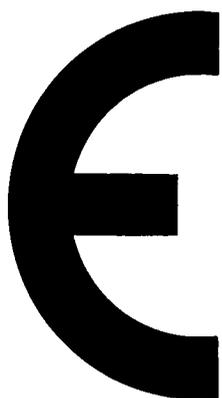


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Commission



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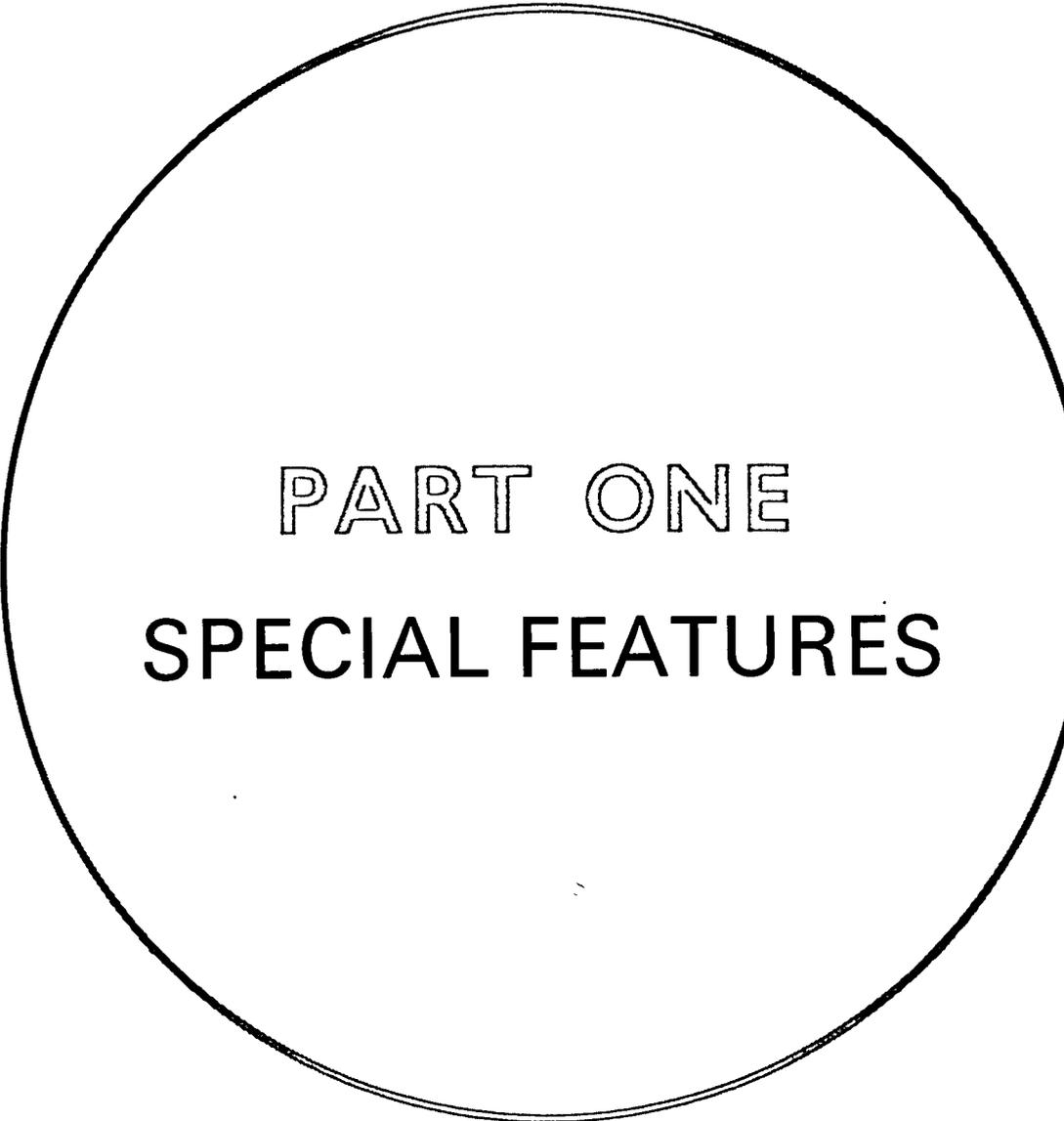
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PART ONE

