competition

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

¹ COM(88) 211 final.

² COM(87) 537 final.

³ COM(87) 538 final.

⁴ OJ L 26, 31.1.1977.

⁵ OJ L 116, 4.5.1988.

⁶ OJ L 100, 19.4.1988.

⁷ OJ L 270, 14.12.1970.

⁸ OJ L 101, 20.4.1988.

Germany

North Rhine-Westphalia

Forestry measures in collectively owned private woodlands.

Rhineland-Palatinate

Measures to ensure the survival of low-income farms facing financial difficulties.

Schleswig-Holstein

Aid towards expenditure on equipment and staff by a consultancy firm (aid for research and the dissemination of results).

Denmark

Aid for the planning of hedges as wind-breaks under environmental protection schemes.

France

Renewal of the parafiscal charge levied to finance the Fats Institute's research, training and advisory schemes, etc.

Ireland

Exchange Guarantee Scheme for Farmers (credit scheme to make good damage caused by natural disasters).

Italy

Umbria

(a) Measures to assist holdings affected by natural disasters.

(b) Aid for the production and gathering of truffles and mushrooms.

Trento

Amendments to provincial laws on agriculture.

Portugal

Specific case of aid for milk products (without any increase in capacity) under the Act of 5 September 1986.

United Kingdom

Changes to the Guernsey Interest Subsidy and New Crop Development Scheme and introduction of a new Crop Promotion Scheme (production aid and price support for new products). The market organizations do not apply in Guernsey; only Article 93(1) and (3), first sentence, of the Treaty is applicable with regard to State aids.

European Agricultural Guidance and Guarantee Fund

Guarantee Section

2.1.163. On 27 April the Commission sent the Council a proposal for a Regulation¹ to amend the Regulation of 2 August 1978 laying down general rules for the financing of intervention by the EAGGF Guarantee Section.² This follows on from the decision of the European Council in February³ concerning the financial depreciation of existing stocks and of new stocks at the time of buying-in and lays down the legal framework for this depreciation.

2.1.164. On 27 April the Commission sent the Council a proposal for a Regulation⁴ to amend the Regulation of 21 April 1970

¹ COM(88) 195 final.

² OJ L 216, 5.8.1978.

³ Bull. EC 2-1988, point 1.1.1.

⁴ COM(88) 230 final.

on the financing of the common agricultural policy.¹ This Regulation had already been adapted by the Regulation of 19 October 1987² to enable the Community to ensure the financing of the expenditure provided for in the various regulations on the market organizations in situations where relevant available appropriations are exhausted. The proposed amendment, in accordance with the European Council decision of February,³ consists essentially in extending from two months to two and a half months the time between funding by the Member States from their own financial resources and the advance payments made to the Member States by the Community.

2.1.165. The Commission has sent the budget authority the first monthly report on the development of EAGGF guarantee expenditure (early warning system), in accordance with paragraph 8 of the conclusions of the European Council held in February,³ in which the Commission is requested to 'define expenditure profiles for each budget chapter based on a comparison of monthly expenditure with the profile of the expenditure over the three preceding years... and submit monthly reports thereafter on the development of actual expenditure against profiles'.

This first report contains a provisional evaluation of expenditure incurred by the Member States between November 1987 and January 1988; it will henceforth be updated and transmitted to the budget authority by the Commission each month.

Fisheries

Resources

External aspects

Bilateral relations

Greenland

2.1.166. On 13 April the Commission sent the Council a proposal⁴ to amend the

Regulation of 15 December 1987 allocating, for 1988, Community catch quotas in Greenland waters.⁵ The purpose of the amendment is to allocate among the Member States the deep-water prawn quota available to the Community for the period concerned.

2.1.167. On 2 May the Commission sent the Council a proposal for a Decision concerning the acceptance by the Community of Greenland's offer of supplementary catch quotas for 1988.⁶

Sweden

2.1.168. On 5 April the Council, acting on a proposal from the Commission,⁷ adopted a Regulation allocating among the Member States the additional catch quotas for vessels fishing in Swedish waters for 1988.⁸

Sierra Leone

2.1.169. On 22 April exploratory talks were held in Freetown between a Commission delegation and the local authorities, with a view to the conclusion of an EEC-Sierra Leone fisheries agreement.

Côte d'Ivoire

2.1.170. On 25 and 26 April a Commission delegation and the local fisheries authorities held exploratory talks in Abidjan with a view to an EEC-Côte d'Ivoire fisheries agreement.

Comoros

2.1.171. Parliament approved⁹ the proposal for a Regulation on the conclusion of

¹ OJ L 94, 28.4.1970.

² OJ L 304, 27.10.1987; Bull. EC 10-1987, point 2.1.169.

³ Bull. EC 2-1988, point 1.1.1.

⁴ COM(88) 189 final.

⁵ OJ L 375, 31.12.1987; Bull. EC 12-1987, point 2.1.255.

⁶ COM(88) 245 final.

⁷ Bull. EC 3-1988, point 2.1.82.

⁸ OJ L 92, 9.4.1988.

⁹ OJ C 122, 9.5.1988.

the Agreement between the Community and the Comoros on fishing off the Comoros.¹

Senegal

2.1.172. Parliament approved² the proposal for a Regulation on the conclusion of the Protocol setting out the fishing rights and financial compensation provided for in the Agreement between the Senegal Government and the Community on fishing off Senegal for the period from 29 February 1988 to 28 February 1990.³

Markets and structures

Structures

2.1.173. On 29 April the Commission, acting under the Regulation of 18 December

1986 on Community measures to improve and adapt structures in the fisheries and aquaculture sector,⁴ decided to grant, as the first instalment for 1988, aid totalling some 23 980 000 ECU towards 344 vessel modernization projects and 98 aquaculture projects. Table 2 provides a breakdown by Member State.

2.1.174. On 29 April the Commission, acting under the same Regulation,⁴ also decided to grant aid totalling 3 596 000 ECU towards 11 projects for exploratory fishing voyages, submitted by Spain, Ireland, Italy, the Netherlands and Portugal.

¹ OJ C 73, 19.3.1988; Bull. EC 2-1988, point 2.1.154.

² OJ C 122, 9.5.1988.

³ OJ C 81, 29.3.1988; Bull. EC 3-1988, point 2.1.178.

⁴ OJ L 376, 31.12.1986; Bull. EC 12-1986, point 2.1.285.

Table 2

	Projects submitted		Projects approved	
	Number	Aid requested (million ECU) ¹	Number	Aid granted (million ECU) ²
Belgium	10	1.37	2	0.03
Denmark	69	2.10	57	1.45
Germany (FR)	23	4.12	5	0.72
Greece	62	7.54	19	2.81
Spain	537	99.47	197	8.17
France	166	31.46	24	0.96
Ireland	46	7.42	20	1.66
Italy	194	45.67	54	5.12
Netherlands	9	0.52	6	0.36
Portugal	93	16.07	19	0.88
United Kingdom	131	18.87	39	1.82
Total	1 340	234.61	442	23.98

¹ Converted at 1 April 1988 rates.

State aid

2.1.175. The Commission initiated the procedure laid down in Article 93(2) of the EEC Treaty in respect of two aid measures — a draft Portuguese decree-law concerning the improvement and adaptation of structures in the fisheries and aquaculture sector, on which the Commission does not yet have sufficient information to assess whether it is compatible with the common market, and a Danish law providing for State-guaranteed loans which would appear to constitute an operating aid incompatible with the common market.

*

2.1.176. On 15 April Parliament adopted a resolution on measures intended to develop the social aspects of the common fisheries policy¹ (point 2.4.19).

Transport

Infrastructure

2.1.177. The Transport Infrastructure Committee met in Brussels on 13 and 14 April to consider a series of projects proposed for inclusion in an action programme to provide the Community with the transport network needed by the large market. The Committee concluded that its activities on traffic surveys and forecasts needed to be continued.

Inland transport

Road transport

Access to the market

2.1.178. On 28 April the Economic and Social Committee delivered an opinion on

the proposal² to amend the Council Directive of 13 May 1965 concerning the standardization of certain rules relating to authorizations for the carriage of goods by road between Member States³ (→ point 2.4.61).

Technical aspects

2.1.179. Following the agreement reached on 14 March,⁴ on 11 April the Council adopted,⁵ on a proposal from the Commission,⁶ a Directive amending the Directive of 19 December 1984 on the weights, dimensions and certain other technical characteristics of certain road vehicles.⁷ This new Directive will enter into force on 1 January 1989 and extends the maximum vehicle width permitted by the 1984 Directive from 2.50 m to 2.60 m for refrigerated vehicles only.

2.1.180. On 11 April the Council adopted a common position on a Community programme in the field of information technology and telecommunications applied to road transport (Drive) (→ point 2.1.57).

2.1.181. On 22 April the Commission sent the Council a report⁸ evaluating European road safety year (1986).⁹ It sums up the Commission's work on publicity, legislation and research and each Member State's activities, with particular emphasis on projects funded by the Commission during the year. Finally, the report gives full backing to the priorities for future action set by Parliament in June 1987.¹⁰

¹ OJ C 122, 9.5.1988.

² OJ C 59, 3.3.1988; Bull. EC 2-1988, point 2.1.158.

³ OJ 88, 24.5.1965.

⁴ Bull. EC 3-1988, point 2.1.185.

⁵ OJ L 98, 15.4.1988.

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

⁷ OJ L 2, 3.1.1985; Bull. EC 12-1984, point 2.1.200.

⁸ COM(87) 503 final.

⁹ OJ C 341, 21.12.1984; Bull. EC 12-1984, point 2.1.201;

OJ C 11, 17.1.1986; Bull. EC 11-1985, point 2.1.168.

¹⁰ OJ C 190, 20.7.1987; Bull. EC 6-1987, point 2.4.19.

Transport statistics

2.1.182. On 14 April Parliament adopted an opinion¹ endorsing the proposal² to amend the Council Regulation of 24 June 1975³ in respect of the recording of the mode of transport in the external trade statistics of the Community.

International cooperation

2.1.183. On 29 April the Commission adopted for transmission to the Council a proposal for a Decision concerning the ATC Agreement (between the Community, Finland, Norway, Sweden, Switzerland and Yugoslavia) on the international combined road-rail carriage of goods.⁴

The purpose of the Agreement, which was initialled in February 1987,⁵ is to apply to combined transport services between the States concerned, and services transiting them or one or more non-contracting parties, the Community system which exempts the road journeys at the start and end of international combined transport operations from all authorizations or quotas. The Agreement is also intended to harmonize the inspection procedures and documents required for this type of service throughout Europe.

Energy

Formulating and implementing a Community energy policy

The internal energy market

2.1.184. On 6 May the Commission sent the Council a working paper on the internal energy market⁶ (→ point 1.1.1 *et seq.*).

Specific problems

Solid fuels

2.1.185. On 12 April the Commission reported⁷ to the Council on the implementation by the Member States of the Council recommendations of 24 May 1983 on investment in the use of solid fuels in industry, public buildings and district heating systems.⁸ The report describes the measures taken since the recommendations were made five years ago.

2.1.186. On 29 April the Commission amended the criteria adopted on 20 March 1980 for awarding low-interest loans to the coal industry as provided for by the first paragraph of Article 54 of the ECSC Treaty,⁹ to bring them into line with two of the Community's energy policy objectives for 1995, i.e. to open new pits (provided they are economically viable) and to make the coal industry more competitive.¹⁰

State aid to the coal industry

2.1.187. On 29 April, acting under its Decision of 30 June 1986 establishing Community rules for state aid to the coal industry,¹¹ the Commission authorized the United Kingdom to grant aid to the industry in 1988/89.¹²

Electricity

2.1.188. On 20 April the Commission adopted a communication containing a pro-

¹ OJ C 122, 9.5.1988.

² OJ C 298, 7.11.1987; Bull. EC 10-1987, point 2.1.205.

³ OJ L 183, 14.7.1975.

⁴ COM(88) 247.

⁵ Bull. EC 2-1987, point 2.1.173.

⁶ COM(88) 238 final.

⁷ COM(88) 185 final.

⁸ OJ L 140, 31.5.1983; Bull. EC 5-1983, point 2.1.149.

⁹ OJ C 79, 29.3.1980; Bull. EC 3-1980, point 2.1.104.

¹⁰ OJ C 241, 25.9.1986; Bull. EC 9-1986, point 2.1.154.

¹¹ OJ L 177, 1.7.1986; Bull. EC 6-1986, point 2.1.236.

¹² OJ L 125, 19.5.1988.

posal for a recommendation to the Member States to promote cooperation between public electricity suppliers and private electricity generators in order to develop private generation of electricity from renewable sources or waste and private combined heat and power production.¹ This communication, which will be sent to the Council—and to Parliament and the Economic and Social Committee for their opinion and to the ECSC Consultative Committee for information—describes the legal and administrative obstacles to these forms of private generation.

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

2.1.189. A Commission delegation headed by the Director-General for Energy visited Japan from 14 to 20 April to discuss energy policy issues with Mr Kitamura, Vice-Minister in the Japanese Ministry of Foreign Affairs, and with senior Foreign Ministry and Ministry of International Trade and Industry officials and representatives of private- and public-sector energy interests. This was the first time that the Community and Japan had held structured discussions on such matters. These talks, covering the short-term and long-term energy situation, the restructuring of the oil market in Japan, nuclear issues and discussions between the Community and the Gulf Cooperation

Council, made the ties closer between the two sides in this area.

Nuclear safety

Decommissioning of power stations

2.1.190. On 7 April the Commission sent the Council a proposal² to amend two Decisions of 18 June 1963³ on the establishment of the Kernkraftwerk RWE — Bayernwerk GmbH (KRB) Joint Undertaking and on the conferring of advantages on that undertaking and the transfer of knowledge by it. The purpose is to extend the period of validity of the 1963 Decisions by 12 years to 22 June 2000 so as to enable the power plant to be fully dismantled on the basis of the favourable experience gained during the stripping down of certain radioactive components of the plant. The knowledge gained during the dismantling programme—the first complete dismantling of a light-water power plant that has operated for a significant period (more than 10 years)—will be of scientific and technical benefit and helpful in estimating the cost of dismantling nuclear power plants. In return, the conferring of advantages for a further period will enable KRB to complete the programme by reducing its financial burden.

¹ COM(88) 225 final.

² COM(88) 107 final.

³ OJ 93, 22.6.1963.

2. External relations

New round of multilateral trade negotiations

State of progress

2.2.1. On 22 April the Commission sent the Council an interim report reviewing progress in the Uruguay Round.¹ The report takes stock of the current situation and looks ahead to the ministerial-level mid-term review in Montreal on 5 December.

In this context the Commission sees no need for the Community to modify the guidelines already laid down. It therefore calls on the Council to reaffirm the basic principles guiding the Community in the trade negotiations:

- (i) the need for an expansion of trade in goods and services to ensure the development of the world economy;
- (ii) the importance of a consistent approach to economic, monetary and financial issues to restore the balance of the world economy;
- (iii) the need for developing countries to participate more fully in international trade, as progressive integration of their economies into the world economy would make them potentially valuable trading partners;
- (iv) the need for the main trading powers to comply with their rollback² and standstill³ commitments at Punta del Este.⁴

The Commission is satisfied with the progress of the negotiations and believes the Uruguay Round objectives can be met by the December 1990 deadline, provided the Montreal meeting, planned for 5 December, lays down additional guidelines in certain key areas. One of these is services, where the Community is seeking consensus on an overall structure to provide the framework for sectoral negotiations. Another is agriculture, where major differences of opinion remain. The United States is still seeking the eventual elimination of all agricultural subsidies, whereas the Community —

which has been taking steps to reform its agricultural policy since 1984 — stresses the need for a medium-term solution to the imbalance on world markets.

Another item on the agenda will be talks on strengthening the authority of GATT, which the Community strongly favours.

2.2.2. At its meeting on 25 and 26 April the Council was briefed by the Commission on the state of play and future prospects of the Uruguay Round negotiations (→ point 2.2.1) and held a general exchange of views on this subject.

The Council noted that the progress of the negotiations to date has generally proved satisfactory. It stressed that for the sake of the free multilateral trading system and the world economy as a whole, every effort should be made to bring them to a successful conclusion. The Community will continue, in accordance with the guidelines agreed for the overall approach, to play a leading and active role and hopes to maintain the momentum of the negotiations. The Council called on all participants to play their part in the negotiations and avoid taking any unilateral action which might endanger their successful outcome.

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2.2.3. The informal quadrilateral meeting which took place in Vancouver, Canada, on 16 and 17 April centred on the Uruguay Round discussions (→ point 2.2.14).

¹ Bull. EC 9-1986, point 1.4.1 *et seq.*

² The phasing out of existing barriers which are incompatible with GATT rules.

³ Avoidance of new protective measures during the negotiations.

⁴ Bull. EC 9-1986, point 1.4.1 *et seq.*

Commercial policy

Implementing the common commercial policy

Commercial policy instruments

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, not liberalized at Community level,¹ the Commission adopted the following measures:

(a) *Opening of quotas*

Federal Republic of Germany — People's Republic of China: footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather (CN codes 6403 40 00; 6403 51 15, 19, 95, 99; 6403 59 95, 99; 6403 91 15, 19, 95, 99; 6403 99 95, 99); footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather (for German manufacturers only) (CN codes 6403 40 00; 6403 51 15, 19, 95, 99; 6403 59 95, 99; 6403 91 15, 19, 95, 99; 6403 99 95, 99);²

Italy — German Democratic Republic: spare parts for motor vehicles (CN code ex 8708 29 90);³

Spain — Bulgaria: 3-methyl-1-phenyl-5-pyrazolone (CN code ex 2941 90 00); tobramycin sulphate (CN code ex 2941 90 00); tylosin (CN code ex 2941 90 00);⁴

Spain — Czechoslovakia: formic acid (CN code 2915 11 00); dinitrostilbenedisulphonic acid (CN code ex 2904 90 90);⁴

Spain — Soviet Union: polyvinyl chloride, not mixed with any other substances (CN code 3904 10 00); dinitrochlorobenzene (CN code ex 2904 90 90); synthetic indigo (CN code ex 3204 15 00); cuprammonium fibre, crude (CN code ex 5504 90 00 — cate-

gory ex 126); high modulus viscose fibre (CN code ex 5504 10 00 — category ex 126); polyisoprene (CN codes ex 4002 60 00; ex 4005 99 00);⁴

Spain — People's Republic of China: lincomycinhydrochloride (CN code ex 2941 90 00); kanamycin, griseofulvin, gentamicin (CN code ex 2941 90 90); citric acid (CN code 2918 14 00);⁴

Italy — Poland: synthetic rubber (CN code ex 4002 19 00).⁵

(b) *Modification of quotas*

United Kingdom — Poland: transistorized television broadcast receivers (colour and monochrome) with screens of under 45.7 cm in size (CCT subheading 85.15 A ex III).⁶

(c) *Safeguard measure*

Greece — Bulgaria: the release for free circulation in Greece of matches (CN code 3605 00 00) originating in Bulgaria is subject to quantitative restrictions until 31 December 1988.⁶

Trade protection

2.2.5. Trade protection measures taken in April are shown in Table 3:

¹ OJ L 346, 8.12.1983.

² OJ C 92, 9.4.1988.

³ OJ C 107, 23.4.1988.

⁴ OJ C 111, 28.4.1988.

⁵ OJ C 113, 29.4.1988.

⁶ OJ C 116, 3.5.1988.

Table 3 — Trade protection measures

Council	Commission
<p><i>Anti-dumping proceedings</i></p> <p><i>Extension of definitive anti-dumping duty on imports of:</i></p> <ul style="list-style-type: none"> • certain electronic scales originating in Japan and assembled in the Community OJ L 101, 20.4.1988 (definitive anti-dumping duty: OJ L 97, 12.4.1986) • certain electronic typewriters originating in Japan and assembled in the Community OJ L 101, 20.4.1988 (definitive anti-dumping duty: OJ L 163, 22.6.1985) <p><i>Definitive anti-dumping duty on imports of:</i></p> <ul style="list-style-type: none"> • roller chains for cycles originating in the People's Republic of China OJ L 115, 3.5.1988 (provisional anti-dumping duty: OJ L 3, 6.1.1988) 	<p><i>Anti-dumping proceedings</i></p> <p><i>Amendment of provisional anti-dumping duty on imports of:</i></p> <ul style="list-style-type: none"> • certain iron or steel coils originating in Algeria, Mexico or Yugoslavia OJ L 98, 15.4.1988 (Initial provisional anti-dumping duty: OJ L 18, 22.1.1988) • certain sheets and plates of iron or steel originating in Yugoslavia OJ L 98, 15.4.1988 (initial provisional anti-dumping duty: OJ L 23, 28.1.1988) <p><i>Termination of the anti-dumping investigation concerning imports of:</i></p> <ul style="list-style-type: none"> • certain hydraulic excavators assembled or produced in the Community OJ L 101, 20.4.1988 (initiation of proceeding: OJ C 285, 23.10.1987) • certain typewriters assembled or produced in the Community by TEC Elektronik-Werk GmbH and Brother Industries (UK) Ltd OJ L 101, 20.4.1988 (initiation of proceeding: OJ C 235, 1.9.1987) • certain electronic scales assembled or produced in the Community by TEC-Keylard Weegschalen Nederland BV OJ L 101, 20.4.1988 (initiation of proceeding: OJ C 235, 1.9.1987)

Treaties and trade agreements: extension or automatic renewal

2.2.6. On 18 April the Council authorized¹ the extension or automatic renewal of certain trade agreements between Member States and other countries, where the date for giving notice of denunciation fell between 1 February and 30 April 1988 (first batch for 1988).²

Individual sectors

Iron and steel products

Agreements and arrangements with non-member countries

2.2.7. Following the approval by the Council of the texts of the steel arrange-

ments concluded by the Commission with certain non-Community countries,³ the Commission will now carry out the signing formalities with the countries concerned: EFTA countries (Austria, Finland, Norway and Sweden), State-trading countries (Bulgaria, Czechoslovakia, Hungary, Poland and Romania) and others (Brazil, South Korea and Venezuela).

Autonomous measures

2.2.8. On 14 April the Commission decided⁴ to authorize the Member States to derogate from obligations arising under the ECSC High Authority recommendation

¹ OJ L 103, 22.4.1988.

² Bull. EC 2-1988, point 2.2.11.

³ Bull. EC 2-1988, point 2.2.12.

⁴ OJ L 107, 28.4.1988.

of 15 January 1964 concerning an increase in the protective duty on iron and steel products at the external frontiers of the Community.¹

2.2.9. The Council having given its assent on 22 March,² the Commission decided on 27 April to prohibit price alignment on offers of steel products originating in certain countries covered by arrangements, other than EFTA countries, which apply the same price rules as the Member States,³ (→ point 2.2.7).

Textiles

Agreements and arrangements with non-member countries

MFA countries

2.2.10. Consultation with Pakistan held in Brussels on 13 and 14 April led to agreement on the introduction of a new limit on exports of household linen (category 39) to France and the Benelux countries for the period 1988-91. The impact of the introduction of the Combined Nomenclature on category IV and the general application of the 'basket extractor' mechanism (Article 8 of the bilateral textile agreement with Pakistan) were also discussed.

2.2.11. The third and final round of talks with Thailand to examine the impact of the Combined Nomenclature on certain Thai exports took place in Bangkok on 20 and 21 April.⁴ A solution was adopted which takes full account of the new situation.

Mediterranean preferential countries

2.2.12. Consultations took place in Brussels on 18 and 19 April with the Turkish Associations of Exporters of Textile Products. The issues discussed included problems arising from the administrative cooperation arrangement, and the extension of the arrangement to bathrobes (category 18) and dresses (category 26).

Industrial and intellectual property

2.2.13. On 27 April an exchange of letters took place in Brussels between the Commission and the Indonesian authorities, concerning the protection of copyright on the reproduction of sound recordings (specifically cassettes). From 1 June Indonesia will give sound recordings made in those Community Member States which provide protection for Indonesian sound recordings the same legal protection as it accords in respect of its own nationals.

This exchange of letters terminates the examination procedure initiated by the Commission in 1987 under the new commercial policy instrument (NCPI).⁵

Relations with industrialized countries

Quadrilateral meeting

2.2.14. Mr De Clercq represented the Community at the 14th informal quadrilateral meeting of Trade Ministers held in Vancouver, Canada, on 16 and 17 April.⁶ The meeting was chaired by the Canadian Minister, Mr John Crosbie. The other participants were Mr Clayton Yeutter, United States Trade Representative, and Mr Hajime Tamura, Japan's Minister for International Trade and Industry. The idea for these meetings dates back to the Ottawa Western Economic Summit in 1981.⁷

The Ministers discussed recent developments in the Uruguay Round in the run-up the mid-term review in Montreal, assessing progress on the key topics of services, agriculture, safeguard clauses and the functioning of GATT.

¹ OJ 8, 22.1.1964; OJ L 15, 20.1.1988.

² OJ C 91, 8.4.1988.

³ OJ L 107, 28.4.1988.

⁴ Bull. EC 1-1988, point 2.2.27; Bull. EC 2-1988, point 2.2.8.

⁵ OJ L 252, 20.9.1984; Bull. EC 9-1984, point 2.2.5.

⁶ Bull. EC 4-1987, point 2.2.12.

⁷ Bull. EC 7/8-1981, point 2.2.45.

Mr De Clercq also had bilateral talks with Mr Yeutter and Mr Tamura. With the United States representative he broached some unresolved agricultural issues (hormones, slaughterhouses, soya) and the subject of the Trade Bill. To Mr Tamura he reiterated his demand that major Japanese public works contracts be opened to European firms and asked for clarification concerning Japan's compliance with the rulings of the GATT panels on wines and spirits¹ and semiconductors.²

United States

Wine

2.2.15. On 20 April the Commission sent the Council a recommendation for a Decision authorizing it to enter into negotiations for an agreement with the United States (→ point 2.1.36), which would enable it to continue facilitating imports of US wine, as provided in the exchange of letters of July 1983³ authorizing access to the Community market for wines subject to oenological processes prohibited in the Community for health reasons.⁴

Canada

2.2.16. Following the quadrilateral meeting in Vancouver (→ point 2.2.14), Mr De Clercq had a number of meetings with members of the Canadian Government on 18 and 19 April, including the Prime Minister, Mr Brian Mulroney, Mr Joe Clark (External Affairs), Mr Michael Wilson (Finance), Mr Frank Oberle (Science and Technology), Mr Charlie Mayer (Wheat Board) and Mr John Crosbie (Trade). The talks covered developments in the common agricultural policy and the mid-term review of progress in the multilateral trade negotiations, bilateral trade irritants, science and technology, fisheries and Community-Canada relations in general.

Mr De Clercq explained the importance of the steps taken by the Community concerning agricultural policy and said the Community now expected its partners in turn to

take immediate and longer-term measures to help restore balance to the markets. The Community, he said, was anxious that agriculture should not be treated in isolation but as part of an overall package at the mid-term review. On bilateral issues, progress was made towards resolving the problems affecting Community pasta and cheese exports but Canada was still unwilling to act on the ruling of a GATT panel in September 1987 condemning the imposition of a countervailing duty on Community beef exports. Mr Crosbie explained Canada's position on the Franco-Canadian fisheries dispute. He reacted favourably to Mr De Clercq's proposal that experts meet to settle differences between the Community and Canada regarding the conservation of fish stocks outside Canada's 200-mile zone. Both sides expressed interest in developing and intensifying scientific and technical cooperation.

As regards overall relations, the External Affairs and Trade Ministers confirmed what the Prime Minister, Mr Mulroney, had told Mr Delors in March,⁵ namely that Canada was keen to give the relationship a new impetus. The tenor of Mr De Clercq's meetings with members of the Canadian Government reflected Canada's interest in putting relations on an institutional footing and strengthening sectoral links.

Japan

2.2.17. On the basis of a Commission communication, the Council discussed the Community's relations with Japan and adopted conclusions (→ point 1.3.1 *et seq.*).

New Zealand

2.2.18. New Zealand's Prime Minister, Mr David Lange, and the Minister for Over-

¹ Bull. EC 10-1987, point 2.2.17.

² Bull. EC 3-1988, point 2.2.14.

³ Bull. EC 7/8-1983, points 2.2.44 to 2.2.46.

⁴ Bull. EC 3-1984, point 2.2.20; Bull. EC 6-1984, point 2.2.25.

⁵ Bull. EC 3-1988, point 2.2.15.

seas Trade, Mr Michael Moore, visited the Commission on 28 April. They had talks with Lord Cockfield, Mr Andriessen and Mr De Clercq on general issues including the prospects for the multilateral trade negotiations (especially as they will affect agriculture), recent moves in the Community towards the creation of the single market, and the state of New Zealand's economy. There was also an exchange of views on bilateral agricultural issues (access to the Community market for New Zealand butter, changes in the Community's arrangements for sheepmeat imports and the introduction of Community safeguard measures for imports of apples). More specific topics discussed included cooperation in the dairy sector, scientific and technical cooperation and development aid in the South Pacific.

European Free Trade Association

2.2.19. Mr Per Kleppe, outgoing Secretary-General of EFTA, visited the Commission on 11 April. He gave Lord Cockfield and Mr De Clercq his views on the strengthening of cooperation between the Community and EFTA, insisting that the political dimension should not be submerged by red tape.

2.2.20. In response to the joint statement adopted by the Community and the EFTA countries on 2 February,¹ the Commission sent the Council on 29 April a recommendation for a decision on the opening of formal negotiations with the EFTA countries to conclude additional protocols to the bilateral free trade agreements signed in 1972² for the phasing out of remaining export restrictions.

Austria

2.2.21. Mr De Clercq went to Vienna on 8 April for the opening of the Commission Delegation, henceforth accredited not only to the international organizations with headquarters in Vienna but also to Austria itself.³ While in Vienna, Mr De Clercq had in-depth talks with the Chancellor, Dr

Franz Vranitzky, the Vice-Chancellor, Mr Alois Mock, and the Minister for Economic Affairs, Mr Robert Graf, on the possibilities for both bilateral cooperation and multilateral EEC-EFTA cooperation. He broached these subjects again in meetings with representatives of the two sides of industry and in the speech he made to a large gathering of representatives from political and business circles.

Nordic countries

2.2.22. The Presidium of the Nordic Council⁴ visited the Commission on 21 April. The visit was particularly timely in view of the Nordic countries' growing interest in their future relations with the Community. At meetings with Mr Delors, Mr Narjes, Mr Christophersen and Mr De Clercq the two sides' respective objectives and their efforts to increase cooperation were discussed.

Relations with other countries and regions

Mediterranean countries

Yugoslavia

2.2.23. Mr Cheysson, Member of the Commission with special responsibility for Mediterranean policy, visited Yugoslavia from 10 to 12 April at the invitation of the Yugoslav Government. He held a series of talks with Mr Mojsov and Mr Dizdarević, President and Vice-President of the Republic, Mr Mikulić, President of the Federal Executive Council, Mr Loncar, Federal Secretary for Foreign Affairs, and Mr Kovac,

¹ Bull. EC 2-1988, point 2.2.18.

² OJ L 300, 31.12.1972.

³ Bull. EC 10-1987, point 2.2.22.

⁴ The Nordic Council was set up in 1962 to develop cultural, social and economic cooperation between its members (Denmark, Finland, Iceland, Norway and Sweden).

Minister with responsibility for relations with the Community. The visit provided the occasion for a review of bilateral relations: the two sides welcomed the return to balance in their trade and said they wished to cooperate more closely, particularly in science, technology and transport. Other subjects discussed were the effects of the future completion of the Community internal market and of Yugoslavia's current economic reforms. The talks also covered Yugoslavia's foreign debt problems, the East-West dialogue and détente, the further development of Community-EFTA and Yugoslavia-EFTA relations and the Balkan Conference.

Algeria

2.2.24. A meeting took place between delegations representing the Commission and the Algerian Government with the aim of programming the 239 million ECU of Community aid allocated under the third financial Protocol;¹ this comprises 56 million ECU from the Community budget (including 4 million ECU in risk capital) and 183 million ECU in EIB loans. The two major objectives are to reduce the food deficit and bring about a transfer of technology and the application of know-how on a broader scale.

With regard to the resources administered by the Commission, 40% will be used to finance such food self-sufficiency schemes as a major programme for the improvement and production of seeds for large-scale crop cultivation and a coastal fisheries and aquaculture development programme; 40% will also be spent on spreading know-how, notably through a large-scale scientific and technological cooperation programme and a management training programme for senior Algerian executives. The remaining 20% will be set aside for industrial cooperation schemes, regional projects and *ad hoc* operations.

The bulk (65%) of the EIB-administered resources will be devoted to water management, particularly in relation to agricultural water-engineering projects (dams and irri-

gation), and to waste water disposal and treatment; 10% will be used to finance direct investment in agriculture (line of credit for livestock production) and 25% for economic infrastructure (public works and possibly energy).

Tunisia

2.2.25. Mr Cheysson paid an official visit to Tunisia from 5 to 7 April at the invitation of Mr Mestiri, the Foreign Minister. He was received by the Head of State, Mr Zine Ben Ali, and had talks with the Prime Minister, Mr Baccouche, the Foreign Minister and the President of the Chamber of Deputies. He also participated in a working meeting with the ministers responsible for planning, economic affairs, agriculture, finance, agricultural production and the food industry.

The talks covered Tunisia's general economic situation—much improved in 1987 albeit still precarious—bilateral relations with the Community, which both sides considered to be excellent from the standpoint of both trade and financial and technical cooperation, and the situation in the Maghreb countries and the Middle East. The Tunisian authorities expressed to Mr Cheysson their concern over this year's drought in Tunisia and the effects of the attacks by locusts. Mr Cheysson announced the decision to grant additional emergency aid in the wake of these disasters² (→ point 2.2.35) and the Community's readiness to consider further aid.

While in Tunisia, Mr Cheysson saw the Chairman of the PLO, Mr Arafat, and the Secretary-General of the Arab League, Mr Klibi.

Latin America

Andean Group³

2.2.26. The first meeting of the Joint Committee set up under the EEC-Andean

¹ OJ L 22, 27.1.1988; Bull. EC 12-1987, point 2.2.31.

² Bull. EC 3-1988, point 2.2.53.

³ Bolivia, Colombia, Ecuador, Peru and Venezuela.

Pact Cooperation Agreement¹ was held in Brussels on 19 and 20 April. The discussions ranged over economic prospects on both sides, bilateral relations and, in particular, current cooperation and the scope for developing it. It was agreed to set up subcommittees on trade cooperation and scientific and technological cooperation which would be responsible for overseeing the relevant issues and promoting fuller cooperation in the two fields concerned.

The Joint Committee's conclusions open the way for closer bilateral relations in the light of the new direction given to Andean integration by the Quito Protocol of May 1987 and the conclusions adopted by the Council and the Representatives of the Governments of the Member States on 22 June 1987 on strengthening relations between the Community and Latin America.²

The Andean Pact delegation attending the joint Committee meeting was received by Mr Delors and Mr Cheysson, Member of the Commission with special responsibility for North-South relations, for an exchange of views on ways of strengthening the political dialogue in the Latin American groupings to which Andean Group countries belong.

State-trading countries

Poland

2.2.27. Mr De Clercq, Member of the Commission with special responsibility for external relations and trade policy, had a meeting in Luxembourg on 25 April with Mr Olechowski, Poland's Deputy Minister for Foreign Affairs. Their talks ranged over future bilateral relations between the Community and Poland, and in particular the possibility of concluding a second agreement.

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2.2.28. On 28 April the Economic and Social Committee adopted an own-initiative opinion on relations between the Com-

munity and State-trading countries (→ point 2.4.62).

Development

North-South relations

World Food Conference

2.2.29. On the initiative of Lord Plumb, President of the European Parliament, a conference on the problems of agriculture and world food supply was held in Brussels on 7 and 8 April; the conference provided an occasion for experts from all over the world to pool their knowledge and propose joint recommendations. The informality of the conference encouraged a large number of participants to air their views freely without the customary tendency for political or geographical groupings to line up behind specific viewpoints.

At the end of the conference, Lord Plumb observed that a large number of constructive proposals had been made. All the participants were in agreement on several points, in particular the needs for policy changes. Most of the governments of the industrialized world had undertaken reforms—although these needed to be kept up—in particular by substantially reducing the aid given to agricultural production. The changes concerned should, moreover, accord greater importance to market forces.

A further topic discussed by all the participants, namely the possible effects of food aid on farmers in the recipient countries, could be resolved, according to Lord Plumb, by improved economic and financial aid. In conclusion, Lord Plumb stated his view that the Uruguay Round offered a unique opportunity to achieve most of these objectives.

¹ OJ L 153, 8.6.1984; Bull. EC 12-1983, point 2.2.45.

² Bull. EC 6-1987, points 2.2.23 and 3.5.1.

Generalized tariff preferences

2.2.30. On 6 April the Commission sent the Council a proposal for a Regulation applying supplementary generalized tariff preferences in respect of certain industrial products originating in developing countries and sold at the Berlin 'Partners in progress' fair.¹

Commodities and world agreements

Coffee

2.2.31. The Executive Board² of the International Coffee Organization, the ICO Council and the various technical groups set up to monitor the functioning of the International Coffee Agreement 1983³ met in London from 25 to 29 April.

Part of the proceedings was devoted to a detailed examination of the market, situation and the implementation and surveillance of the quota system re-established in October 1987.⁴ However, the main issue discussed by the Executive Board and the Council was the renegotiation of the 1983 Agreement.³ This expires in September 1989 and procedures accordingly need to be set up in preparation for negotiations to renew it.

The Community announced its willingness to pursue international cooperation on coffee, but rejected the idea of extending the 1983 Agreement. Its view, which is shared by the Member States, is that the Agreement has not functioned as intended and that a number of its provisions have not been implemented, particularly those relating to production policy. This position was broadly that of the other consumer countries, including the United States, which have not yet determined their final stance regarding a future negotiation but have stressed that they could not accept an extension of the existing Agreement.

The producer countries, notwithstanding earlier pronouncements in favour of extend-

ing the Agreement, were now more ready to renegotiate. Brazil, in particular, indicated its openness towards negotiations, although the representatives from the African countries emphasized the merits of the existing market-allocation-based Agreement.

Following lengthy discussions, the Council decided to set up a preparatory technical working party with the task of identifying the problems and examining members' proposals for resolving them. It will determine the negotiating procedure to be applied at its meeting due to take place from 19 to 30 September.

Natural rubber

2.2.32. At its meeting in Kuala Lumpur from 26 to 28 April, the International Natural Rubber Council found no signs to suggest that the International Natural Rubber Agreement 1987⁵ would not enter into force.

It re-examined the modest sales programme approved at its April-May 1987 meeting and was informed that, as a result of the current shortfall of natural rubber, there had been a need for substantial intervention operations since the beginning of September 1987. Rubber from the buffer stock had been sold on all markets which continued to show an interest in the stocks held by the International Natural Rubber organization. It was expected that short-term demand for natural rubber would persist at a satisfactory level and that prices might stabilize once supplies were back to normal levels. The Council decided to pursue its sales programme. It took note of the costs of maintaining the buffer stocks and of the earnings and other gains accruing from those stocks. Lastly, the Council decided to set up a pre-

¹ COM(88) 140 final.

² Previous meeting: Bull. EC 6-1987, point 2.2.40.

³ Bull. EC 6-1983, point 2.2.58; Bull. EC 9-1983, point 2.2.33.

⁴ Bull. EC 10-1987, point 2.2.44.

⁵ Bull. EC 9-1987, point 2.2.31; OJ L 58, 3.3.1988; Bull. EC 2-1988, point 2.2.43.

paratory committee which would be responsible for preparing the decisions due to be taken at its first meeting under the 1987 Agreement.

Campaign against hunger in the world

Food aid

Reform of food aid policy and management

2.2.33. The Council and a Parliament delegation held a conciliation meeting on 25

April on the proposal to amend¹ the Regulation of 22 December 1986 on food aid policy and food aid management.² The meeting enabled them to set out their respective positions on the operating procedures of the Food Aid Committee before considering what action should follow.

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2.2.34. On 27 April the Commission, with the endorsement of the Food Aid Committee, approved the following food aid operations under the 1987 and 1988 budgets (Table 4).

Table 4 — Food aid operations

	Cereals	Milk powder	Butteroil	Other products
Egypt	160 000	3 300		3 000 v
Niger	10 000			
Djibouti	6 000			
Sudan	20 000	600	200	

v = vegetable oil.

Anti-locust campaign in Africa

Tunisia

2.2.35. The Commission decided to grant the Tunisian Government 300 000 ECU in emergency aid in order to help cover pesticide purchasing costs as part of the anti-locust campaign.

Morocco

2.2.36. As a contribution towards measures to combat the infestation of locusts in Morocco, the Commission decided to provide 100 000 ECU for the purchase of some 13 000 litres of additional pesticides.

The aid is to be implemented by the Commission Delegation in Rabat.

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2.2.37. On 14 April Parliament adopted a resolution on locusts³ (→ point 2.4.19).

Emergency aid

Burma

2.2.38. On 14 April the Commission approved an emergency aid grant of

¹ OJ C 309, 19.11.1987; Bull. EC 10-1987, point 2.2.46; Bull. EC 11-1987, point 2.2.47; Bull. EC 3-1988, point 2.2.47.

² OJ L 370, 30.12.1986; Bull. EC 12-1986, point 2.2.31.

³ OJ C 122, 9.5.1988.

110 000 ECU for the victims of the major fire which occurred on 20 March in the town of Lasho. The aid, which is intended for the purchase and distribution of food-stuffs, emergency relief items, medicines, etc., will be implemented by the British Red Cross authorities in collaboration with the Burmese Red Cross.

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2.2.39. On 14 April Parliament adopted a resolution on the recent floods in Argentina¹ (→ point 2.4.19).

Measures to assist victims of apartheid

2.2.40. An exceptional meeting on the situation in southern Africa and South Africa was held in Luxembourg on 26 April between ministers from 13 ACP countries² and the Community 'troika' (representing the last, present and next Council Presidents) (→ point 2.4.6). Mr Natali, Vice-President of the Commission with special responsibility for cooperation and development, attended the meeting.

The ACP countries called for increased mandatory sanctions against South Africa. Mr Natali briefed the ACP countries on the implementation of the restrictive measures against South Africa imposed two years ago and also on the implementation of positive measures in support of victims of apartheid³ (→ point 2.2.41).

Financing decision

2.2.41. On 22 April the Commission authorized a further contribution of some 10.5 million ECU for 34 projects to assist apartheid victims. This decision follows on from those taken since July 1986, which involved a total of 25.1 million ECU and concerned 113 projects.⁴

The financing decisions follow also from the ministerial political cooperation meet-

ing held in Luxembourg on 10 September 1985.⁵

Stabex

2.2.42. On 12 April the Commission sent the Council its report on the functioning in 1987 of the export earnings stabilization system set up under the third Lomé Convention.⁶ The report concerns transfers for losses recorded in 1986.

The Commission received 70 transfer applications from 34 ACP States. On appraisal it was found that 27 were inadmissible, but the remainder (43 applications) gave rise to transfers totalling 279 188 368 ECU. The main products involved were groundnuts, coconuts, copra, wood, cotton and palm products.

LLDCs not signatory to the Lomé Convention

2.2.43. On 5 April the Commission sent the Council a communication⁷ on the implementation of the Council Regulation of 9 February 1987 concerning the system of compensation for the loss of export earnings for certain least-developed countries not signatory to the third ACP-EEC Convention,⁸ and a proposal for a Regulation to add Burma to the list of countries in Annex 2 to the Regulation of 9 February 1987 under which detailed rules for

¹ OJ C 122, 9.5.1988.