SPECIAL FEATURES

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References in text and footnotes

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

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

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

ECU = European currency unit

BFR = Belgische frank / Franc belge

DKR = Dansk krone

DM = Deutsche Mark

DR = Greek drachma

FF = Franc français

HFL = Nederlandse gulden (Hollandse florijn)

IRL = Irish pound / punt

LFR = Franc luxembourgeois

LIT = Lira italiana

UKL = Pound sterling

USD = United States dollar

1. A fresh start for the Community

Putting the Stuttgart and Fontainebleau decisions into effect

1.1.1. With the Spanish and Portuguese accession negotiations successfully concluded after more than six years and agreement finally reached on an increase in own resources and the financing of the 1985 budget—Greece's objections were overcome by the European Council's decision on IMPs—the Community has taken an important step towards putting its house in order.

These decisions follow on from those taken in March 1984 on the reform of the common agricultural policy, as well as the adjustments to the common organization of the market for wine, and the overhaul of the Regional Fund, which took effect in January this year. R&D has likewise received a boost with the go-ahead given to the Esprit programme and the outline research programme, and in the customs field the single Community document has finally been approved. These most recent achievements put the finishing touches to the negotiations begun at the Stuttgart European Council to reactivate the Community and the guidelines set at Fontainebleau. They make it possible to settle outstanding problems and grievances, and provide the Community with solid foundations for its development until the end of the decade.

A green light for the accession of Spain and Portugal

1.1.2. At four o'clock in the morning of 29 March the President of the Council, Mr Giulio Andreotti, was finally able to announce that the Ten had reached agreement with the two applicant countries at a political level on the main points of a solution to the major outstanding questions: agriculture, fisheries, social affairs, own resources, and the status of the Canary Islands.

The agreement marks the culmination of over six years of arduous negotiations, the closing stages of which involved highly sensitive discussions, notably during the marathon session from 17 to 21 March and the negotiating round of 27 to 29 March. Appropriately, 28 March was the anniversary of Portugal's official application to join the Communities, lodged on 28 March 1977; the Spanish application was lodged on 28 July of the same year.

The March agreement does not mean that every detail of the accession arrangements has now been finalized, however. Not only have the exact terms of the Act of Accession still to be drafted: a few points, notably the relationship between the two applicant countries themselves, remain to be negotiated. This will take time, but both sides stressed the need to keep to the scheduled enlargement date of 1 January 1986. This means signing the Treaty no later than June, so that it can be ratified by the parliaments of the existing and prospective Member States in the latter half of the year.

The main points of the March agreement

Spain

1.1.3. *Agriculture.* Spain's import from the Community of milk, cream, butter, cheese, beef and veal, and common wheat will be subject to a special ten-year transitional arrangement which provides for a surveillance mechanism based on 'objective' import volumes for each product, increasing annually at predetermined rates.

The Community for its part will dismantle its customs duties on Spanish fresh fruit and vegetable exports over a ten-year period, the first four years serving to facilitate Spain's introduction of machinery that will enable the common market organization to operate. There will be a transitional period (also of ten years) for vegetable oils and fats; Spain's quantitative controls on imports of seeds and seed oil will remain in place for the first five of those years. Full alignment of intervention prices will be postponed until the relevant Community legislation has been amended. For sugar and isoglucose, 'guarantee' levels have

been set at a million tonnes and 83 000 tonnes respectively.

There is provision for special support measures to be applied to pigmeat until such time as Spain has eradicated African swine fever, while on the key question of wine it was agreed that the alignment between Spanish and Community prices would take place over a period of seven years from accession. During that time a 'regulatory amount' will be used to offset price differences in Spain's trade with the Community in table wines and some other types of wine. The reference level for the compulsory distillation of Spanish table wine has been set at 27.5 million hectolitres.

Fisheries. The challenge facing the negotiators was to work out a formula for Spanish participation in the common fisheries policy that would still preserve the existing balance between Member States.