² Angola, Belize, Burkina Faso, Burundi, Fiji, Jamaica, Mauritius, Niger, Nigeria, Papua New Guinea, Sudan, Zaire and Zambia.

³ Bull. EC 6-1986, point 1.1.18; Bull. EC 9-1986, point 2.4.2.

⁴ Bull. EC 7/8-1986, point 2.2.43; Bull. EC 11-1986, point 2.2.40; Bull. EC 1-1987, point 2.2.32; Bull. EC 4-1987, point 2.2.36; Bull. EC 6-1987, point 2.2.49; Bull. EC 7/8-1987, point 2.2.52; Bull. EC 10-1987, point 2.2.56; Bull. EC 12-1987, point 2.2.55.

⁵ Bull. EC 9-1985, point 2.5.1.

⁶ COM(88) 180 final.

⁷ COM(88) 145 final.

⁸ OJ L 43, 13.2.1987; Bull. EC 2-1987, point 2.2.32.

implementation of the system are laid down.

OCTs

2.2.44. On 11 April the Council adopted, on a proposal from the Commission,¹ a Decision on the amounts to be transferred to the Falkland Islands and French Polynesia under the export earnings stabilization system for application year 1986 in accordance with the Decision of 30 June 1986.²

Financial and technical cooperation

ACP States

2.2.45. In April the Commission allocated fourth, fifth and sixth EDF resources totalling 140 400 000 ECU to finance projects, programmes and emergency aid which it administers (see Table 5).

¹ Bull. EC 1-1988, point 2.2.27.

² OJ L 175, 1.7.1986; Bull. EC 6-1986, point 2.2.51.

Table 5 — *Financing of fourth, fifth and sixth EDF operations*

Sector/country	Project/programme	Amount	
		Grants	Loans
<i>million ECU</i>			
<i>Economic infrastructure</i>			
Botswana	Airport	6.0	
<i>Rural production</i>			
Solomon Islands	Plantations	3.0	
Zimbabwe	Assistance to the Agricultural Finance Corporation	3.5	20.
<i>Industrialization</i>			
New Caledonia	Mining inventory		0.8
<i>Social development</i>			
Senegal	Regional vocational training centres	2.3	
Cape Verde	Urban development	19.8	
Trinidad and Tobago	Water supply		5.5
Somalia	Precautions against drought	2.6	
Swaziland	Human resources development programme	3.0	5.5
<i>Production development</i>			
Côte d'Ivoire	Campaign against rinderpest	2.1	
Cameroon	Campaign against rinderpest	1.8	
<i>Other</i>			
Kenya	Cereals sector reform programme	65.0	
	Total	109.1	31.3

Latin American and Asian developing countries

2.2.46. On 25 April the Council adopted, on a proposal from the Commission,¹ a Decision adopting general guidelines for 1988 concerning financial and technical assistance to Latin American and Asian developing countries.

2.2.47. With the endorsement of the Committee on Aid to Latin American and Asian Developing Countries, the Commission decided on 11 April to finance the following operations from the appropriation in Article 930 of the Community budget:

Laos: irrigation by pumping the waters of the Nam Ngum (total cost 6.5 million ECU, Community contribution 5.5 million ECU; autonomous project);

Peru, Ecuador, Colombia (PEC): EEC-PEC regional technical cooperation programme (fisheries) (total cost 6 million ECU, Community contribution 6 million ECU; autonomous project);

External expertise: Latin American and Asian developing countries and bodies eligible for Community financial and technical assistance (total cost 5.2 million ECU, Community contribution 5.2 million ECU; autonomous project).

Cooperation via non-governmental organizations

2.2.48. On 7 April the Commission sent the Council a proposal for a Regulation on the implementation of cofinancing operations for the purchase of foodstuffs or seeds by international bodies or non-governmental organizations.² The purpose of the proposal is to establish a legal basis for implementation of the appropriations entered under Article 951 of the budget. These are to be used for the above cofinancing operations in order to enable international bodies and non-governmental organizations to act promptly and effectively on behalf of disadvantaged sections of the populations in developing or other non-Community countries.

2.2.49. During the period 1 January to 30 April the Commission committed 25.2 million ECU for the cofinancing in developing countries of 155 projects submitted by 76 NGOs.

The Commission contributed a further 1 812 152 ECU to 28 operations to promote European public awareness of development issues.

2.2.50. The 24th annual general meeting of European NGOs active in the development field took place in Brussels from 18 to 21 April.³ The dominant theme was the question of creating greater public awareness of development issues in the light of the situation in the Third World; the other principal topic discussed was the importance of completion of the internal market in building the Community. The Community was represented by Mr Cheysson, Member of the Commission with special responsibility for North-South relations, and Mr Köhler, State Secretary in the German Ministry of Economic Cooperation, representing the Presidency of the Council.

Institutional relations

ACP States

Committee of Ambassadors

2.2.51. The 26th meeting of the ACP-EEC Committee of Ambassadors was held in Brussels on 19 April.⁴ It was chaired by the Ambassador of Dominica, Mr Savarin, and Mr Ungerer, Permanent Representative of the Federal Republic of Germany. The Commission was represented by the Director-General for Development. The meeting was devoted almost exclusively to preparations for the ACP-EEC Council of Ministers session to be held in Mauritius on 10 and 11 May.

¹ OJ C 323, 3.12.1987; Bull. EC 11-1987, point 2.2.56.

² OJ C 109, 26.4.1988; COM(88) 158 final.

³ 23rd meeting: Bull. EC 3-1987, point 2.2.40.

⁴ 25th meeting: Bull. EC 12-1987, point 2.2.65.

Immediate and long-term problems concerning food security in the ACP countries, and the issue of ACP indebtedness, were discussed. The ACP side stressed the crucial nature of these questions, while expressing satisfaction with the Community's work in these spheres. More detailed discussion of these issues will be undertaken in the Council.

On agricultural commodities, both the ACP States and the Community welcomed the agreement on coffee.¹ However, they expressed concern at the cocoa market situation;² the Commission also raised the matter of the prospects of the Common Fund, with particular reference to its 'second window'.

Both sides took stock of the position reached in the Uruguay Round multilateral trade negotiations and agreed to pursue ACP-EEC consultations.

With regard to the Protocol of Accession of Spain and Portugal to Lomé III,³ the Community confirmed its rejection of additional ACP requests concerning sugar and rice. The question of Mauritius's two-column customs tariff was, however, settled during the meeting.

The representatives of Togo and Senegal, the two principal ACP phosphate-exporting countries, expressed their deep concern at the Community's proposal to introduce legislation on the cadmium content in phosphates; the Community will hold consultations with the ACP States. The two parties also took stock of the situation as regards the current problems and procedures concerning other products such as green beans, rice, yams, molasses and tropical timber.

Several issues relating to Stabex were debated. The replenishment of Lomé I resources is still under discussion in the Community. The Community maintained its opposition to requests for 'all destinations' derogations and transfers for years 1980 and 1981. Lastly, an exchange of views took place concerning application years 1986 and 1987.

With regard to sugar, the ACP States raised the question of the negotiations on guaran-

teed prices for 1987-88, in connection with the idea of a study on shipping costs. No decision has yet been taken by the Community on the applications for eligibility under the sugar protocol by Papua New Guinea and Zambia.

Progress was made on financial and technical cooperation, following the work of the Article 193 Committee, except on the question of contract documents. As a follow-up to the ACP-EEC ministerial meeting of 26 April in Luxembourg on the situation in southern Africa (→ point 2.4.6), the subject would be taken up again at the Mauritius Council of Ministers meeting.

With regard to application of the Community Directive on aircraft noise,⁴ the ACP States renewed their request to be allowed sufficient time to adjust to the Community ruling. The participants also took stock of the situation regarding regional cooperation, cultural and social cooperation and sea transport to and from West African countries.

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2.2.52. Mr Natali paid an official visit to Western Samoa from 18 to 20 April to take part in the first ministerial meeting of the Pacific ACP States.⁵ The meeting, which was opened by Mr Tofilau Eti Alesana, Prime Minister of Western Samoa, was co-chaired by Mr Natali and Mr Tuilaepa Sailele, the Samoan Finance Minister. They noted that since 1975 the Pacific States signatory to the Lomé Convention had received approximately 700 million ECU of Community aid, which is a larger sum, in percentage terms per head of population, than any other ACP region has received. In order to strengthen further the cooperation between the Community and the Pacific countries, complicated in particular by their

¹ OJ L 276, 29.9.1987; Bull. EC 9-1987, point 2.2.28; Bull. EC 10-1987, point 2.2.44.

² Bull. EC 12-1987, point 2.2.43.

³ OJ L 172, 30.6.1987; Bull. EC 6-1987, point 2.2.37.

⁴ OJ L 117, 4.5.1983; Bull. EC 4-1983, point 2.1.86.

⁵ Fiji, Kiribati, Papua New Guinea, Solomon Islands, Tonga, Tuvalu, Vanuatu and Western Samoa.

physical remoteness, Mr Natali announced that the Commission had approved the financing of a technical unit whose task would be to help draw up, coordinate and oversee EDF programmes in the region. This unit will be responsible to the ministerial group of the Pacific ACP States and to the ACP-EEC Council of Ministers.

During the meeting, three financing agreements totalling 13.4 million ECU were signed for regional development programmes (agriculture, telecommunications and assistance for the Pacific Islands Association of Chambers of Commerce). Special note was taken of progress made in drawing up regional programmes for marine resources, rural development and tourism development. On fisheries, Mr Natali pointed out that the Pacific ACP countries could follow the example of the other ACP countries — 14 so far — which have concluded fisheries agreements with the Community. The rural development programme will be focused on training, and the tourism programme will stress the need to develop air links, particularly between Pacific countries.

2.2.53. An OAU delegation, made up of the Congolese Foreign Minister and representatives from Mali and Tanzania, was received on 20 April by Mr Delors and the Director-General for Development. The purpose of the visit was to solicit the Commission's support for an international conference on African debt. The OAU was particularly anxious for the Commission to help it gain acceptance of the idea of such a conference and contribute to its success. In reply, both Mr Delors and the Director-General drew attention to the clear awareness of the problem of African debt and to the Community's role at the Venice Western Economic Summit in June 1987¹ and in the follow-up measures, in particular the special Community programme to aid certain highly indebted low-income countries in sub-Saharan Africa.² They also raised questions over the role which the conference envisaged by the OAU could play.

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2.2.54. On 28 April the Economic and Social Committee adopted an information report on the problems of indebtedness in the ACP countries (→ point 2.4.63).

International organizations and conferences

United Nations

Economic and Social Council

Economic Commission for Europe

2.2.55. The 43rd annual session of the Economic Commission for Europe took place in Geneva from 12 to 21 April.³ Partly as a result of the innovations in negotiating procedures following the 'restructuring' of the ECE last year, the work of the session was concluded earlier than scheduled and a considerable number of decisions in many areas of activity were taken.

It also proved possible to finalize the 1988 programme of work of the Committee on the Development of Trade, which failed to reach agreement on the matter last December.⁴ A decision was taken to include countertrade in the programme and to intensify the Committee's work on this and other topics.

Council of Europe

2.2.56. For the first time the Commission took part in a meeting of the Council of Europe's Pompidou Group, which was held in Strasbourg from 26 to 28 April. The members⁵ conducted a wide-ranging

¹ Bull. EC 6-1987, point 1.2.1 *et seq.*

² OJ C 348, 23.12.1987; Bull. 12-1987, point 2.2.41; Bull. EC 11-1987, point 2.2.36.

³ 42nd session: Bull. EC 4-1987, point 2.2.44.

⁴ Bull. EC 12-1987, point 2.2.69.

⁵ The 12 Member States of the Community plus Austria, Finland, Malta, Norway, Sweden, Switzerland and Turkey.

exchange of views and information on the drug problem and on each country's methods of combating it.

The Commission gave a general outline of the Community's activities in this sphere, including action taken at international level. This included the Community's participation in the international conference on drug abuse and illicit trafficking held in Vienna last June¹ and the negotiation of a new international convention, the setting-up of a North-South cooperation programme, intra-Community cooperation on health and the role of customs cooperation in efforts to combat drug trafficking. The Community statement was received with great interest by the member countries of the Group; it confirmed the Commission's role in the Group's work, which by its very nature complements the Commission's own efforts.

Conference on Security and Cooperation in Europe

2.2.57. The sixth phase of the Vienna CSCE follow-up meeting started on 15 April.² On the basis of the negotiations held to date in the different fields covered by the Helsinki Final Act (1975),³ the neutral and non-aligned participating States had begun early in the month to draft compromise texts for the Vienna concluding document. This procedure has been applied successfully in previous CSCE meetings. The 'omnibus' text should be available in mid-May and will then be the basis for the final negotiating phase of the Vienna CSCE meeting.

¹ Bull. EC 6-1987, point 2.1.105.

² Previous phase: Bull. EC 3-1988, point 2.2.72.

³ Ninth General Report, points 510 to 512.

3. Financing Community activities

Budgets

General budget

Budgetary procedure

1988 budget

2.3.1. At its April part-session¹ Parliament gave the 1988 draft budget established by the Council² its first reading (→ point 2.4.15). The amendments and proposals for modifications which it adopted on 14 April bring total expenditure to 45 255.8 million ECU in appropriations for commitments and 43 772.2 million ECU in appropriations for payments. In many areas Parliament reinstated the amounts entered by

the Commission in its preliminary draft³ or in the letters of amendment,⁴ while elsewhere it increased appropriations—the allocations for transport and development cooperation, for instance—just slightly or more substantially in some cases (see Table 6).

2.3.2. After meeting a Parliament delegation headed by Mr Dankert, its Vice-President, the Council gave the 1988 draft budget its second reading on 28 April.² It fixed expenditure at 45 075 million ECU in appropriations for commitments and at

¹ OJ C 122, 9.5.1988.

² Bull. EC 3-1988, point 2.3.1.

³ Bull. EC 5-1987, points 1.1.5 to 1.1.11 and 2.3.2.

⁴ Bull. EC 12-1987, point 2.3.5; Bull. EC 2-1988, point 2.3.2.

43 772.2 million ECU in appropriations for payments. The rates of increase for non-compulsory expenditure thus amount to 10.48% for commitment appropriations and to 8.06% for payment appropriations. In line with Parliament's requests, the Council agreed to increase the amounts it had approved on first reading for research,

energy, transport and completion of the internal market (see Table 6). The final revenue figure could not be adopted because of a difficulty in the method of calculating the correction of budgetary imbalances: one delegation reserved its position on this subject until 5 May, the final date for presenting the budget to Parliament.

Table 6 — Stages in the 1988 budgetary procedure expenditure by sector

	Preliminary draft		Council draft		Parliament draft		Council—second reading	
	Commitments	Payments	Commitments	Payments	Commitments	Payments	Commitments	Payments
1. EAGGF Guarantee	27 250	27 250	27 500	27 500	27 500	27 500	27 500	27 500
2. EAGGF Guidance (except Ch. 38)	1 127	149.9	1 130	1 151.9	1 130.7	1 152.6	1 130	151.9
3. Chapter 38	87	66.4	68.4	61.3	87	66.4	68.4	61.3
4. Regional Fund (Ch. 50 and 51)	3 667	2 973	3 688	2 980	3 684	2 980	3 684	2 980
5. IMPs (Ch. 55 and 56)	149	101	135	89	139	91	139	91
6. Pedip (Article 544)	100	50	100	50	100	50	100	50
7. Miscellaneous regional measures (Ch. 54 except Art. 544)	26.3	17	16.9	12.5	28.6	19.3	26.2	16.9
8. Social Fund (Ch. 60 and 61)	2 860.6	2 595	2 865.6	2 600	2 865.6	2 600	2 865.6	2 600
9. Miscellaneous social measures (Ch. 63, 64, 65, 69)	143.8	141.9	122.6	120.7	165.5	163.6	146.8	144.9
10. Fisheries (Title 4)	305.4	247.9	279.4	239.8	339.9	281.9	339.9	281.9
11. Research	50	920	977.4	874.2	1 050.3	912	1 016.6	910.4
12. Energy (Ch. 70 and 71)	129.2	110.2	119.1	98.1	130.1	111.1	127.4	108.4
13. Innovation and internal market (Ch. 75, 77 and 79)	138.9	116.4	93.9	82.2	127.8	99.6	118	96.2
14. Development	1 085.1	911.9	908.2	803.4	1 096.1	933.8	1 001.7	827.4
15. Transport	5.1	60.1	3	53	71.1	71.1	65	65
16. Environment (Ch. 66)	42.5	41.8	20.3	21.9	37.1	36.8	28.6	29.9
17. Culture (Ch. 67)	41	41	24.2	24.2	40.7	40.7	26.4	26.4
18. Reserve (Ch. 101)	5	5	p m	p m	5	5	p m	p m
19. Administrative expenditure (Part A)	1 256.5	1 256.5	1 212.4	1 212.4	1 225.3	1 225.3	271.1	1 271.1
20. Other institutions	666.7	666.7	694.5	694.5	695.8	695.8	694.5	694.5
21. Repayments to Member States	3 718.4	3 718.4	3 715.7	3 715.7	3 736.2	3 736.2	726.3	3 726.3
22. Monetary reserve	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000
Total	44 864.5	43 439.1	44 670.6	43 384.8	42 255.8	43 772.2	45 995	43 633.5

million ECU

2.3.3. On 14 April Parliament passed two resolutions on the 1988 draft budgets for certain Community institutions (Economic and Social Committee, Court of Justice, Court of Auditors and Parliament).¹

1989 budget

2.3.4. In accordance with Article 203 of the EEC Treaty, on 28 April the Commission announced that the maximum rate of increase in non-compulsory expenditure for 1989 would be 5.8%. This rate is lower than in the two previous years (7.4% in 1988 and 8.1% in 1987) and reflects the lower level of inflation in the Community.

Own resources

2.3.5. In accordance with the conclusions of the European Council of 11 to 13 February, on 12 April the Commission sent the Council a proposal for a Directive on the harmonization of definitions of gross national product at market prices (GNP_{mp}) and improvements to the basic statistics needed to estimate it (→ point 2.5.1).

2.3.6. On 28 April the Economic and Social Committee adopted an opinion on the proposal for a Decision on the system of the Communities' own resources² (→ point 2.4.64).

Budgetary discipline

2.3.7. On 27 April the Commission sent the Council a proposal for a Decision on budgetary discipline³ to give effect to the conclusions of the Brussels European Council of 11 to 13 February.⁴ This matter will also be discussed during the current negotiations between the Council, Parliament and the Commission on budgetary discipline.

The main items covered by the proposal are the method for the calculation of the annual guideline for EAGGF Guarantee Section expenditure, the operation of the monetary reserve in the event of a significant change in the dollar-ECU exchange rate during the financial year and rules on non-compulsory

expenditure, subject to the outcome of the interinstitutional dialogue.

2.3.8. In accordance with the conclusions of the European Council of 11 to 13 February,⁴ on 15 April, the Commission sent the budgetary authority its first report on the trend in EAGGF guarantee expenditure (early warning system).

Budget discharge

1986 budget

2.3.9. Acting on the recommendation from the Council⁵ and in accordance with Article 206 of the EEC Treaty, on 13 April, Parliament granted a discharge to the Commission in respect of the implementation of the 1986 Community budget. The resolution accompanying the discharge decision highlighted a number of shortcomings in the management of Community resources but noted that the Commission had put in hand the reforms needed to improve the situation (→ point 2.4.20). On a recommendation from the Council¹ it also granted the Commission a discharge for its financial management of the third, fourth, fifth and sixth European Development Funds in 1986. The decisions were accompanied by a resolution⁶ (→ point 2.4.20).

2.3.10. On the same day Parliament adopted a decision granting a discharge to the Commission in respect of the management of the ECSC in 1986. In the accompanying resolution it welcomed certain improvements noted in the level of reserves and liquid assets¹ (→ point 2.4.20).

2.3.11. Also on 13 April, Parliament granted discharges to the Management Board of the European Centre for the Development of Vocational Training, Berlin, and the Administrative Board of the European Foundation for the Improvement of Living

¹ OJ C 122, 9.5.1988.

² OJ C 102, 16.4.1988; Bull. EC 3-1988, point 2.3.4.

³ COM(88) 257.

⁴ Bull. EC 2-1988, point 1.1.1 *et seq.*

⁵ Bull. EC 3-1988, point 2.3.8.

⁶ Bull. EC 3-1988, point 2.3.9.

and Working Conditions, Dublin, in respect of the implementation of their appropriations for 1986. The decisions were accompanied by a resolution containing Parliament's comments¹ (→ point 2.4.20).

Financial Regulation

2.3.12. On 11 April the Council, on a proposal from the Commission,² adopted the Regulation amending temporarily the Financial Regulation of 21 December 1977.³ The amendment concerns the changes in the financing arrangements for the agricultural policy adopted by the Council on 19 October 1987⁴ introducing until 31 October 1988 a system of advances against amounts booked.

Budget control

2.3.13. On 25 April the Commission sent the Council the monthly report on the implementation of the budget of the European Communities at 31 March (provisional-twelfths arrangements).⁵

ECSC operating budget

2.3.14. On 27 April the Commission transmitted to the Council for its assent a draft Decision on the definition and application of the ECU in decisions, recommendations, opinions and conventions for the purposes of the ECSC Treaty. This Decision will give the ECU official status as an instrument of settlement for levies, fines and financial assistance under the ECSC operating budget.

The Commission also sent the draft to the ECSC Consultative Committee for an opinion and to Parliament and the Economic and Social Committee.

Financial operations

ECSC

Loans raised

2.3.15. In April the Commission made a number of private placings in lire and marks for the equivalent of 44.3 million ECU.

Loans paid out

2.3.16. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission paid out loans in April totalling 34.21 million ECU broken down as follows:

Industrial loans

2.3.17. Industrial loans (Article 54) amounting to 18.07 million ECU were paid out to Germany.

Conversion loans

2.3.18. Conversion loans (Article 56) totalling 15.68 million ECU were paid out to France, Spain and covering various Community countries.

Workers' housing

2.3.19. Housing loans totalling 0.46 million ECU were granted for steelworkers and mineworkers in Belgium, Germany, the Netherlands and the United Kingdom.

EEC-NCI

Balance of payments

2.3.20. In April the Commission made a USD 350 million two-year public issue at 8% with an issue price of 101%. The proceeds will be used to refinance an earlier borrowing operation, taking advantage of the more favourable rate. They do not count towards the borrowing ceiling.

¹ OJ C 122, 9.5.1988.

² OJ C 298, 7.11.1987; Bull. EC 10-1987, point 2.3.9.

³ OJ L 356, 31.12.1977.

⁴ OJ L 304, 27.10.1987; Bull. EC 10-1987, point 2.1.169.

⁵ COM(88) 217.

4. Political and institutional matters

Political cooperation

2.4.1. On 31 March the German Ambassador in Cape Town made representations on behalf of the Twelve regarding the South African raid on Gaborone in Botswana. He was received by the South African Deputy Foreign Minister. The Presidency published the following press release:

'The Ambassador of the Federal Republic of Germany, Dr Immo Strabreit, acting on behalf of the 12 Member States of the European Community, today (31 March 1988) delivered a strong protest to the South African Government in reaction to the recent South African raid in Botswana in which four people were killed in a house near Gaborone. The German Ambassador stated that the 12 Member States of the European Community condemned the raid as an aggressive act, constituting a flagrant violation of international law. In his talk with Deputy Minister Kobus Meiring of the South African Department of Foreign Affairs, the German Ambassador appealed to the South African Government to respect the sovereignty and territorial integrity of Botswana and other neighbouring States of South Africa and to refrain from further acts of aggression in the future.'

2.4.2. On 14 April the Twelve adopted a joint statement on Afghanistan:

'The Twelve welcome the successful conclusion of the Afghanistan talks. The Geneva agreement represents an important step towards a solution of the Afghanistan crisis. Now the Twelve expect the Soviet Union to withdraw all its troops from Afghanistan without any delay before the end of 1988. This will bring an end to an occupation which has brought untold sufferings to the Afghan people.

The Twelve appreciate the untiring efforts of the Secretary-General of the United Nations and his Special Representative, Mr Diego Cordovez, to achieve a solution of the crisis.

The Twelve pay tribute to the readiness particularly of Pakistan to accept millions of Afghan refugees over the years. They also express admiration for the resistance of the Afghan people to Soviet occupation.

The Twelve hold the view that, to permit the restoration of genuine peace, the withdrawal of Soviet troops and the unimpeded return of refugees must be accompanied by an overall political settlement of the crisis. In this connection, they consider participation by the Resistance in a process of self-determination and in the installation of a truly

representative government in Kabul to be indispensable.

Afghanistan has been devastated by a war lasting eight years. In connection with a settlement, the Twelve are ready to render, in close coordination with the relevant international organizations and other countries prepared to do likewise, their contribution to the return of the refugees to their country and in due course to the reconstruction of an independent and non-aligned Afghanistan.'

2.4.3. On 15 April the Twelve adopted a joint statement on Israeli activities in the occupied territories:

'The Twelve have noted with concern recent actions by the Israeli authorities in the occupied territories which are likely to have the effect of deepening mistrust between Israelis and Palestinians, and making a peaceful settlement in the region harder to find. They regret the continuing loss of life during the current violence.

The Twelve deplore the deportation of eight Palestinians from the occupied territories on 11 April 1988, and the Israeli threat to deport 12 more. As the Twelve expressed in their *démarche* to the Israeli authorities on 12 January 1988, such action is a clear breach of Article 49 of the Geneva Convention relative to the Protection of Civilian Persons in Time of War of 12 August 1949 and is in defiance of UN Security Council resolutions 607 and 608 of January 1988. The Twelve deeply deplore the continuing repressive measures taken by Israel, including the destruction of houses which is in clear contradiction of international law.

The Twelve furthermore regret the closure on 30 March 1988 by the Israeli authorities of the Palestinian press service, which has been an important source of information for those concerned with developments in the occupied territories. The Twelve believe that suppression of facts and restrictions on the freedom of the media will endanger the search for a negotiated solution in the region.

The Twelve call upon the Israeli authorities to be mindful of the effects such action will have upon the worsening situation in the occupied territories and upon the search for a lasting negotiated peace.'

2.4.4. A joint *démarche* on behalf of the Twelve concerning foreign relief workers in Eritrea and Tigray was made to the Relief and Rehabilitation Commission by the Heads of Mission to Ethiopia on 20 April. The following text was handed to the Chief Commissioner:

'The Twelve express their deep concern over the present escalation of the civil war in the north of Ethiopia, where heavy fighting seriously endangers the distribution of food to millions of people threatened by famine and starvation.

They regret that ongoing military actions have led to a situation where expatriate staff engaged in relief, medical and rehabilitation activities related to the drought have been requested to leave Eritrea and Tigray and to temporarily withdraw to Addis Ababa. They request all parties involved to find ways and means to allow the staff members to return to the region if they wish to do so under circumstances of as much safety as possible in order to continue their humanitarian task.'

The text of a statement on this matter, composed of the above paragraphs plus the following paragraph, will be submitted to the Political Committee at its next meeting.

'The Twelve once again appeal to all concerned to make serious efforts to achieve a peaceful settlement of these internal conflicts which have caused endless sufferings to the population in the Horn of Africa.'

2.4.5. A joint démarche (using the troika formula, i.e. representatives of the last, present and next Council Presidents) on the normalization agreement between Ethiopia and Somalia was made to the Ethiopian Ministry of Foreign Affairs on 25 April. The common text concerning foreign relief workers in Eritrea and Tigray, submitted to the Relief and Rehabilitation Commissioner on 20 April, was also handed over. The new text concerning the normalization agreement, also submitted in Mogadishu, Somalia, on 25 April, is as follows:

'The Twelve note with satisfaction that the People's Democratic Republic of Ethiopia and the Somali Democratic Republic, after the meeting of their Heads of State in Djibouti on 22 March, have signed on 3 April in Mogadishu an agreement on the normalization of bilateral relations between the two countries. They welcome the decision of the Governments of Ethiopia and Somalia to normalize their bilateral relations after more than a decade of warfare and tension by (confidence-building) measures including the disengagement of all troops from the border by 15 May, the ending of all subversive activities and hostile propaganda, the re-establishment of diplomatic relations and the exchange of prisoners of war and other persons held by the respective parties within four months.

The Twelve consider this agreement as a positive step towards the achievement of peace in the Horn

of Africa. They appeal to the parties concerned to do their utmost to convert the agreement now reached into a stable and lasting peace between the two countries.'

2.4.6. A ministerial meeting on South and southern Africa between the Community (troika and the Commission) and 13 ACP States (Angola, Belize, Burkina Faso, Burundi, Fiji, Jamaica, Mauritius, Niger, Nigeria, Papua New Guinea, Sudan, Zaire, Zambia) took place in Luxembourg on 26 April. The atmosphere was open and friendly, and both sides said that it had been a constructive meeting. The discussions focused mainly on South Africa, and it was agreed that apartheid must be eradicated. The ACP side presented a series of requests for further action *vis-à-vis* South Africa, including new sanctions. The troika explained the existing two-pronged approach by the Twelve: sanctions against South Africa and aid for the victims of apartheid. No commitment was given, however, as regards the possible adoption of new sanctions. The situation in Namibia and in the front-line States was also discussed. Finally, it was agreed that another similar troika-ACP meeting should take place in the not too distant future.

2.4.7. At its April part-session Parliament passed resolutions on political cooperation and the defence of human rights¹ (→ point 2.4.21).

European policy and relations between the institutions

European policy

Implementing the Single Act

2.4.8. A report from the Presidency was tabled during the Council's general affairs meeting of 25 and 26 April, detailing progress in all the areas covered by the con-

¹ OJ C 122, 9.5.1988.

clusions of the Brussels European Council of 11 to 13 February.¹

This showed that progress had been made across the board. The Council noted in particular the exemplary success of the Agriculture Ministers' discussions on stabilizers for the various farm products, set-aside and early cessation of agricultural activities (→ point 2.1.127). Following these discussions, the Council was able formally to adopt the whole package of instruments, with the exception of those on wine, which will be adopted once Parliament has delivered its opinion.

The Council also underlined the major contribution made by the Ministers for Finance and Economic Affairs as regards budgetary discipline and the conduct of the dialogue with Parliament and the Commission in this area (→ point 2.3.7).

With regard to budgetary discipline and all the other areas, particularly own resources and the reform of the structural Funds, the Council reiterated its determination to do everything in its power to conclude its proceedings by the specified deadline, i.e. the end of May.

2.4.9. On 27 April the Commission adopted a proposal for a Council Decision on budgetary discipline (→ point 2.3.7). This proposal deals chiefly with discipline regarding compulsory expenditure, leaving aside, at this stage, the question of non-compulsory expenditure, pending the outcome of the current negotiations between Parliament, the Council and the Commission for an interinstitutional agreement.

Elections for Parliament

2.4.10. At its 25-26 April meeting the Council considered dates for the election of the next Parliament.² Different possibilities and preferences of the Member States became apparent during the discussion. The Council agreed to consider the question again at its May meeting with a view to reaching a conclusion.

2.4.11. On 13 April Parliament adopted a resolution on the date of the 1989 election (→ point 2.4.19).

Monitoring the application of Community law

2.4.12. On 14 April Parliament adopted a resolution³ on the fourth annual report from the Commission to Parliament on its monitoring of the application of Community law, covering 1986,⁴ a report 'of vital importance in providing the European Parliament and public opinion with a structured view of the application of Community law in the Member States' (→ point 2.4.19).

Relations between the institutions

Cooperation procedure

2.4.13. In the course of the month the Commission sent the Council a number of proposals under the cooperation procedure,⁵ the Council adopted several common positions (→ point 2.4.22), and Parliament delivered opinions (first of second reading) on many proposals — notably concerning the internal market and the environment (→ points 2.4.16 and 2.4.17).

Institutions and organs of the Communities

Parliament⁶

Strasbourg: 11 to 15 April

2.4.14. Parliament's April part-session was devoted mainly to the first reading of

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

² The previous election took place on 14 and 17 June 1984 (Bull. EC 6-1984, point 1.2.1 *et seq.*)

³ OJ C 122, 9 May 1988.

⁴ OJ C 13, 18 January 1988; Bull. EC 12-1987, point 2.4.11.

⁵ See the relevant sections of this Bulletin.

⁶ The texts of the resolutions adopted by Parliament appear in OJ C 122, 9.5.1988, and the report of the proceedings are published on OJ Annex 2-364. The political groups and countries of origin of members speaking in the debates are shown in brackets after their names. The key to the abbreviations can be found in Bull. EC 1-1988, page 51 (footnote 2).

the 1988 budget (→ point 2.4.15) and to the discharge for the Commission in respect of the 1986 budget. The House was also involved in the delicate matter of finding a date in 1989 convenient to all the Member States for holding the next elections to Parliament (the third Parliament to be elected by direct universal suffrage). Parliament accepted the idea of agricultural stabilizers, taking the view that they were harsh but unavoidable.

There were few legislative instruments before the House for consideration under the cooperation procedure introduced by the Single Act, which is now fully operative.

First reading of the draft 1988 budget

2.4.15. During the first-reading debate on the draft 1988 budget,¹ coming with the year already more than a quarter gone, the main points on which members insisted were the need for rigorous compliance with the overall budget allocation for the common agricultural policy and the still unfinished business of concluding the interinstitutional agreement on budgetary discipline.

Mrs C. Barbarella (*Com/I*), general rapporteur for the budget, drew attention early in her presentation to the link between the 1988 budget procedure and the interinstitutional negotiations. Two conditions were crucial: expenditure figures must be realistic and the 1988 budget must be fitted into a framework of multiannual forecasts giving effective control over annual expenditure. As regards the actual content of the budget, she deplored the cuts made by the Council for almost all of the common policies but welcomed the first move towards the promised doubling of the allocations for the structural Funds. The Chairman of the Committee on Budgets, Mr J. P. Cot (*S/F*) hoped there would be no repetition of the mistakes of the Fontainebleau European Council,² when the institutions proved themselves incapable of the necessary action to achieve the political objectives adopted; he was disturbed to see that the triologue meeting on 23 March had failed to produce an interinstitutional agreement on compre-

hensive budgetary discipline or on multiannual figures endorsed by the two arms of the budgetary authority or on the removal of intermediate annual ceilings. Mr J. C. Pasty (*EDA/F*), rapporteur for the Parliament, Court of Justice, Court of Auditors and Economic and Social Committee budgets, considered that the Council had been very restrictive, with regard to these institutions, when it ought to have been authorizing additional staff for work on giving effect to the Single Act and for computerization. The rapporteurs of the various Committees also spoke.

The President of the Council, Mr Tietmeyer, pointed out that the draft 1988 budget was 19.9% bigger in payments than the 1987 budget, the increase being 5.89% for non-compulsory expenditure. He also stressed that at a time when all Member States had had to impose severe financial restrictions at home, they were being extremely generous towards the Community. The amounts earmarked for structural operations in particular meant that the 1988 budget would start the process of bringing about the Community's economic cohesion. Mr Tietmeyer also spoke optimistically of the receptive and cooperative spirit during the triologue, which should produce an interinstitutional agreement in May.

The Commission Vice-President, Mr Christophersen, stressed that certain appropriations proposed by the Commission,³ which had been cut in the Council's draft budget,⁴ ought to be restored, especially as regards research, the environment and food aid. He laid special emphasis on the obligation to remain within the reference framework (agricultural guideline), as demanded by the European Council⁵ and as the Commission had done in its agricultural price proposals.⁶ In increasing the appropri-

¹ Bull. EC 3-1988, point 2.3.1.

² Bull. EC 6-1984, point 1.1.1. *et seq.*

³ Bull. EC 5-1987, points 1.1.5 to 1.1.11 and 2.3.2; Bull. EC 12-1987, point 2.3.5; Bull. EC 2-1988, point 2.3.2.

⁴ Bull. EC 3-1988, point 2.3.1.

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

⁶ Bull. EC 3-1983, points 1.2.1 to 1.2.7 and 2.1.139.

ations for the depreciation of stocks, he explained, the council had used up all available resources and this left no elbow-room for anything else. In conclusion, he appealed to the House to allow the Commission more staff for certain key areas (internal market and structural Funds) so that these crucial policies could be actually applied.

Except for the Rainbow Group, which refused its support, the groups all declared themselves satisfied — in varying degrees — with the draft. Mr J. Colom i Naval (*S/E*) found that, for the first time, the budget was at least acceptable, but that the Socialists would not approve the overall allocation for agriculture if a single ECU was added. Mr E. Cristodoulou (*EPP/GR*) agreed that this was the first satisfactory budget they had had for years. And not before time if they were to save the agricultural policy, which was liable to burst like an overinflated balloon, added Mr Peter Price (*ED/UK*), who still observed that the current allocation was the biggest the EAGGF had ever had and that no entry had been made for expenditure in connection with the set-aside of farmland. He also noted that the Commission's workload was going to be 20% heavier with an addition of only 580 staff (+ 4.3% additional expenditure). Mrs C. Scrivener (*LDR/F*) welcomed this 'budget of hope and renewal' but objected to the sombre cuts in food aid for 1988, consequent upon the low rate of utilization in payments in 1987. The doubling of the structural Funds won unanimous support, as Mr J. C. Pasty (*EDA/F*) remarked before stressing that all the Community's less-favoured regions must be able to draw on them.

Some dissenting voices were nevertheless heard, like that of Mrs N. van Dijk (*Rainbow/NL*), for whom the budget did not meet the conditions stipulated to preserve and improve the environment, ignored the interests of smallholders and under-favoured regions and did not allow the Community to shoulder its responsibilities towards the developing countries. Mr P. Dankert (*S/NL*) was likewise critical, recalling the outstanding problems: one, the

fact that, according to the Council, some Member States were insisting on annual revenue ceilings—whereas Parliament was proposing expenditure ceilings—and two, the Council's surprise reaction to Parliament's demand for a say in the development of agricultural expenditure. Mrs Y. Fuillet (*S/F*) pointed out that the deadline of 5 October set in Article 203(4) of the Treaty for discussion of the budget had been well and truly missed. She also complained that the Council was not only refusing the resources to give effect to the Single Act but was also making depressing cuts in transport and development. She told the Council that if it wanted the future assured, it must supply the means! Attacking the rejection by the Budgets Committee of the amendment tabled by the Committee on Agriculture raising the EAGGF guarantee appropriations by 100 million ECU, Mr G. Devèze (*ER/F*) took issue with all the restrictions imposed on the CAP and regretted that the tax on oils and fats, which would have brought in over 2 billion ECU, had not been introduced.

The general rapporteur, Mrs Barbarella, wound up the debate with the novel proposal that a single vote be taken on all the amendments to the draft tabled by the Committee on Budgets. The vote produced a broad consensus on the amendments, which, Mr Cot concluded, augured a trouble-free second reading provided that at the same time an interinstitutional agreement was reached on budgetary discipline.

2.4.16. Parliament adopted opinions (first reading) on two Commission proposals concerning:

- (i) a third amendment to the Directive of 17 November 1975 on the approximation of the laws of the Member States concerning fruit juices and certain similar products (→ point 2.1.24);
- (ii) a fourth amendment to the Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products (→ point 2.1.119).

2.4.17. Parliament adopted two decisions (second reading) on the Council's common

position on the following Commission proposals:

- (i) a Directive relating to the classification, packaging and labelling of dangerous preparations (→ point 2.1.16);
- (ii) a Directive on the inspection and verification of the organizational processes and conditions under which laboratory studies are planned, performed, recorded and reported for the non-clinical testing of chemicals (good laboratory practice) (→ point 2.1.17).

2.4.18. Parliament gave opinions on the following Commission proposals:

- (i) an amendment to the Directive of 24 July 1979 on the approximation of the laws of the Member States relating to fruit jams, jellies and marmalades and chestnut puree (→ point 2.1.25);
- (ii) an amendment to the Regulations of 14 June 1971 and 21 March 1972 on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community (→ point 2.1.93);
- (iii) an amendment to the Decision of 27 June 1974 to extend the responsibilities of the Advisory Committee on Safety, Hygiene and Health Protection at Work to include health protection against the dangers arising from ionizing radiation (→ point 2.1.97);
- (iv) Directives concerning limit values for discharges of aldrin, dieldrin and endrin into the aquatic environment and quality objectives for aldrin, dieldrin and endrin in the aquatic environment (→ point 2.1.110);
- (v) a Decision concerning the conclusion of the Protocol to the 1979 Geneva Convention on Long-range Transboundary Air Pollution on the reduction of sulphur emissions (SO₂) or their transboundary fluxes by at least 30 % (→ point 2.1.112);
- (vi) an amendment to Annex II to Directive of 12 June 1986 on limit values and quality objectives for discharges of certain dangerous substances included in List I of the Annex to the Directive of 4 May 1976 (second amendment) (→ point 2.1.111);

(vii) twenty-five Regulations concerning agricultural stabilizers in eighteen sectors (→ point 2.1.126);

(viii) the common organization of the market in fruit and vegetables (→ point 2.1.132);

(ix) a Regulation on a specific common measure to encourage the development of agriculture in Spain (→ point 2.1.152);

(x) fishing rights and financial compensation with respect to fishing off the coast of Senegal (29 February 1988—28 February 1990) (→ point 2.1.172);

(xi) the Agreement between the Community and the Comoros on fishing off the Comoros (→ point 2.1.171);

(xii) an amendment to the Regulation of 24 June 1975 in respect of the recording of mode of transport in the external trade statistics of the Community (→ point 2.1.182).

2.4.19. Resolutions were passed on the following subjects:

Town-twinning schemes between local and regional authorities in the Community. Parliament maintained that the twinning of towns can help lay the foundations for union between the peoples of Europe and accordingly hoped that the Community institutions would provide material support. The Commission was requested to propose that a specific appropriation be entered in the draft budget for 1989 and to draw up a proposal for a decision stipulating that such aid be allocated in the first place to small or remote towns which wished to be twinned. The House urged the Member States to remove all administrative obstacles to the establishment and development of twinning schemes and called upon towns already twinned to show greater awareness towards other cultures and to demonstrate international solidarity in relations with their twin towns.

*The Commission proposals for action to promote European culture.*¹ Parliament

¹ Bull. EC 12-1987, point 1.2.1 *et seq.*

views promotion of culture as both a political and a socio-economic necessity and accordingly reaffirmed that a European cultural policy must be pursued as a matter of priority within the Community framework and asked that it be closely associated with implementation of this policy. It called on the forthcoming Council meeting of Culture Ministers to consider the resolution and to inform the House of its conclusions, and pressed the Commission to remove the obstacles to the start-up of the European Cultural Foundation by means of the relevant provisions of the Single Act.

The flood disasters in Germany. In view of the damage suffered by people and agriculture, Parliament thought it necessary to review possible river regulation work and, should such measures prove essential, the maintenance and recovery of natural overflow areas. The Commission was therefore asked to assist with whatever measures might be necessary, mainly by granting aid from the Regional Fund and the EAGGF. As a first step, the affected farmers must be guaranteed a certain amount of assistance and emergency aid provided from Chapter 69 of the budget for the towns and communities hit by the recent floods.

Measures to develop the social aspects of the common fisheries policy. Since those engaged in the dangerous occupation of fishing are mainly self-employed persons, share fisherman, family businesses and others working under informal arrangements, the social conditions in which they work inevitably lack uniformity and could cause distortions of competition. Parliament accordingly expressed the view that it would be in the fishermen's interest to set objectives and provide proper financial backing for training, safety, medical assistance, information gathering and control operations. It set out some appropriate guidelines and stressed that Community funds should help to finance social projects in the fishing industry. The House regretted that the proposals made for the provision of early retirement for fishermen and for wage supplements while ships are laid up had not been adopted.

Locusts. The devastation caused by these insects to the vegetation of the Maghreb countries and other parts of Africa and the threat to southern Europe are matters of concern to Parliament. It considered that the Member States would do well to provide maximum technical assistance to the afflicted regions as quickly as possible. The resolution therefore called on the Commission and the Council to launch a joint operation with the FAO.

Recent floods in Argentina. Parliament expressed its concern and its solidarity with the Argentinian people hit by the serious flooding of 3 800 000 hectares of land, which has affected 13 000 farmers, caused losses in the region of USD 440 million and left 15 000 homeless. The House therefore appealed to the Community and the Member States to provide the aid needed for the economic recovery of this area.

Fourth annual report to Parliament on Commission monitoring of the application of Community law—1986. Parliament welcomed the submission of the Fourth Annual Report and commended its contents, but deplored the fact that it was receiving each report later and later; it insisted on receiving it earlier in future. The House made suggestions concerning the contents and presentation of future annual reports, which it felt should deal with the application of Community law in the broadest sense. Parliament deeply regretted the delay by Member States in complying with judgments of the Court of Justice and recommended that they include the teaching of Community law in university law and economics syllabuses. A call was made for clearer and more consistent cooperation between national courts and the Court of Justice and for stronger guarantees of uniform application. Other recommendations included more publicity for future annual reports and action by the Council to set up a court of first instance as referred to in Article 168a¹ of the EEC Treaty.

The date for the 1989 European elections. Parliament recommended that the next elec-

¹ OJ C 122, 9.5.1988.

tions should be held between 8 and 11 June 1989 and wanted to see the electoral procedures standardized.

2.4.20. Acting under its powers on budgetary matters, on 13 April Parliament adopted various decisions and resolutions on the discharges to Community institutions and organs (general budget, management of the ECSC, EDF, Berlin Centre, Dublin Foundation) for 1986¹ (→ points 2.3.9 to 2.3.11).

In its resolution accompanying the discharge on implementation of the 1986 budget, Parliament pointed to a number of shortcomings in the management of Community resources but nevertheless noted that 'the Commission has put in hand the necessary process of reform' so that a fresh start can be made on a more solid basis. The resolution on the Commission's financial management of the ECSC welcomes certain improvements with regard to the levels of reserves and liquid assets and 'considers that these favourable developments are due to the new climate of cooperation established between Parliament and the Commission during the discharge procedure for the financial year 1985'.²

2.4.21. In the field of political cooperation and human rights, Parliament passed resolutions on the following subjects:

Threats against the religious press in East Germany. Parliament expressed its outrage at the cynical flouting of the Helsinki Final Act³ by the East German authorities with measures against the religious press clearly designed to impose unacceptable limits on freedom of worship. The House utterly condemned this action and called on the Council and the Member States' Governments to raise the matter without delay at the CSCE follow-up meeting (→ point 2.2.57), and urged the Four Powers responsible for maintaining the status quo in Berlin to protest most strongly to the East German Government and demand an end to this persecution.

Repressive measures against Christians in Czechoslovakia. Appalled by the brutality

of the Czechoslovak police in dispersing Christians staging a peaceful demonstration in Bratislava, Parliament condemned the oppressive measures against Christians, which it held to be in breach of the solemn promises made under the Helsinki Final Act.³ The House called on the Czechoslovak Government to stop the persecution of Christians in Czechoslovakia and restore human rights; it expressed its heartfelt solidarity with the Christians persecuted in Czechoslovakia.

Arrests in Senegal. Parliament hoped that the Government and Opposition would respect the forms and principles of democracy and that Mr Wade, leader of the Senegalese Democratic Party, and his three associates would be released without delay.

Assassination of four people in Botswana and of the ANC representative in Paris. The fresh wave of outrages perpetrated by South Africa within its own frontiers and abroad had alarmed Parliament, which denounced the murders committed in Phiring and Paris. It objected to the export to Europe of any form of terrorism and requested the Governments of the Member States to make every effort to ensure that the murderers are brought to justice. The Foreign Ministers meeting in political cooperation were urged to guarantee the safety of the civilian populations of the SADCC countries and of ANC representatives in Europe.

Death sentences imposed on the Sharpeville Six in South Africa. Parliament appealed to the Council, the Commission and all the Member States and international organizations to make all possible representations to the South African authorities in order to save the lives of the Sharpeville Six, whose execution has been postponed to 18 April. It called for an end to the current series of executions of at least 45 political prisoners condemned to death.

¹ OJ C 122, 9.5.1988.

² OJ L 137, 27.5.1987; OJ C 125, 11.5.1987; Bull. EC 4-1987, points 2.3.7, 2.3.8 and 2.4.17; Bull. EC 7/8-1987, point 2.3.5.

³ Ninth General Report (1975), points 510 to 512.

Withdrawal of foreign troops from Angola. Parliament expressed its support for the Angolan people and for the Government's conditions for peace. It declared its readiness to cooperate in any measures necessary to strengthen the terms of the quadripartite agreement proposed between Angola, South Africa, Cuba and Swapo. The House therefore called on all the parties concerned to endorse, in good faith and in accordance with the procedure laid down, the timetable for the withdrawal of foreign troops from Angolan territory. Parliament also reaffirmed its commitment to step up cooperation with Angola so that economic and social conditions may help to maintain a lasting peace.

The arrest and detention of four human rights workers in the Occupied Territories. Parliament called on the Israeli Government either to bring charges without delay against the four members of the organization 'Law in the service of man' (Al-Haq) arrested between 5 January and 18 March or to release them at once. The Government was also urged to respect the work of Al-Haq, an organization which receives a subsidy from the Commission. Parliament called on the Member States to try to ensure that Israel respects the fourth Geneva Convention.

Use of chemical weapons in the Iran-Iraq war. Parliament condemned the use of chemical weapons by Iraq and called on both the Iraq and Iran Governments to make no more use of them and refrain from further missile attacks on cities. The House called on the Council and the Member States to adopt measures to put pressure on Iraq and Iran to respect the international conventions and to ensure that chemicals and equipment which can be used in the production of chemical weapons are not being exported from their countries to Iran or Iraq. Parliament called on the States that had voted Security Council resolution 598 on an immediate ceasefire to enforce an embargo on weapons sales to either side. Stressing the need for the conclusion of an agreement on the complete prohibition of chemical weapons, the House asked the

Commission to supply the necessary means forthwith to ensure that survivors receive medical treatment. Finally, it urged the Council to do its utmost to prevent the deportation of Kurds to concentration camps.

The situation in Afghanistan. Welcoming the signing of the Geneva Agreement on 14 April, Parliament called for self-determination for the Afghan people, the association of the freedom fighters with the peace process, the restoration of human rights and the return of some five million refugees. The Commission and Foreign Ministers meeting in political cooperation were therefore invited to propose to the Afghan people a series of measures amounting to an effective aid programme for the reconstruction of the country, in which the United States, the Arab States and the Soviet Union should be asked to participate. Community humanitarian aid should be provided immediately for those areas of Afghanistan controlled by the freedom fighters.

Elections and violence in Colombia. Parliament condemned the murder of some 30 peasants in the department of Córdoba and urged the Colombian Government to eradicate such acts of barbarism. Although concerned about violations of human rights in Colombia, the House nevertheless congratulated the Colombian Government for having made it possible to hold direct elections to the local councils.

Disappearances in Peru. Parliament called on the Foreign Ministers meeting in political cooperation to make urgent representations to the Peruvian Government to investigate the situation of the 15 named persons who have been detained or have disappeared, as well as the incidents which have occurred in the Mariscal Castilla military barracks.

The difficult situation of the Vietnamese refugees arriving by boat on the east coast of Thailand. The continuing flow of refugees 13 years after the fall of Saigon in 1975 and the incursions by the Vietnamese army—supported by the Soviet Union—along the frontier with Thailand prompted Parliament to call on the Thai Government

once more to grant asylum to those legitimately requesting it and on the Governments of the Member States, the United States, Canada and Australia to step up their reception programmes. The House then advocated a number of measures at political level and called, in particular, for aid to be granted to host countries like Thailand from Community emergency aid appropriations.

Council

2.4.22. The Council held five meetings in April. The table below lists the number, place and date of each meeting, the names of the Council President and Commission representatives and the main items of business. A more detailed account of specific items can be found in the sections of the Bulletin referred to in the footnotes.

Table 7 — *Council meetings in April*

Number, place and date of meeting	Subject	President	Commission	Main items of business
1232nd Luxembourg 11 March	Research	Mr Riesenhuber	Mr Narjes	<p>Second phase of Esprit programme: adoption¹</p> <p>Learning technologies — Delta programme: common position²</p> <p>Stimulation of the international cooperation and interchange needed by European research scientists (Science): common position¹</p> <p>Revision of biotechnology research programme: common position¹</p> <p>Applied metrology and chemical analyses (Community Bureau of Reference): common position¹</p> <p>IT and telecommunications applied to road transport — Drive programme: common position²</p> <p>Thermonuclear fusion: policy debate</p> <p>Standards</p> <p>Relations between Community research and Eureka projects</p> <p>Joint Research Centre</p>
1233rd Luxembourg 18 April	Economic and financial affairs	Mr Stoltenberg	Mr Delors Mr Christoffersen Lord Cockfield	<p>Elimination of tax frontiers³</p> <p>Creation of a European financial area⁴</p> <p>Implementation of European Council conclusions on budgetary discipline⁵</p>

Number, place and date of meeting	Subject	President	Commission	Main items of business
1234th Luxembourg 18 and 19 April	Agriculture	Mr Kiechle	Mr Andriessen	Farm prices and related measures (1988/89) ⁶ Agri-monetary measures Financial implications of price proposals Quick-frozen foodstuffs; additives in foodstuffs for human consumption Veterinary questions Conciliation meeting with Parliament: cessation of farming; all agricultural aspects of follow-up to European Council conclusions ⁶
1235th Luxembourg 25 and 26 April	General affairs	Mr Genscher	Mr Delors Mr Christophersen Mr Cheysson Mr De Clercq	Implementation of European Council conclusions ⁷ Uruguay Round: progress report ⁸ Relations with Japan: Council conclusions ⁹ Elections for Parliament ⁷ Framework Regulation on food aid ¹⁰ Manioc: import arrangements Financial and technical aid to Latin American and Asian developing countries EEC-Turkey association
1236th Luxembourg 28 April	Budget	Mr Tietmeyer	Mr Christophersen	Resumption of 1988 budget procedure ⁵

¹ Research and technology.

² Telecommunications, information technology and innovation.

³ Customs union and indirect taxation.

⁴ Economic and monetary policy.

⁵ Financing Community activities

⁶ Agriculture.

⁷ European policy and relations between the institutions.

⁸ New round of multilateral trade negotiations.

⁹ Point 1.3 1 *et seq*

¹⁰ Development.

Commission

Activities

2.4.23. On 30 April the Commission held a special meeting at Corsendonk, near

Turnhout, in northern Belgium, at which it held a wide-ranging discussion on the Community's relations with the EFTA countries and the non-member countries in the Mediterranean area, with particular reference to the debate on deepening and widening such relations.

Decisions, communications and proposals

2.4.24. The Commission approved a communication to the Council on the internal energy market, listing as clearly and comprehensively as possible the various obstacles to achieving a single market in this sector (→ point 1.1.1 *et seq.*).

The Commission also sent the Council a proposal for a recommendation to the Member States to promote cooperation between public electricity supply companies and private electricity generators (→ point 2.1.188).

In January the Commission sent the Council a proposal for a second Directive on the coordination of banking legislation.¹ As a step towards the adoption of this Directive, the Commission has now sent the Council a proposal to establish a uniform method of assessing the ability of credit institutions to meet credit losses arising from the default of their customers (solvency ratio) (→ point 1.2.1 *et seq.*).

The Commission approved a communication setting out an enterprise policy for the Community, aiming to create an environment which would encourage initiative and the development of business (especially small firms) in the growing European market (→ point 2.1.28).

In August 1987 the Commission sent the Council a proposal instituting a Community programme to assist the conversion of shipbuilding areas (Renaval).² To ensure consistency with Objective No 2 of its proposal on the reform of the structural Funds (conversion of declining industrial areas), the Commission has now presented a revised proposal (→ point 2.1.102).

The Commission reported to the Council on the implementation of the 1987-89 'Europe against cancer' action plan (→ point 2.1.96).

The Commission sent the Council a proposal for a Decision on education in matters relating to environment, aiming to make the public more aware of the problems faced in this field (→ point 2.1.85).

To give effect to the conclusion reached at the European Council last February, the Commission sent the Council a proposal for a Decision on budgetary discipline, including rules on compulsory expenditure (→ point 2.3.7).

Finally, the Commission approved a communication to the Council on its statistical information policy, which underlined the need to review the methods use to gather statistics and the growing need for reliable statistics to support the operation of the internal market (→ point 2.5.2).

In the field of external relations, the Commission sent the Council an interim report on the multilateral trade negotiations, reviewing progress in the Uruguay Round since its launch eighteen months ago (→ point 2.2.1).

Court of Justice³

Analysis of judgments delivered between 1 January and 31 March 1988

Judicial review and fulfilment by the Member States of their obligations

2.4.25. In Joined Cases 227 to 230/85 *Commission v Belgium* the Court confirmed previous decisions by rejecting the submission that it was legally impossible for the central authority to compel regional authorities to implement Community legislation. It thus found that the failure to fulfil obligations on which it had delivered judgment in Joined Cases 68 to 71/81⁴ had still not been corrected.

2.4.26. In Case 324/82 *Commission v Belgium* the Court criticized the appli-

¹ OJ C 84, 31.3.1988; Bull. EC 1-1988, point 1.2.1 *et seq.*

² OJ C 291, 31.10.1987; Bull. EC 7/8-1987, point 2.1.146.

³ 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*).

⁴ *Commission v Belgium* [1982] ECR 153-175.

cation, in Belgium, of the list price — instead of the price actually agreed — as the basis of assessment of VAT on new cars. In Case 391/85, also *Commission v Belgium*, the Court, hearing an action brought by the Commission pursuant to Article 171 of the EEC Treaty, found that Belgium, ‘by retaining’, in the Act which it had adopted following the 1984 judgment,¹ ‘the list price as the basis for charging VAT’, had failed to take the measures necessary to comply with that judgment, thus failing to fulfil the obligation laid down by Article 171.

2.4.27. In Case 240/86 *Commission v Greece* the Court, for the first time, reproved a Member State exclusively for infringing Article 5 of the Treaty by failing to provide cooperation at governmental level. The Court held that the national authorities’ refusal to cooperate had prevented the Commission from having cognizance of the regulations in force — not published — and, hence, from verifying whether there might be any barriers to importation.

Free movement of goods and customs union

2.4.28. In Case 216/84 *Commission v France* the Court held that the prohibition on the importation into France of substitutes for milk powder and concentrated milk and on the sale of such imported products constituted a breach of Article 30 of the EEC Treaty.

The Court rejected the consumer and health protection arguments put forward; it emphasized that suitable labelling gave consumers adequate information about the nature, ingredients and characteristics of the product so as to distinguish it from milk. The Court also pointed out that it was for the Community and not for an individual Member State to seek a solution to the problems of milk surpluses under the common agricultural policy and that national measures, even those supporting a common Community policy, may not contradict the fundamental principles of the Community, in this case that of the free

movement of goods. Lastly, it considered that a Community provision authorizing Member States to maintain, until 31 March 1989, national rules that restrict the manufacture and marketing of milk substitutes did not cover the French rules in question since these were contrary to Article 30.

2.4.29. In Case 434/85 *Allen & Hanburys v Generics (UK)* the Court clarified the degree of protection afforded by the holding of a patent.

In accordance with the Community Patent Convention, the period of validity of United Kingdom patents had been extended from 16 to 20 years by the Patents Act 1977, which came into force on 1 June 1978 and provided *inter alia* that, in respect of certain patents, any person could obtain, for the last four years, a ‘licence of right’, so as to exploit the invention by manufacture in the United Kingdom against payment of a royalty. Under the law applying in the UK, licences of right may exclude the possibility of importing the product covered by the patent.

On the basis of these provisions, a UK firm, holder of a patent for a pharmaceutical product, had applied to the national courts to prevent the import by a competitor of the same product, manufactured in another Member State where there was no protection under patent for such products, the importer having undertaken, however, to take out a licence of right on the terms provided for in UK legislation.

The Court of Justice rejected this claim. It considered that the industrial and commercial protection afforded by Article 36 of the Treaty could not warrant such a prohibition on importation, since that protection was not necessary for the patent-holder to be guaranteed the same rights *vis-à-vis* importers as those accorded to him *vis-à-vis* manufacturers making the product on national territory.

The Court also held that Articles 30 and 36 of the EEC Treaty prohibited the competent

¹ [1984] ECR 1861.

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 and market the product in the national territory. The Court added that, in this case (patent subject to compulsory licence system), there was no need to distinguish whether the product marketed was manufactured in the national territory or in the territory of the Member State where the product was not patentable.

2.4.30. In *Les Fils de Jules Bianco and Others*¹ and in Case 104/86 *Commission v Italy* the Court confirmed its *San Giorgio* ruling,² where it had held that a Member State may not make the repayment of a charge having equivalent effect to customs duties conditional on evidence which renders repayment virtually impossible.

In Case 104/86 the Court, on a request from the Commission, censured the Italian law which had previously given rise, under a reference for a preliminary ruling, to the *San Giorgio* judgment. The Court declared that Italy had failed to fulfil its obligations under Articles 5, 9 and 95 of the Treaty by imposing on the taxpayer — by applying the provisions at the centre of the dispute, and by giving them retroactive effect — the burden of proving, and then only by documentary evidence, that national duties and taxes in respect of which the taxpayer is claiming reimbursement on the ground that they were incorrectly paid were not passed on to other persons.

In *Les Fils de Jules Bianco and Others* the Court delivered a similar judgment, in a reference for a preliminary ruling, on the French Act of 30 December 1980, which is virtually identical to the Italian Act.

Free movement of persons and services

2.4.31. In Case 63/86 *Commission v Italy* the Court held that legislation restricting access to property and the renting of social housing was contrary to the principle of

non-discrimination on grounds of nationality and infringed Articles 52 and 59 of the Treaty. The Court pointed out in particular that, in order to ensure complete competitive equality, the exercise of professional activities in another Member State presupposes not only the possibility of access to premises where such activities may be pursued but also the possibility of residing there on the same conditions as those applicable to competitors who are nationals of the host State.

2.4.32. In *Barra*³ and in *Blaizot*⁴ the Court amplified the scope of its *Gravier*⁵ decision when it examined the Belgian Act of 21 June 1985 which restricted solely to students from the Member States who had brought an action for repayment in the Belgian courts before that judgment the possibility of recovering the supplementary enrolment fees previously paid.

In *Barra* the Court, finding that the 1985 Act simply deprived students who did not bring an action before the date of the *Gravier* judgment of the right to obtain repayment of supplementary enrolment fees not owed and hence made it impossible to exercise the right conferred by Article 7 of the EEC Treaty, held that Community law rendered the Belgian Act inapplicable to the parties concerned and that the national courts should not apply it.

In *Blaizot* the Court, for the first time, described university studies — in this particular instance, veterinary medicine — as vocational training. The Court considered that neither the Treaty, and in particular Article 128 thereof, nor the objectives pursued with regard to the free movement of persons made it possible to restrict the con-

¹ Joined Cases 331, 376 and 378/85 *Les Fils de Jules Bianco and Others v Directeur Général des Douanes et Droits Indirects and Others*.

² Case 199/82 *Amministrazione delle Finanze dello Stato v San Giorgio* [1983] ECR 3595.

³ Case 309/85 *Barra and Others v Belgian State and City of Liège*.

⁴ Case 24/86 *Blaizot and Others v University of Liège and Others*.

⁵ Case 293/83 *Gravier v City of Liège* [1985] ECR 606.

cept of vocational training so as to exclude all university education. It also found that, with certain exceptions, university studies did lead to a vocational qualification. It concluded that the supplementary enrolment fee, paid exclusively by students of veterinary medicine from another Member State, constituted discrimination contrary to Article 7. Nevertheless, pointing out that this was the first time it had ruled on such a question, the Court held that imperative considerations of legal certainty precluded this construction from being applied retroactively, except where actions for repayment had been brought before the date of the judgment.

2.4.33. In Case 147/86 *Commission v Greece* the Court found that Greece had failed to fulfil its obligations under Articles 52, 59 and 48 of the Treaty by prohibiting the nationals of other Member States from setting up establishments providing vocational, i.e. specialist, training (*frontistiri*, private dancing and music schools) or from giving private home tuition, even occasionally, and by refusing access for nationals of other Member States already employed in Greece to posts relating to such activities. The Court rejected the argument that such activities were linked to the exercise of official authority within the meaning of Article 55 of the Treaty, taking the view that the authority had the appropriate means of protecting the interests for which it was responsible without, to that end, having to restrict the freedom of establishment.

Taxation

2.4.34. In *Drexel* the Court had to rule on the penalties imposed by a Member State for the evasion of tax on importation.¹ In the present state of Community law VAT is charged on the importation of an article into a Member State. In the case before the Court, a foreign national who had evaded VAT on the importation of a motor car had the car confiscated; evasion of the same kind in the course of a domestic transaction would have been punishable by a fine only.

The Court said that a system of penalties could not have the effect of encroaching on the freedoms laid down in the Treaty; national legislation which penalized offences involving payment of VAT upon importation more severely than those involving payment of VAT on domestic transactions was incompatible with Article 95 of the EEC Treaty in so far as the difference was disproportionate to the difference between the two categories of offence, and might therefore have the effect of encroaching on the freedom of movement of goods within the Community.

2.4.35. In *Bergandi v Directeur général des impôts*² the Court delivered a preliminary ruling on the interpretation of Article 33 of the sixth VAT Directive,³ which allows Member States to maintain or introduce only taxes, duties or charges 'which cannot be characterized as turnover taxes'. The tax at issue here was an annual or six-monthly tax called 'State tax', charged in France on gaming machines on the basis of the presumed profitability of the machine, VAT also being payable.

The Court held that a charge which, although providing for different amounts according to the characteristics of the taxed article, was 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, could not be characterized as a turnover tax.

2.4.36. In *Apple and Pear Development Council* the House of Lords had asked whether the Apple and Pear Development Council, a body governed by public law, could deduct VAT on goods and services provided to it in connection with its activities, which consisted mainly of promoting apples and pears grown in England and Wales.⁴

¹ Case 299/86.

² Case 252/86.

³ OJ L 145, 13.6.1977; Eleventh General Report, point 219.

⁴ Case 102/86 *Apple and Pear Development Council v Commissioners of Customs and Excise*.

The Court noted that the Council's revenue derived from a mandatory charge imposed on growers; such a charge did not constitute consideration for a service supplied. It concluded that the functions exercised by the Council did not constitute 'the supply of ... services effected for consideration' within the meaning of Article 2 of the sixth VAT Directive, which would have allowed the Council to deduct input VAT.

Social policy

2.4.37. In its judgment in the *Daddy's Dance Hall* case¹ the Court clarified an essential aspect of Council Directive 77/187/EEC on the safeguarding of employees' rights in the event of transfers of businesses.²

It was questioned whether an employee could waive the rights conferred on him by the Directive if the disadvantages to him of such a course of action were offset by advantages so that, overall, he was not left in a worse position.

The Court said first of all that the protection given by the Directive to employees affected by the transfer of a business was a matter of public policy and could not be contracted out of by the parties to a contract of employment. Consequently, the rules of the Directive, notably those protecting workers against dismissal by reason of the transfer, were mandatory in the sense that they could not be waived to the detriment of employees. It followed that the employees concerned were not entitled to waive the rights conferred on them by the Directive, and that these entitlements could not be diminished even with their consent. This interpretation held good in cases such as the one at issue, where, to offset the immediate and certain disadvantages to the employee caused by a change in his contract of employment, the employee was given advantages which might place him overall in a worse position.

But the Court was careful to specify that where, in cases other than transfers of businesses, domestic law permitted an alteration

in the contract of employment to the disadvantage of the employee, notably as regards protection against dismissal, such an alteration was not precluded by the mere fact that the business had changed hands in the mean time, and that the agreement was consequently concluded with the new employer; of course the transfer could never itself constitute the reason for the alteration.

Common agricultural policy and fisheries

2.4.38. In *van der Kooy*³ and Case 213/85 *Commission v Netherlands* the Court settled a dispute between the Commission and the Dutch Government as to whether the preferential tariff charged by the gas company Gasunie for natural gas supplied to Dutch glasshouse growers constituted State aid.

The Court said that, where different tariffs were not based on objective criteria, the grant of an advantageous tariff to one industry, without any equivalent in other industries, gave rise to a presumption that there was State aid; the aid had then to be examined to establish whether it was compatible with Articles 92 and 93 of the EEC Treaty.

But that presumption could be rebutted if it were shown that the tariff was indeed justified on commercial grounds, such as the danger to Gasunie that growers might convert from natural gas to coal, which has been invoked in the proceedings before the Court. The Dutch Government directly or indirectly held 50% of the capital of Gasunie, and Gasunie's decisions on prices were taken under the control and direction of the public authorities; the Court concluded that the fixing of the disputed tariff by Gasunie constituted State aid for the purposes of Article 92 and, as the tariff was lower than the tariff which would have been necessary

¹ Case 324/86 *Foreningen af Arbejdsledere i Danmark v Daddy's Dance Hall*.

² OJ L 61, 5.3.1977

³ Joined Cases 67, 68 and 70/85 *Kwekerij Gebroeders van der Kooy and Others v Commission*.

to take account of the risk of conversion to coal, held that it was incompatible with the common market.

2.4.39. In *Livestock Sales Transport* the Court held that rules under which the Commission had sought to have a charge collected on the export of certain sheepmeat were illegal.¹

Arguing that the variable slaughter premium payable in the United Kingdom in respect of lambs affected the prices of other sheep on which it was not payable, the Commission had introduced, alongside the 'clawback' of the slaughter premium for lambs, a reduced clawback on the export of these other products.

The Court rejected the Commission's argument. While accepting that the integration of markets achieved by the common organization of the market in sheepmeat was incomplete, the Court nevertheless considered that the charging of a sum of money upon exportation within the Community constituted in principle an obstacle to the free movement of goods, which was a fundamental principle of any common organization of the market; a system of that kind therefore necessarily represented an exception, whose scope had to be strictly limited.

In the absence of any contrary intention clearly spelt out in the rules at issue, those rules could not be given the broad interpretation supported by the Commission.

2.4.40. In two parallel cases where the United Kingdom had challenged the validity of Council Directives, one prohibiting the use in livestock farming of certain substances having a hormonal action, and the other laying down minimum standards for the protection of laying hens in battery cages, the Court clarified the circumstances in which Article 43 of the EEC Treaty could serve as the legal basis for Community acts.²

The Court annulled the two Directives, for reasons which had to do solely with the internal procedure followed by the Council when it purported to adopt them; but it

rejected the submission that Article 100 of the Treaty, which requires unanimity on the part of the Council, should have been cited as a legal basis along with Article 43, which requires only a qualified majority and which was in fact the sole basis cited in the Directives.

The Court said that Article 43 was the appropriate legal basis for any legislation which concerned the production and marketing of agricultural products listed in Annex II to the Treaty, and which was directed to one or more of the objectives of agricultural policy listed in Article 39; such legislation could involve the harmonization of provisions of national law without having to invoke Article 100.

This was true even where the legislation was directed both to objectives of agricultural policy and to other objectives; Article 38(2) gave precedence to specific provisions in the agricultural field over general provisions relating to the establishment of the common market.

The Court also said that the choice of the legal basis for a Community legislative measure was not within the discretion of the legislature. It had to be based on objective factors which were amenable to judicial review.

2.4.41. In Case 347/85 *United Kingdom v Commission* the Court clarified three aspects of the procedure for the clearance of EAGGF Guarantee Section accounts.

First, the Court accepted the Commission's approach under which clearance must take account of what are known as 'upstream' infringements, meaning cases where, even though Community rules on intervention or refund are fully complied with, the level of EAGGF expenditure is affected by another infringement committed at an earlier stage.

Second, where the Commission attempted to assess the costs which resulted from the

¹ Case 162/86 *Livestock Sales Transport & P.M. Johnson v Intervention Board for Agricultural Produce*.

² Case 68/86 *United Kingdom v Council* and Case 131/86 *United Kingdom v Council*.

infringement by reference to the situation which would have existed on the market in question in the absence of the infringement, the Court held that it was for the Member State to show that the Commission's calculations were inaccurate. If the Commission was unable to assess the amount of extra spending the whole of the expenditure could be charged to the Member State.

Lastly, the Court said that savings resulting from an infringement could not be taken into account in order to reduce the expenditure charged to the Member State. It confirmed that only a concise statement of reasons for a clearance decision was required if the government concerned had been closely involved in the process by which the decision came about.

Budgetary questions

2.4.42. *Commission v EIB*¹ is the first case to be brought under Article 180 of the EEC Treaty, which allows the Commission to institute proceedings before the Court of Justice against the European Investment Bank (EIB).

The Commission contended that the tax withheld from the salaries of Community staff, which the EIB had entered among the liabilities on its balance sheet, should be

paid into the general budget of the Communities. The Court accepted this contention; it held that Articles 13 and 22 of the Protocol on the Privileges and Immunities of the Communities meant that the Protocol applied to the EIB and its staff as regards both the levying of Community tax and its destination. The replacement of national taxes by a uniform tax, which was provided for in Article 13 of the Protocol, did not mean that the proceeds were to go to the body where the taxpaying staff were employed. The rights and privileges set out in the Protocol had been conferred on the EIB only in its quality as a body acting in the interests of the Community (Article 130 of the Treaty), and as with other such bodies the tax which it withheld on the salaries it paid to its staff was collected for the benefit of the Communities.

The EIB's institutional position was somewhat unclear, but this did not stand in the way of the findings. The independence of action on the financial markets meant that its management was independent, but did not mean that it was completely outside the Community framework, as its function was to contribute to the objectives of the Community in accordance with Article 130 of the EEC Treaty.

¹ Case 85/86.

2.4.43. New cases

Case	Subject	Basis
ECSC—Steel 92/88R Assider v Commission ¹	A declaration that 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 is void	Article 33 ECSC

Case	Subject	Basis
Free movement of goods		
69/88 Krantz v Ontvanger der Directe Belastingen, Kerkrade, and Netherlands State ²	<p>1. Is Section 16 of the Wet op de Invordering van 's Rijks Directe Belastingen (Act on the collection of the Netherlands State's direct taxes) of 22 May 1845 (Staatsblad 22) to be regarded as a measure having equivalent effect to a quantitative restriction on imports within the meaning of Article 30 of the EEC Treaty where the Netherlands tax authorities seize goods on the premises of a taxpayer even if those goods are from and are the property of a supplier in another Member State?</p> <p>2. If so, is the application of Section 16 none the less justified under Article 36 of the Treaty on the basis of one of the grounds referred to in Article 36?</p>	Article 177 EEC
Right of establishment		
91/88 Criminal proceedings against Rinaldo Prandina and Bruna Goti ³	<p>1. Obligation on the Member States to enact legislative measures regulating paramedical activities</p> <p>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</p>	Article 177 EEC
Taxation		
59/88 Crespin v Direction générale des impôts ⁴	<p>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?</p>	Article 177 EEC
78 to 80/88 Pelleray Display, Sofel and Mentreau v Directeur des services fiscaux de la Haute Savoie ⁵	<p>Must the term 'turnover tax' contained 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 indirect taxation of a flat-rate nature, nevertheless presuppose the existence of a business and whose yield, as a result of a difference in the applicable rates depending on the location of the taxable</p>	Article 177 EEC

Case	Subject	Basis
93/88 <i>Wisselink v Secretary of State for Finance</i> ¹	<p>machines or the greater or lesser degree of sophistication of their mechanisms, appears related to foreseeable turnover, although it is not expressed as a percentage of actual takings?</p> <ol style="list-style-type: none"> 1. Do the provisions of the first, second and sixth VAT Directives preclude the levying of a special consumption tax on passenger cars? 2. If so, must the conclusion be drawn that a taxable person may, under Article 17 of the sixth Directive, deduct a special consumption tax on passenger cars borne by him from the tax he is liable to pay, even if the national legislation makes no provision for such a deduction? 	Article 177 EEC
94/88 <i>Albemij, Hart Nibbrig en Greeve and Others v Secretary of State for Finance</i> ¹	<ol style="list-style-type: none"> 1. Do the provisions of the first, second and sixth VAT Directives preclude the levying of a special consumption tax on passenger cars? 2. If so, must the conclusion be drawn that a special consumption tax on passenger cars, such as that which the appellant is liable to pay under Netherlands legislation on account of the importation of passenger cars in the period to which the case relates, may not be levied at all, or that it must be levied on a different basis? 	Article 177 EEC
Competition		
110/88 <i>Ministère public v Luca-zeau</i> ⁶	<ol style="list-style-type: none"> 1. Does the imposition by Sacem, a civil partnership composed of music writers and publishers and occupying a dominant position in a substantial part of the common market, and bound by reciprocal representation contracts with composers' associations in other Community countries, of combined royalties on the basis of 8.25% of the gross turnover of a discotheque, amount to the direct or indirect imposition on those entering into contracts with it of unfair trading conditions within the meaning of Article 86 of the EEC Treaty if that rate is manifestly higher than that applied by identical composers' associations in other EEC Member States? 2. Is the organization by means of a group of so-called reciprocal representation agreements of a <i>de facto</i> monopoly in the countries of the Community, enabling a copyright-management society pursuing its activities in a Member State to fix under a contract of association a general fee which must be paid by users before exploiting foreign works, liable to constitute a concerted practice covered by the prohibition in Article 85(1) of the Treaty? 	Article 177 EEC

Case	Subject	Basis
State aid		
111/88 and 111/88R Greece v Commission ⁷	Annulment and suspension of the application of Commission Decision C(88)200 of 4 February 1988 amending Commission Decision 86/614/EEC authorizing Greece to adopt certain protective measures under Article 108(3) of the EEC Treaty	Article 173 EEC
112/88 and 112/88R Cretan Citrus Fruit Producer's Association v Commission ⁷	Annulment and suspension of the application of Commission Decision C(88)200 of 4 February 1988 amending Commission Decision 86/614/EEC authorizing Greece to adopt certain protective measures under Article 108(3) of the EEC Treaty	Article 173 EEC
Agriculture		
77/88 Stute Nahrungsmittelwerke v Germany ²	<p>1. What minimum requirements must be satisfied by a recognized producers' group within the meaning of Article 3a(2) of Council Regulation No 515/77, Article 3a(1) of Council Regulation No 988/84 and Article 3(1) of Council Regulation No 426/86?</p> <p>2. Do those minimum requirements entail that the producers must be able to exert their influence on decisions in the recognized producers' group by holding a majority of votes and does it matter if a member of such a producers' association is not a producer himself but holds the majority of votes, or is it sufficient if the producers, as minority shareholders, have powers of control and rights of veto?</p> <p>3. Is compliance with those minimum requirements a condition of entitlement to aid if all other conditions in respect of such aid are satisfied, in particular if the competent authority has recognized the producers' association? To that extent does a question of legitimate expectation arise between the producers' association and its customers?</p>	Article 177 EEC
88/88 REWE-Handelsgesellschaft Nord v Überwachungsstelle für Mischerzeugnisse und Handelsklassen ³	Does the second indent of the second subparagraph of 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?	Article 177 EEC
101/88 Gebr. Gausepohl v HZA Hamburg-Jonas ¹	1. Is the first paragraph of Article 6 of Commission Regulation No 1964/82 to be interpreted as meaning that the grant of the special	Article 177 EEC

Case	Subject	Basis
119/88 Aerpo and Others v Commission ⁸	<p>refund is conditional on exportation of the total quantity of portions of hindquarters placed under supervision, or as meaning that 'total quantity' refers to the individual hindquarters with the consequence that if a portion of a hindquarter is missing the special refund must still be paid for the remaining complete portions of hindquarters?</p> <p>2. Does the refusal to pay the special refund in full for a consignment of hindquarters placed under supervision where one portion of the hindquarters is missing on exportation constitute a breach of the principle of proportionality, or under what circumstances might it constitute a breach of that principle?</p> <p>Application for damages for the loss suffered by the applicants as a result of Commission Regulation No 3587/86 fixing the conversion factors to be applied to the buying-in prices for fruit and vegetables, alleged to be unlawful</p>	Article 215 EEC
<p>Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters</p> <p>115/88 Reichert and Others v Dresdner Bank⁹</p>	<p>By providing that in regard to rights <i>in rem</i> in, or tenancies of, immovable property, the courts of the contracting State in which the property is situated are to have exclusive jurisdiction, did the Convention lay down a rule or jurisdiction without any reference to the classification of actions as personal actions, actions <i>in rem</i>, or mixed actions, taking account only of the substantive legal issue, namely the nature of the rights at issue, with the result that the rule of jurisdiction thus laid down makes it possible for a creditor who contests acts of his debtor carried out for the purpose of defrauding him of his rights, in this case, a gift of rights <i>in rem</i> in immovable property, to bring his action before the courts of the contracting State in which the property is situated?</p>	
<p>Fisheries</p> <p>122/88 Spain v Commission¹⁰</p> <p>123/88 Opagac and affiliated companies v Commission⁸</p>	<p>Annulment of Commission Regulation No 228/88 determining the maximum amount of the compensation for tuna supplied to the canning industry for the period 1 September to 31 December 1986</p> <p>Annulment of Commission Regulation No 228/88 determining the maximum amount of the compensation for tuna supplied to the canning industry for the period 1 September to 31 December 1986</p>	<p>Article 173 EEC</p> <p>Article 173 EEC</p>

Case	Subject	Basis
Infringements 120/88 Commission v Italy ⁸	Non-compliance by Italy with the Court's ruling in the <i>Schul</i> cases that a person who imports goods on which VAT has already been charged in another Member State may deduct from the VAT due on importation the proportion of the VAT paid in the Member State of exportation which is still contained in goods at the time of importation	Article 169 EEC

Miscellaneous

73/88 Scrivner and Scrivner — Application for legal aid

Disputes between the Community and its staff

v Commission:

104/88 Brus
108/88 Jaenicke Cendoya
116/88 Hecq

v Parliament:

121/88 Sabbatucci
127/88 Blackman

v Court of Justice

124/88 Marcopoulos

- ¹ OJ C 116, 3.5.1988.
² OJ C 91, 8.4.1988.
³ OJ C 100, 15.4.1988.
⁴ OJ C 92, 9.4.1988.
⁵ OJ C 90, 7.4.1988.
⁶ OJ C 120, 7.5.1988.
⁷ OJ C 132, 21.5.1988.
⁸ OJ C 136, 26.5.1988.
⁹ OJ C 125, 12.5.1988.
¹⁰ OJ C 129, 18.5.1988

2.4.44. Judgments

Date and Case	Held
Right of establishment 20.4.1988: 204/87 Bekaert v Procureur de la République, Rennes ¹	Neither Articles 52 of the EEC Treaty nor Council Directives 68/363/EEC and 68/364/EEC, adopted pursuant thereto as regards self-employed persons in the retail trade, apply to

Date and Case	Held
<p>Freedom to provide services</p> <p>26.4.1988: 352/85 <i>Bond van Adverteerders v Netherlands</i></p>	<p>situations which are purely internal to a Member State, such as the situation of a national of a Member State who has never resided or worked in another Member State</p> <ol style="list-style-type: none"> 1. The distribution, by operators of cable networks established in a Member State, of television programmes supplied by broadcasters established in other Member States and containing advertisements intended especially for the public in the Member State where the programmes are received, comprises several services within the meaning of Articles 59 and 60 of the Treaty 2. Prohibitions of advertising and subtitling such as those contained in the <i>Kabelregeling</i> entail restrictions on freedom to supply services contrary to Article 59 of the Treaty 3. Such prohibitions cannot be justified on grounds of public policy under Article 56 of the Treaty
<p>Taxation</p> <p>28.4.1988: 76/87, 86 to 89/87 and 149/87 <i>Seguela and Others v Administration des impôts</i>²</p>	<p>A system of road tax in which one tax band comprises more power ratings for tax purposes than the others, with the result that the normal progression of the tax is restricted in such a way as to afford an advantage to top-of-the range cars of domestic manufacture, and in which the power rating for tax purposes is calculated in a manner which places vehicles imported from other Member States at a disadvantage has a discriminatory or protective effect within the meaning of Article 95 of the Treaty</p>
<p>Competition</p> <p>19.4.1988: 27/87 <i>Jacquery v La Hesbignonne</i>³</p>	<ol style="list-style-type: none"> 1. A clause which is contained in an agreement concerning the propagation and sale of seeds in respect of which one of the parties holds the plant production rights and which prohibits the growers from selling and exporting the basic seeds is compatible with Article 85(1) of the Treaty in so far as it is necessary to enable the producer to select the licensed growers 2. A clause contained in an agreement such as that described above requiring the grower to respect the minimum prices fixed by the other party is covered by the prohibition in Article 85(1) only if, having regard to the economic and legal context of the agreement in question, it is clear that that agreement may have an appreciable effect on trade between Member States

Date and Case	Held
Social security	
20.4.1988: 151/87 Bakker v Rijksdienst voor Werknemerspensionen ¹	A national rule, such as that applying under Article 10(1) of Belgian Royal Decree No 50 of 24 October 1967 as amended by the Act of 15 May 1984, which provides that the old-age pension to be awarded is to be calculated on the basis of a lower amount (amount for a single person as opposed to the amount for a household, or 60% as against 75%) where the spouse of the person concerned receives an old-age or survivor's pension or some other benefit in place thereof, does not constitute a provision designed to prevent the overlapping of benefits for the purposes of Article 12(2) of Council Regulation No 1408/71
28.4.1988: 192/87 Vanhaeren v Rijksdienst voor Arbeidsvoorziening ⁴	In the Member State in which an unemployed person has been recognized as being entitled to unemployment benefits, Article 69(2) and (4) of Council Regulation No 1408/71 do not apply to the person concerned when he returns to that State after having been employed in another Member State
Agriculture	
19.4.1988: 64/87 Versele-Laga v Robegra ⁵	<ol style="list-style-type: none"> 1. Article 2(1) of Commission Regulation No 2040/86 must be interpreted as meaning that the co-responsibility levy in the cereals sector must be calculated using the agricultural conversion rate applicable in the Member State in whose territory the grain was first processed 2. The combined provisions of Article 4(6) of Council Regulation No 2727/75, as amended by Council Regulation No 1579/86, and Article 5(1) of Commission Regulation No 2040/86 are to be interpreted as meaning that the operators who first process the grain must pass on the whole co-responsibility levy to their suppliers
19.4.1988: 71/87 Greek State v Inter-Kom ⁵	<ol style="list-style-type: none"> 1. Article 15 of Commission Regulation No 2960/77 on detailed rules for the sale of olive oil held by intervention agencies must be interpreted as meaning that where the time limit for the withdrawal of the goods awarded has been exceeded, the purchaser is not liable for the cost of additional storage if the delay is due to circumstances beyond his control 2. The fact that the loading of the goods awarded was begun only a few days before the expiry of the time-limit of 90 days laid down in Article 13(1) of Commission Regulation No 2960/77, as amended by Commission Regulation No 2041/83, cannot detrimentally affect the purchaser under Article 15 of that Regulation, if the purchaser could reasonably have expected, in the

Date and Case	Held
<p>21.4.1988: 338/85 Pardini v Ministero del Commercio con l'Estero and Banca Toscana⁵</p>	<p>circumstances, that the period would be sufficient, and he is not required to take account of the possibility of events likely to constitute <i>force majeure</i>.</p> <ol style="list-style-type: none"> 1. The Commission validly determined, by Regulation No 1245/83, that the adjustments provided for in Article 7(1) of Commission Regulation No 1160/82 to be made to the monetary compensatory amounts fixed in advance in the event of a change in the representative rates must be made for all advance fixings for which the application was lodged after 16 May 1983, provided that the operation concerned is carried out after 22 May 1983 2. The second subparagraph of Article 4(1) of Council Regulation No 1134/68 and Article 4(2) of Council Regulation No 1223/83 must together be interpreted as meaning that cancellation of advance fixings may be obtained in all cases if the conditions laid down in those provisions are satisfied. Commission Regulation No 1244/83 is therefore invalid to the extent to which it limits entitlement to cancellation to advance fixings issued before 17 May 1983
<p>26.4.1988: 97/86, 99/86, 193/86 and 215/86 Greece, Asteris and Others v Commission⁴</p>	<ol style="list-style-type: none"> 1. The applications in Cases 97/86 and 193/86 are dismissed as inadmissible 2. The applicants are ordered to pay the costs in Cases 97/86 and 193/86 3. The application in Case 99/86 is dismissed as inadmissible 4. Greece is ordered to pay the costs in Case 99/86 5. The Commission's refusal of 19 June 1986 to meet Greece's request made under Article 175 to comply in full with the judgment of 19 September 1985 in Case 192/83 by providing additional payment of production aid for certain sizes of packings with tomato concentrates obtained from Greek tomatoes during the 1984/85, 1985/86 and 1986/87 marketing years is declared void 6. The remainder of the application is dismissed 7. Greece and the Commission shall bear their own costs
<p>26.4.1988: 316/86 HZA Hamburg-Jonas v Krücken⁴</p>	<ol style="list-style-type: none"> 1. Article 2(3) of Commission Regulation No 243/78 and Article 16(4) of Council Regulation No 2727/75 must be interpreted as meaning that the advance fixing of the export refund in an export certificate which also fixes in advance the monetary compensatory amount cannot be applied where the goods are exported from a Member State other than that specified in the certificate

Date and Case	Held
	<p>2. The national authority responsible for applying the system of export refunds in connection with the common organization of the agricultural markets is required to comply with the principle of the protection of legitimate expectations. However, in the case of an export certificate fixing in advance the export refund and the monetary compensatory amount, and expressly stating that it is valid only in a particular Member State, the completion of the export formalities by the customs authorities of another Member State cannot arouse in the exporter a legitimate expectation that he will be granted the export refund in the amount fixed in advance, contrary to Article 2(3) of Regulation No 243/78</p>
<p>28.4.1988: 31/86 and 35/86 <i>Levantina Agrícola Industrial and CPC España v Council</i>²</p>	<p>1. The applications are dismissed as inadmissible 2. The applicants are ordered to pay the costs jointly and severally 3. The intervener Campo Ebro is ordered to bear its own costs</p>
<p>28.4.1988: 120/86 <i>Mulder v Minister van Landbouw en Visserij</i>¹</p>	<p>1. Council Regulation No 857/84, as supplemented by Commission Regulation No 1371/84, must be interpreted as meaning that for the purpose of fixing the reference quantities referred to in Article 2 of the Regulation the Member States may take into account the circumstances of producers who, pursuant to an undertaking entered into under Council Regulation No 1078/77, did not deliver milk during the reference year adopted only in so far as each producer fulfils the specific conditions laid down in Regulation No 857/84 and if the Member States have reference quantities available for that purpose 2. Council Regulation No 857/84, as supplemented by Commission Regulation No 1371/84, is invalid in so far as it does not provide for the allocation of a reference quantity to producers who, pursuant to an undertaking entered into under Council Regulation No 1078/77, did not deliver milk during the reference year adopted by the Member State concerned</p>
<p>28.4.1988: 170/86: <i>von Deetzen v HZA Hamburg-Jonas</i>²</p>	<p>Council Regulation No 857/84, as supplemented by Commission Regulation No 1371/84, is invalid in so far as it does not provide for the allocation of a reference quantity to producers who, pursuant to an undertaking entered into under Council Regulation No 1078/77, did not deliver milk during the reference year adopted by the Member State concerned</p>
<p>28.4.1988: 61/87 <i>Thevenot and Others v Centrale Laitière de Franche-Comté</i>⁶</p>	<p>1. Article 5c(1) of Council Regulation No 804/68, as amended by Council Regulation No 856/84, must be interpreted as meaning that in the context of Formula B, the additional levy is</p>

Date and Case	Held
	<p>payable only in so far as the purchaser's reference quantity has been exceeded</p> <p>2. Article 3(3) of Council Regulation No 857/84 must be interpreted as meaning that only producers who individually fulfil the conditions laid down in that provision may enjoy the benefit thereof. The individual reference quantity resulting from the application of that provision is equal to the quantity of milk or milk equivalent delivered by the producer during the reference year chosen under the provision, weighted by the percentages referred to in Article 2 of Regulation No 857/84, varied if necessary on the basis of the category of persons or regions in accordance with Article 2(2)</p>
<p>Fisheries</p> <p>26.4.1988: 207/86 Apesco v Commission⁵</p>	<ol style="list-style-type: none"> 1. The application for annulment is dismissed as unfounded 2. The remainder of the application is dismissed as inadmissible 3. Apesco is ordered to pay the costs, including those of the interveners
<p>Infringements</p> <p>26.4.1988: 74/86 Commission v Federal Republic of Germany⁵</p>	<p>By inserting and maintaining in force in its legislation a provision to the effect that, for certain wine varieties and certain localities of the Mosel-Saar-Ruwer, Mittelrhein and Ahr wine-growing areas, alcoholic strength by volume may be increased to 4.5% vol, the Federal Republic of Germany has failed to fulfil its obligations under Articles 5 and 189 of the EEC Treaty and under article 32 of Council Regulation No 337/79 on the common organization of the market in wine</p>
<p>27.4.1988: 252/85 Commission v France⁴</p>	<p>By failing to adopt within the prescribed period all the laws, regulations and administrative provisions needed to comply with Council Directive 79/409/EEC on the conservation of wild birds, France has failed to fulfil its obligations under the EEC Treaty</p>
<p>27.4.1988: 428/85 Commission v United Kingdom</p>	<p>Removed from the Court Register (By fixing two prices for whole milk for processing into certain products according to their geographical destination, i.e. one price for sale within the Community and another, lower price for export, the United Kingdom has failed to fulfil its obligations under Council Regulation No 1422/78 and Commission Regulation No 1565/79)</p>
<p>27.4.1988: 185/86 Commission v France</p>	<p>Removed from the Court Register (failure to communicate national measures to give effect to Council Directive 82/242 on non-ionic surfactants and Council Directive 82/243 on ionic surfactants)</p>

Date and Case	Held
27.4.1988: 225/86 Commission v Italy	By failing to comply with the judgment of the Court in Case 166/82, Italy has failed to fulfil its obligations under Article 171 of the EEC Treaty
27.4.1988: 207/87 Commission v Ireland	Removed from the Court Register (failure to fulfil obligations stemming from the system of rebates on excise duty for domestically produced table waters)
27.4.1988: 255/87 Commission v United Kingdom	Removed from the Court Register (failure to incorporate into national law Council Directive 82/806/EEC on dangerous substances (benzene in toys))
27.4.1988: 296/87 Commission v Belgium	Removed from the Court Register (failure to comply with Council Directive 80/1107/EEC on the protection of workers from the risks related to exposure to chemical, physical and biological agents at work)
27.4.1988: 146/86 Commission v Federal Republic of Germany	Removed from the Court Register (by not allowing officials to opt for the transfer of the actuarial equivalent in all cases in which their pension rights are transferred, Germany has failed to fulfil its obligations under Article 11(2) of Annex VIII to the Staff Regulations of Officials of the European Communities)

Disputes between the Community and its staff

v Commission:

19.4.1988: 149/86 Santarelli³ — Application dismissed

¹ OJ C 125, 12.5.1988.

² OJ C 142, 31.5.1988.

³ OJ C 129, 18.5.1988.

⁴ OJ C 136, 26.5.1988.

⁵ OJ C 132, 21.5.1988.

⁶ OJ C 143, 1.6.1988.

Economic and Social Committee

255th plenary session

2.4.45. The Economic and Social Committee held its 255th plenary session in Brussels on 27 and 28 April with Mr Margot in the chair.¹ The meeting was attended by Mr Andriessen, Commission Vice-President with special responsibility for agriculture.

Economic and monetary policy

2.4.46. The Committee adopted *nem. con.* with one abstention its opinion on the Com-

mission's communication and proposals concerning the creation of a European financial area.² In general it approved the Commission's proposals and the questions raised in the communication, commenting in particular on taxation, protection for depositors and consumers and the economic and social consequences of the provisions on the liberalization of capital movements.

¹ Previous session: Bull. EC 3-1988, point 2.4.28 *et seq.*

² OJ C 26, 1.2.1988; Bull. EC 10-1987, points 1.1.1 to 1.1.6.

Removal of trade barriers

2.4.47. The Committee unanimously adopted an opinion on the proposal for a Directive¹ amending for the eighth time the Directive of 27 July 1976 on the approximation of laws, regulations and administrative provisions of the Member States relating to restrictions on the marketing and use of certain dangerous substances and preparations.² The Committee approved the limits proposed by the Commission with the aim of ensuring freedom of movement and enhancing protection of man and his environment but considered that some technical changes were required in certain areas.

Green Paper on telecommunications

2.4.48. By 85 votes to eight with 25 abstentions the Committee adopted its opinion on the Commission's communication³ on implementing the Green Paper on telecommunications.⁴ It endorsed the action programme but felt that the transitional periods for the complete opening up of the markets for terminals and telecommunications services were too short. It also wanted more discussion between employers and workers to take account of the consequences of technical decisions.

Block exemption for franchising agreements

2.4.49. By 74 votes to 35 with six abstentions the Committee adopted an opinion approving the draft Commission Regulation on the application of Article 85(3) of the Treaty to categories of franchising agreements.⁵ The opinion was an extension of the one the Committee had delivered⁶ on the Commission's 16th report on competition policy.⁷ The Committee drew the Commission's attention to the social problems that might arise because of the contractual relationship between the franchisor and the franchisee.

Health and safety at work

2.4.50. The Committee adopted its opinion on the proposal for a Directive concern-

ing the introduction of measures to encourage improvements in the safety and health of workers at the workplace⁸ by 93 votes to 49 with 18 abstentions. It endorsed this important piece of legislation, which would place the humanization of the working environment on a par with economic harmonization in the completion of the internal market.

2.4.51. By 58 votes to 12 with 13 abstentions the Committee adopted an opinion welcoming the proposal for a Directive concerning the minimum safety and health requirements for the workplace⁹ as a necessary step in giving practical effect to the framework Directive concerning measures to improve the health and safety of workers at the workplace.⁹

A fresh boost for culture

2.4.52. By a large majority with two votes against, the Committee adopted an opinion on the Commission's communication entitled 'A fresh boost for culture in the European Community'.¹⁰ The Committee endorsed the Commission's programme and insisted that discussions on culture should not be confined to 'insiders' and 'professionals'. Culture was a right and should be guaranteed to all.

Regional affairs

2.4.53. With one abstention the Committee adopted *nem. con.* its opinion welcoming the 12th report on the activities of the European Regional Development Fund.¹¹ The Committee considered that a close eye

¹ OJ C 43, 16.2.1988; Bull. EC 1-1988, point 2.1.11.

² OJ L 262, 27.9.1976.

³ Bull. EC 2-1988, point 2.1.43.

⁴ Bull. EC 6-1987, point 1.4.1.

⁵ OJ C 299, 27.8.1987; Bull. EC 6-1987, point 2.1.72.

⁶ OJ C 35, 8.2.1988; Bull. EC 12-1987, point 2.4.33.

⁷ Bull. EC 7/8-1987, points 2.1.89.

⁸ Bull. EC 2-1988, points 1.2.3 and 1.2.4.

⁹ Bull. EC 2-1988, point 1.2.5.

¹⁰ Supplement 4/87 — Bull. EC; Bull. EC 12-1987, point 1.2.1 *et seq.*

¹¹ Bull. EC 12-1987, point 2.1.160.

should be kept on the regional impact of progress towards the single market and believed that it had a major role to play in this monitoring procedure.

2.4.54. The Committee adopted a resolution on the Community's islands by 31 votes to one with four abstentions, expressing its concern about the development gap between mainland and less-favoured island areas. It wished to see island areas sharing more fully in economic and social progress.

Reform of the structural Funds

2.4.55. The Committee unanimously adopted its opinion welcoming an amendment¹ to the proposal for a Regulation on the tasks of the structural Funds and their effectiveness and on coordination of their activities between themselves and with the operations of the European Investment Bank and the other financial instruments.² It appreciated the fact that the amended proposals included some of the suggestions made in its November 1987 opinion³ but nevertheless stressed the need to regard the figure of 80% for the proportion of the ERDF earmarked for helping underdeveloped regions to catch up as a minimum and not a ceiling. It once again stressed the need to concentrate the Fund's resources and to developed more specific criteria. The Committee asked the Commission to make a further report on the degree of economic and social cohesion which would be achieved by 1992.

Sound level of motorcycles

2.4.56. The Committee unanimously adopted its opinion endorsing the proposal⁴ to amend the Council Directive of 23 November 1978 on the approximation of the laws of the Member States relating to the permissible sound level and exhaust system of motor cycles.⁵ It made a number of comments on the dates for giving effect to the Directive.

Product safety

2.4.57. The Committee unanimously adopted an own-initiative opinion on a gen-

eral safety requirement for products, urging the Commission to propose Community legislation on the safety of consumer goods. It made a series of suggestions and comments on the definition of such products, standards and rules, the safety of goods in the production process, etc.

Consumer products early-warning system

2.4.58. The Committee unanimously adopted an opinion approving a proposal⁶ to amend the Council Decision of 2 March 1984 introducing a Community system for the rapid exchange of information on dangers arising from the use of consumer products⁷ by prolonging the system for a further six years. It recommended, however, that the existing system should be developed and extended during that period.

Agricultural prices

2.4.59. By a large majority with three abstentions the Committee adopted an opinion on the Commission's proposals on the fixing of agricultural prices for 1988/1989 and related measures.⁸ It endorsed the efforts of the Commission and the Council to ensure respect for budgetary discipline and the achievement of market balance. While approving the principle of a freeze on intervention prices, it had reservations on the related measures, which, following the decision on stabilizers (→ point 2.1.126), could result in income cuts for farmers. It stressed the importance of structural policy and closer cooperation on economic and monetary policy.

Upland areas

2.4.60. The Committee adopted by 35 votes to one with three abstentions an own-

¹ Bull. EC 3-1986, point 2.1.108.

² OJ C 245, 12.9.1987; Bull. EC 7/8-1987, point 1.1.2.

³ OJ C 356, 31.12.1987; Bull. EC 11-1987, point 1.1.9.

⁴ OJ C 44, 17.2.1988; Bull. EC 1-1988, point 2.1.59.

⁵ OJ L 349, 13.12.1978.

⁶ Bull. EC 3-1988, point 2.1.133.

⁷ OJ L 70, 13.3.1984; Bull. EC 3-1984, points 2.1.111.

⁸ Bull. EC 3-1988, point 1.2.1 *et seq.* and point 2.1.139.

initiative opinion calling for a Community policy on upland areas and setting out guidelines and objectives.

Road transport

2.4.61. The Committee unanimously adopted an opinion endorsing the proposal¹ for amendment of the Council Directive of 13 May 1965 concerning the standardization of certain rules relating to authorizations for the carriage of goods by road between Member States.² It drew the Commission's attention to the risk of confusion between these rules and certain decisions of the European Conference of Ministers for Transport.

Relations with European State-trading countries

2.4.62. The Committee adopted by 74 votes to 11 with 15 abstentions an opinion on relations between the Community and the European State-trading countries, reviewing the main economic and commercial problems affecting relations between the Community and the European members of the Council for Mutual Economic Assistance. The Committee hoped that negotiations on the joint declaration which had been under discussion since September 1986 and those in progress with certain CMEA countries would soon be completed.

Development policy

2.4.63. The Committee adopted by 29 votes to 17 with two abstentions an information report on ACP indebtedness.

Own resources

2.4.64. The Committee unanimously adopted an opinion endorsing the proposed Decision on the system of the Communities' own resources.³

ECSC Consultative Committee

Appointments

2.4.65. On 18 April the Council adopted a Decision appointing the members of the Consultative Committee of the European Coal and Steel Community.⁴

269th meeting

2.4.66. On 28 April the ECSC Consultative Committee held an extraordinary meeting in Luxembourg to elect the Chairman and the Bureau, to appoint the members of the standing subcommittees and to set dates for ordinary meetings. Mr Jean Laurens (steel consumers and dealers) was unanimously elected to the chair. Mr Roy Evans (the outgoing Chairman) and Mr Manuel Arroyo were unanimously elected Vice-Chairmen.

270th meeting

2.4.67. The Committee followed its extraordinary meeting (→ point 2.4.66) with an ordinary meeting chaired by Mr Laurens.

Under the consultation procedure in Article 19 of the ECSC Treaty, the Committee held an initial discussion on the Commission's plan to introduce a new joint scheme for granting ECSC redeployment aid (Article 56). Mr Marín, Member of the Commission with special responsibility for social affairs and employment, outlined the general context and gave details on the scope of the different measures. Most of the following speakers expressed reservations regarding the plan, although they shared the Commission's concern to have a more balanced system. Some felt that the scheme as planned was quite likely to reduce the amount of assistance provided. The Committee would discuss the matter again at its June meeting.

¹ OJ C 59, 3.3.1988; Bull. EC 2-1988, point 2.1.158.

² OJ 88, 24.5.1965.

³ OJ C 102, 16.4.1988; Bull. EC 3-1988, point 2.3.4.

⁴ OJ C 118, 5.5.1988.

European Investment Bank¹

Operations in April

2.4.68. Loans announced by the European Investment Bank in April for investments within the Community totalled 948.5 million ECU,² broken down as follows: 523.1 million ECU in Italy, 250 million ECU in Portugal, 135.6 million ECU in France, 21.6 million ECU in the Netherlands and 18.2 million ECU in Greece. Of this total, 3.3 million ECU was provided from the resources of the new Community borrowing and lending instruments (NCI).³ Outside the Community, the Bank lent 4.7 million ECU of its risk capital for projects in two ACP States, Burkina Faso and Chad.

Community

Italy

2.4.69. The EIB lent over LIT 800 billion for projects in Italy, including LIT 5 billion from NCI resources. Of this total, LIT 372 billion was for the development of infrastructure, mainly in the Mezzogiorno, LIT 143 billion was for industrial projects and LIT 290 billion was for investments in energy projects.

The loans for infrastructure included LIT 120 billion to SIP (Società Italiana per l'Esercizio delle Telecomunicazioni) to modernize the telephone network in the south of the country, LIT 50 billion to Alitalia and LIT 41 billion to ATI (Aero Trasporti Italiani) for the acquisition of new aircraft to improve services to other Community countries and between the Mezzogiorno and the rest of Italy, LIT 10 billion for the modernization of Caselle Airport, Turin, LIT 12 billion to extend the satellite telecommunications centre at Fucino (Abruzzi) and LIT 15 billion to finance the third phase of work on the Rome-Naples motorway. A LIT 16 billion loan to the Italian Government will help finance new industrial estates in the areas of Campania and Basilicata which have been hit by earth-

quakes. Loans totalling LIT 108 billion will help finance various projects being carried out in conjunction with FIO (Fondo Investimenti e Occupazione) involving environmental protection: flood-protection in the Val d'Aosta and sewage treatment to reduce pollution along the coast of the Marche and in the lagoon of Grado (Friuli-Venezia Giulia), port installations at Brindisi, access to the historic centre of Orvieto (Umbria) by funiculars and escalators and water supplies in Cagliari (Sardinia).

The LIT 143 billion, including LIT 5 billion from the NCI, made available to industry was in the form of global loans to assist small and medium-scale investments in manufacturing industry and related services. Two of these global loans, totalling LIT 30 billion, were earmarked for investments to introduce advanced technologies and a third, to Mediocredito Centrale, was for projects to improve energy efficiency.

In addition to this global loan, LIT 290 billion was made available for the production or rational use of energy. This included LIT 200 billion to ENEL (Ente Nazionale per l'Energia Elettrica) for the construction of two new mixed oil- and coals-fired units at the Fiume Santo (Sardinia) power station. They will be equipped with a modern filter system for cleaning flue gases and should save 800 000 tonnes of oil equivalent per year. LIT 20 billion will be used to extend a combined heat and power plant in Brescia and LIT 30 billion will support an investment programme to reduce energy consumption and improve environmental protection at two sugar refineries in the north and centre of the country. Two more global loans totalling LIT 40 billion will be onlent by the Banca Nazionale del Lavoro for small and med-

¹ Further details can be obtained from the European Investment Bank, 100 boulevard Konrad Adenauer, L-2950 Luxembourg (tel. 4379-1).

² The conversion rates at 31 March used by the EIB in statistics for the second quarter were 1 ECU = BFR 43.42, DKR 7.95, DM 2.07, DR 166.19, ESC 169.99, FF 7.04, HFL 2.33, IRL 0.78, LFR 43.42, LIT 1 539, PTA 138.44, UKL 0.67, USD 1.25.

³ OJ L 298, 20.10.1978; Bull. EC 10-1978, point 2.1.10.

ium-scale investments in energy and environmental protection.

Portugal

2.4.70. The Bank lent ESC 42.5 billion in Portugal for electricity generation, small businesses and improvements to the railway system.

A loan of ESC 16.9 billion went to Electricidade de Portugal for the installation of a fourth generating unit at the Sines power station, so raising the capacity of what is already the largest power station in the country from 9 000 MW to 1 200 MW by the end of 1989. This coal-fired station was designed in accordance with national and Community environmental protection regulations and will have four 300 MW generating units, one of which is already in service and two of which are almost completed. The power station has already received three loans from the EIB totalling 90 million ECU since 1982. A further loan of ESC 16.9 billion, also to Electricidade de Portugal, will be used to construct a 650 MW hydroelectric station on the river Lima, 140 km north of Oporto. The complex includes a power station at Alto Lindoso and a smaller regulating station downstream at Touvedo and is expected to come into operation in 1992. The future power station at Alto Lindoso, which will have two turbo-generator sets, will replace an old 85 MW station, and a bigger dam is being built. This improvement, which will cost more than ESC 88 billion, will allow greater use of hydroelectric power to replace smaller, less efficient thermal power stations. When fully operational the two projects will have a combined annual output equivalent to 1 150 000 tonnes of oil, and the resulting reduction in dependence on oil imports is fully in line with Community energy objectives.

Continuing its cooperation with the Portuguese banking system in providing finance for small and medium-sized firms, the EIB made a further global loan (line of credit) of more than ESC 2.5 billion to the Caixa Geral de Depositos (CGD). This will be lent for smaller-scale investment to pro-

mote industrial development, tourism and services throughout the country, including projects designed to save energy and improve the environment. The CGD, the largest credit institution in Portugal, has already received four global loans totalling 70 million ECU from the EIB; these have been used to assist almost 160 small and medium-scale investment projects.

A loan of ESC 6 billion to the Portuguese Government will help finance improvements to railway installations in Oporto and the surrounding region. The project includes large repair shops, a training centre, goods depots, marshalling yards and passenger stations, the construction or doubling of sections of track and signalling installations. The project, whose cost is estimated at ESC 24.3 billion and which should be completed by 1992, forms part of Portugal's medium-term railway investment programme. Following an initial loan of ESC 3.8 billion in 1984 for the construction of a railway bridge over the river Douro, in 1986 the Bank lent ESC 6.9 billion for modernization of the Lisbon-Oporto line, of which this project forms part. These improvements will provide a better service to the coastal areas, where most of the country's population and industrial activity is concentrated.

France

2.4.71. The Bank lent FF 550 million for small firms, thereby continuing and diversifying its cooperation in this area with the French banking system. A loan of FF 450 million went to the Locafrance group (a leasing and holding company for firms specializing in the financing of professional equipment) to assist small and medium-scale investment in industry, tourism and related services and in projects designed to secure energy savings or introduce advanced technologies. This took the form of a global loan (line of credit) for a variable term up to 15 years, depending on how the funds are used. The Locafrance group will use the loan through Locafrance, ImmoBanque and Locamur-Sofigros to lease property and

equipment for use in investments by firms, local authorities and public bodies selected with the agreement of the Bank. Finance will be available to small businesses in manufacturing industry and related services throughout the country and to those engaged in tourism in areas eligible for regional aid from the French Government. Projects designed to achieve energy savings and introduce advanced technology will also be eligible wherever they are located. The EIB also lent the equivalent of FF 100 million to Immooffice (the property subsidiary of Axa, the third largest insurance group in France) for property investments by small firms. This took the form of a multi-option global loan which will permit Immooffice access to French francs or foreign currency over a 15-year period for use in hire-purchase property operations. Here too, finance will be available to small firms in industry and related services throughout the country and to those engaged in tourism in areas eligible for regional aid.

A FF 400 million loan will help towards the construction of two sections of motorway, one between Arles and Nîmes (Languedoc-Roussillon) and the other between Aix-en-Provence and Sisteron (Provence-Alpes-Côte d'Azur), to improve communications with areas facing severe industrial conversion problems (Marseille/Fos, Toulon, Arles/Nîmes) or whose economic situation is precarious and predominantly agricultural. The loan was made to the Caisse nationale des autoroutes (CNA), which is managed by the Caisse des dépôts et consignations and is responsible for managing all toll motorways in France.

FF 300 million of this loan was for the A51 motorway, the concession for which is held by the Société Esterel-Côte d'Azur (Escota) and which forms part of the integrated Mediterranean programme for the Provence-Alpes-Côte d'Azur region.¹ The works involve two sections of motorway, 30.2 km from Manosque to Peyrus and 22.2 km from Peyrus to Sisteron. Both are four-lane motorways with junctions and bridges; they are expected to be completed by the end of 1989 and the end of 1990 respectively.

The remaining FF 100 million was for 24.6 km of the A55, which is managed by the Société des autoroutes du sud de la France. The new section, from Arles to Nîmes, is also four-lane motorway with junctions and bridges and should be completed by mid-1990. It forms part of the Rhône triangle motorway route and will provide an excellent link between the A9 (Perpignan-Orange) and the A8 (Aix-en-Provence-Menton) and with the expressway to Fos and Marseille. The Aix-en-Provence-Sisteron section will constitute a northward extension of the 151 from Aix-en-Provence to Manosque which will eventually reach Grenoble. The total cost of this work is estimated at almost FF 3 billion, of which the EIB will contribute almost half.

Netherlands

2.4.72. In the Netherlands the Bank lent HFL 50 million to the Nederlandsche Mid-denstands Bank (NMB) to support small and medium-scale investments in industry and related services. The NMB will onlend the funds for up to 12 years for projects selected in agreement with the EIB. This loan means that the EIB is now involved in smaller-scale projects in all Community countries.

Greece

2.4.73. The Bank lent DR 3 billion for projects designed to protect the environment, improve communications and develop agriculture in Greece.

Environmental protection will be assisted by a DR 2 billion loan to the Aspropyrgos company for the modernization and upgrading of oil refinery plant at Eleusis, near Athens. The works include installations and apparatus to reduce air and water pollution as part of the programme to improve living conditions in the Athens area. A loan of DR 500 million will be used for the purchase of new radar, information and communications equipment to improve

¹ OJ L 34, 6.2.1988; Bull. 7/8-1987, point 2.1.153.

air traffic facilities throughout the country. A further DR 500 million was lent to OADYK, the public body responsible for encouraging irrigation in Crete, for the installation of an irrigation system on over 1 500 ha of agricultural land east of Chania. The system, which will serve five municipalities with a total population of over 2 000, forms part of a wider programme to develop agricultural land for crop diversification on the north coast of Crete and encourage cereal production under the integrated Mediterranean programme for Crete.¹

Outside the Community

2.4.74. The EIB made conditional loans in two ACP States for a total of 4.7 million ECU from the risk capital which it manages under the third Lomé Convention.

Burkina Faso

2.4.75. In Burkina Faso the Bank lent 2.5 million ECU for a paperboard box factory to supply local industry and facilitate the export of fruit and vegetables. The project is expected to cost 3.6 million ECU, and when completed the factory will be able to produce 4 000 tonnes of paperboard a year,

which will meet most of the country's needs. The factory is being built by the Société nationale de cartons et emballages du Burkina Faso, a semi-public company recently formed by a French firm, the Burkina Faso Government and local promoters.

Chad

2.4.76. A loan of 2.2 million ECU in Chad will be used to rehabilitate the water supply facilities in the capital N'Djamena. The funds are being lent to the State, which will onlend them to the Société Tchadienne d'eau et d'électricité. The project will cover the main installations for the pumping, treatment, storage and distribution of water supplies, improvements of vital importance to economic and social development. It will also have a beneficial impact on the environment through the installation of more hygienic supply points. The project is part of a programme to improve water and electricity supplies at an estimated cost of 7.55 million ECU. The EIB is financing the section concerned with water, and improvements to electricity supply are being financed by France's Caisse centrale de coopération économique.

¹ OJ L 282, 3.10.1986; Bull. EC 7/8-1986, point 2.1.130, OJ C 35, 13.2.1987, Bull. EC 9-1986, point 1.3.1 *et seq*

5. Statistics

General

2.5.1. On 12 April the Commission sent the Council a proposal for a Directive on the harmonization of definitions of gross national product at market prices (GNPmp) and improvements to the basic statistics needed to estimate it.¹ The purpose of this proposal, which follows on from the conclusions of the European Council meeting of 11 to 13 February concerning the financing of the Community budget,² is to provide an appropriate Community legislative basis for calculating the main ESA (European system of integrated economic accounts) aggregates that will ensure that they are comparable and reliable. This is important for three reasons: the creation of an additional own resource based on Member States' GNP;² completion of the single market, which makes it all the more important to have a reliable system of Community statistics; and coordination of Member States' economic policies.

The decision to use GNP as one of the bases for assessing Member States' contributions to the Community budget clearly calls for greater comparability, reliability and accuracy of data. High-quality statistics are also needed for the Uruguay Round negotiations, particularly on services.

2.5.2. On 27 April the Commission adopted, for transmission to the other institutions, a communication in which it sets out the aims of its statistical information policy.³ These are: to establish the statistical infrastructure required to support the operation of the single market; to extend the scope of Community statistics to cover new policy initiatives and areas of public interest; to promote the adoption of European statistical standards; and to remove the barriers between national statistical systems. The Community's policy should ensure that Community priorities and the associated statistical requirements are expressly taken into account in national statistical programmes and resources.

The Commission will therefore present to the Council by the end of the year a new

statistical programme for the Communities covering the period 1989-92, which will clearly define priorities, lay down a corresponding timetable and indicate the resources required, and a proposal for a Regulation on the establishment of a system for collecting statistics on intra-Community trade after 1992.

Data

2.5.3. In the last quarter of 1987, seasonally adjusted GDP in the Community grew at an annual rate of 2.4%.⁴ The rates for the third and second quarters were 5.7% and 2.6% respectively.

In the United States the fourth-quarter result, 4.1%, indicates that economic activity has stabilized at the level reached during the third quarter (4.3%), an improvement on the 2.4% growth registered during the second quarter.

In Japan growth was sluggish in the second quarter (1.7%), but the upturn observed in the third quarter (8.1%) appears to be confirmed by the results for the last quarter, with a growth rate of 6.8%.

The situation is as follows in the larger Member States: Germany — 2.9% growth, domestic demand remaining strong; France — 1.5% growth, domestic demand declining and trade balance still in deficit; Italy — lower growth (0.8%), a drop in exports (by 11.4%) and a sharp rise in imports (17.7%); and United Kingdom — a return to moderate growth after the strong recovery during the previous quarter.

2.5.4. The results currently available for 1987 point to an average increase in economic activity of 2.4% in the Community and 2.9% in the United States, while Japan

¹ COM(88) 176 final.

² Bull. EC 2-1988, points 1.1.1, 1.1.10 and 1.1.11.

³ COM(88) 248 final.

⁴ *Eurostatistics* No 4/88, available from the Office for Official Publications, L-2985 Luxembourg.

appears to have improved on its 1986 performance by achieving a growth rate of 3.7%. As far as individual Member States are concerned, the slowdown in activity will probably be felt in most countries, even leading to negative growth rates for Denmark and Greece. Spain and Portugal would appear to be still enjoying the 'boost' they gained from accession, particularly in investments.

2.5.5. The economic outlook for 1988 remains unpromising. The latest forecasts estimate the growth rate for the Community and the United States at 1.9%. Japan should repeat its 1987 performance, with a growth rate of 3.5%. All Member States will be affected by slower expansion; the return to low growth throughout the world—around the 2% mark—does not, however, appear to herald a further recession.

PART THREE

DOCUMENTATION

1. ECU

Values in national currencies of one ECU

29 April 1988¹

Belgian franc and Luxembourg franc (convertible)	43.4218
Belgian franc and Luxembourg franc (financial)	43.6890
Danish krone	7.99018
German mark	2.07545
Greek drachma	166.602
Portuguese escudo	169.805
French franc	7.05425
Dutch guilder	2.32751
Irish pound	0.777852
Italian lira	1 544.96
Spanish peseta	137.244
Pound sterling	0.659729
United States dollar	1.24293
Swiss franc	1.72394
Swedish krona	7.27984
Norwegian krone	7.64402
Canadian dollar	1.52657
Austrian schilling	14.5870
Finnish mark	4.95556
Japanese yen	154.993
Australian dollar	1.63759
New Zealand dollar	1.84685

¹ OJ C 114, 30.4.1988.

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

April 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	2.385916
	2.397927
	2.36110 ¹
	2.38516 ⁵
Greek drachma	134.328 ⁴
	137.262 ⁹
	150.275 ¹
	134.174 ^{7, 10, 11, 12}
	128.340 ^{13, 14}
	124.840 ⁵
Portuguese escudo	181.888 ^{1, 9}
	173.609 ¹⁵
	171.725 ^{5, 12}
French franc	7.47587 ^{3, 6, 12}
	7.69553 ⁸
	7.54539 ¹
	7.45826 ²
	7.43671 ¹¹
	7.73579 ⁴
Dutch guilder	2.67490 ⁶
	2.68801 ⁷
	2.64704 ⁸
	2.67387 ⁵
Irish pound	0.832119 ²
	0.831375 ³
	0.844177 ⁸
	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 ¹²
	1 613.00 ⁵

April 1988	
National currency	Value in national currency of one ECU
Spanish peseta	151.806 ¹
	155.786 ²
	154.213 ^{3, 11, 12}
	155.643 ⁴
Pound sterling	0.694266 ⁴
	0.710546 ⁸
	0.652575 ¹
	0.665557 ²
	0.656148 ³

- 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 For beef/veal.
- ⁹ Amounts not related to the fixing of prices.
- ¹⁰ For sugar and tobacco
- ¹¹ For wine.
- ¹² For olive oil
- ¹³ For other crop products
- ¹⁴ For eggs and poultrymeat.
- ¹⁵ For fishery products.
- 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 12-1987

Point 2.1.93

Proposal for a Council Directive amending for the ninth time Directive 69/169/EEC on the harmonization of provisions laid down by law, regulation or administrative action relating to exemption from turnover tax and excise duty on imports in international travel
OJ C 102, 16.4.1988

Bull. EC 2-1988

Point 1.2.8

Proposal for a Council Directive concerning the minimum safety and health requirements for work with visual display units
OJ C 113, 29.4.1988

Point 2.1.38

Commission Decision of 26 February 1988 concerning the conclusion of an Agreement of participation in the International Thermonuclear Experimental Reactor (ITER) Conceptual Design Activities, by the European Atomic Energy Community, with Japan, the Union of Soviet Socialist Republics, and the United States of America, by the Commission for and on behalf of the Community
OJ L 102, 21.4.1988

Points 2.4.22 to 2.4.28

Opinions adopted by the Economic and Social Committee during its session of 24 and 25 February
OJ C 95, 11.4.1988

3. Infringement procedures

Initiation of proceedings for failure to implement directives

3.3.1. In April 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 concerning analytical, pharmaco-toxicological and clinical standards and protocols in respect of the testing of veterinary medicinal products² (Greece).

Council Directive of 24 July 1986 on the installation, location, operation and identification of

the controls of wheeled agricultural or forestry tractors³ (Greece).

Agriculture

Commission Directive of 9 April 1986 fixing the method of calculation for the energy value of compound poultryfeed⁴ (France, United Kingdom).

Council Directive of 21 July 1986⁵ amending the Council Directive of 21 December 1978 prohibiting the placing on the market and use of plant protec-

¹ OJ L 15, 17.1.1987.

² OJ L 317, 6.11.1981.

³ OJ L 240, 26.8.1986.

⁴ OJ L 130, 16.5.1986.

⁵ OJ L 212, 2.8.1986.

tion products containing certain active substances¹ (Belgium, France, Greece).

Commission Directive of 28 July 1986² amending the Annexes to the Council Directive of 23 November 1970 concerning additives in feeding-stuffs³ (Luxembourg).

Commission Directive of 27 October 1986⁴ amending the Annexes to the Council Directive of 23 November 1970 concerning additives in feeding-stuffs³ (France, Luxembourg, United Kingdom).

Commission Directive of 31 March 1987⁵ amending the Annex to the Council Directive of 23 November 1976 on the marketing of straight feedingstuffs,⁶ (France, Germany, Greece, Ireland, Italy, Luxembourg, United Kingdom)

Commission Directive of 31 March 1987⁵ amending the Annex to the Council Directive of 2 April 1979 on the marketing of compound feedingstuffs⁷ (France, Germany, Greece, Ireland, Italy, Luxembourg, United Kingdom).

Council Directive of 2 March 1987⁸ amending the Council Directive of 21 December 1976 on protective measures against the introduction into the Member States of Harmful organisms of plants or plant products⁹ (Greece, Italy, Luxembourg).

Council Directive of 16 June 1987¹⁰ amending the Council Directive of 23 November 1970 concerning additives in feedingstuffs³ in respect of Carbadox (Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg).

Council Directive of 16 June 1987¹⁰ amending the Council Directive of 23 November 1970 concerning additives in feedingstuffs³ in respect of Olaquinox (Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg).

Council Directive of 18 November 1985 introducing Community measures for the control of foot-and-mouth disease¹¹ (Ireland).

Council Directive of 18 November 1986¹² amending Annex I to the Council Directive of 26 June 1964 on health problems affecting intra-Community trade in fresh meat¹³ (Denmark, France, Greece, Italy, Luxembourg, Netherlands).

Environment and consumer protection

Council Directive of 28 June 1984 on the combating of air pollution from industrial plants¹⁴ (Greece).

Council Directive of 27 June 1985 on containers of liquids for human consumption¹⁵ (Luxembourg).

Commission Directive of 11 July 1985¹⁶ adapting to technical progress the Council Directive of 19 December 1978 concerning the determination of

the noise emission of construction plant and equipment¹ (Denmark).

Seventh Commission Directive of 24 June 1986¹⁷ adapting to technical progress the Council Directive of 27 June 1967 concerning the classification, packaging and labelling of dangerous substances¹⁸ (Ireland).

3.3.2. The Commission also sent letters of formal notice for failure to comply with a judgment of the Court and implement the following Directives:

Environment and consumer protection

Council Directive of 31 March 1982 concerning the methods of testing the biodegradability of non-ionic surfactants¹⁹ and amending the Council Directive of 22 November 1973²⁰ (Belgium).

Council Directive of 31 March 1982¹⁹ amending the Council Directive of 22 November 1973 concerning the methods of testing the biodegradability of anionic surfactants²⁰ (Belgium).

Indirect taxation

Sixth Council Directive of 17 May 1977 on the harmonization of the laws of the Member States relating to turnover taxes — Common system of value-added tax: uniform basis of assessment²¹ (France).

Reasoned opinions

3.3.3. The Commission delivered reasoned opinions for failure to incorporate Directives into national law (the Commission not having been informed of national implementing measures) in the following cases:

¹ OJ L 33, 8.2.1979.
² OJ L 233, 29.7.1986.
³ OJ L 270, 14.12.1970.
⁴ OJ L 310, 5.11.1986.
⁵ OJ L 102, 14.4.1987.
⁶ OJ L 32, 3.2.1977.
⁷ OJ L 86, 6.4.1979.
⁸ OJ L 151, 11.6.1987.
⁹ OJ L 26, 31.1.1977.
¹⁰ OJ L 160, 20.6.1987.
¹¹ OJ L 315, 26.11.1985.
¹² OJ L 339, 2.12.1986.
¹³ OJ L 121, 29.7.1964.
¹⁴ OJ L 188, 16.7.1984.
¹⁵ OJ L 176, 6.7.1985.
¹⁶ OJ L 233, 30.8.1985.
¹⁷ OJ L 247, 1.9.1986.
¹⁸ OJ L 196, 16.8.1967.
¹⁹ OJ L 109, 22.4.1982.
²⁰ OJ L 347, 17.12.1973.
²¹ OJ L 145, 13.6.1977.

Internal market

Council Directive of 17 September 1984 on the approximation of the laws of the Member States relating to seamless, unalloyed aluminium and aluminium alloy gas cylinders¹ (Italy).

Council Directive of 17 September 1984 on the approximation of the laws of the Member States relating to welded unalloyed steel gas cylinders¹ (Italy).

Commission Directive of 7 November 1973² adapting to technical progress the Council Directive of 6 February 1970 on the approximation of the laws of the Member States relating to the permissible sound level and the exhaust system of motor vehicles³ (Greece).

Council Directive of 8 March 1977⁴ amending the Council Directive of 6 February 1970 concerning the permissible sound level and the exhaust system of motor vehicles³ (Greece).

Council Directive of 23 November 1978 concerning the permissible sound level and exhaust system of motorcycles⁵ (Greece).

Commission Directive of 23 December 1985⁶ adapting to technical progress the Council Directive of 26 July 1971 concerning the braking devices of certain categories of motor vehicles and of their trailers⁷ (Greece).

Commission Directive of 6 November 1986⁸ adapting to technical progress the Council Directive of 1 March 1971 concerning the rear-view mirrors of motor vehicles⁹ (Ireland).

Council Directive of 1 October 1985¹⁰ amending for the sixth time (PCBs/PCTs) the Council Directive of 27 July 1976 concerning restrictions on the marketing and use of certain dangerous substances and preparations¹¹ (France, Germany, Italy).

Environment and consumer protection

Council Directive of 6 December 1984 on the supervision and control within the European Community of the transfrontier shipment of hazardous waste¹² (Greece).

Commission Directive of 22 July 1985¹³ 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 waste¹⁴ (Greece).

Council Directive of 10 September 1984 relating to the approximation of the laws, regulations and administrative provisions of the Member States concerning misleading advertising¹⁴ (Greece).

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- ¹ OJ L 300, 19.11.1984
 - ² OJ L 321, 22.11.1973.
 - ³ OJ L 42, 23.2.1970.
 - ⁴ OJ L 66, 12.3.1977.
 - ⁵ OJ L 349, 13.12.1978.
 - ⁶ OJ L 380, 31.12.1985.
 - ⁷ OJ L 202, 6.9.1971.
 - ⁸ OJ L 327, 22.11.1986.
 - ⁹ OJ L 68, 22.3.1971.
 - ¹⁰ OJ L 269, 11.10.1985.
 - ¹¹ OJ L 262, 27.9.1976.
 - ¹² OJ L 326, 13.12.1984.
 - ¹³ OJ L 272, 12.10.1985.
 - ¹⁴ OJ L 250, 19.9.1984.

**Venta y suscripciones · Salg og abonnement · Verkauf und Abonnement · Πωλήσεις και συνδρομές
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