It was agreed that specific rules must be established to govern fishing in French and Spanish coastal waters between the six-mile and twelve-mile limits, and arrangements were worked out allowing Spanish fishermen access to certain Community waters up to the end of 1995, when new terms will come into effect. Spanish boats will also be allowed to operate in the Irish box from that date.

A maximum of 300 vessels will be licensed for hake fishing, though 150 standard trawlers will be allowed to fish at the same time, five of them for non-demersal species. There will also be a limit on the number of specialized boats allowed to operate.

Spain will be entitled to 30% of the total allowable catch of hake in the areas concerned, plus a further 4 500 tonnes, bringing its total up to 18 000 tonnes. Catch limits will also be set for other species on an area-by-area basis, and Spanish fishermen will have to comply with all Community rules on conservation of fish stocks.

The mutual fisheries arrangements of the two applicant countries will be worked out in agreement with the Community before the end of the accession negotiations.

Social affairs. Spanish workers who already have a job in the Community will be entitled to equal treatment, even if they are unemployed at the time of accession. Other Spanish workers will have free access to employment in the Community after seven years, though members of their family will have to fulfil a transitional five-year residence condition. Community family allowance provisions will not apply for three years to members of a worker's family remaining in the country of origin,

and special rules also govern the right to seek employment or change jobs in Luxembourg.

Budget contributions. A formula similar to that used for Greek accession has been agreed. Spain will pay its share of own resources in full, but VAT will be refunded on a sliding scale for a number of years, at a rate which ensures 'budget neutrality'—in other words, Spain will not be a net contributor.

The Canary Islands. The Canaries will not be a part of the customs union, which means among other things that they will not have to apply Community rules governing imports from non-member countries; also, however, that their duty-free exports to the Community and Spain must not exceed traditional levels. The common agricultural policy, parts of the common fisheries policy and VAT will not apply to the Canaries either; tariff quotas will be set for various agricultural and fisheries products and manufactured tobaccos, and a number of measures, including the introduction of origin rules, will be taken to prevent any deflection of trade.

Portugal

1.1.4. Agriculture. The broad outlines of the transitional arrangements had already been worked out in advance of the March negotiations, the two sides settling for a ten-year transition period divided into equal five-year stages for the major products, and a basic seven-year period for other products (though some measures would apply for the full ten years).

It was also agreed that Portugal would receive 700 million ECU from the EAGGF Guidance Section over the first ten years of membership as a special programme, over and above its normal entitlement, to help it bring about structural changes to its agriculture.

At the negotiating session on 28 March further important decisions were taken concerning Portugal's agricultural trade with the rest of the Community, and detailed arrangements were established for sugar, vegetable oils and fats and tomato concentrate: a quota of 75 000 tonnes was set for sugar imports from the ACP States at the cut-rate levy; the arrangements for vegetable oils and fats will be the same (a ten-year transitional period plus a five-year standstill) as those applying to Spain; while for tomato concentrate, tariffs are to be phased out over four years and the guarantee threshold has been set at 120 000 tonnes. Lastly, tariff barriers on wine will be brought down rapidly—over two years in the case of liqueur wine.

Fisheries. There will be no access to Portugal's twelve-mile zone for boats from the present Member States, and vice versa. Outside that zone Community fishermen will be able to operate in waters under Portuguese sovereignty or control, but limits have been set on their activity up to 31 December 1995, and a ceiling has similarly been fixed on the number of Portuguese boats licensed to fish for blue whiting or horse mackerel in Community areas, again until the end of 1995, when Portuguese fishermen will also have access to the Irish box.

Social affairs. The same arrangements apply to Portugal as to Spain.

Budget contributions. Portugal's budget contributions, like those of Spain, will be reimbursed on a sliding scale, making the country a net beneficiary by some 1 200 million ECU for six years. The Community will also be providing financial backing for Portugal's industrial development programmes plus balance-of-payments support loans of 1 000 million ECU over six years.

*

Southern Mediterranean countries have repeatedly expressed concern about the likely effects of enlargement on their exports to the Community. Meeting at the same time as the European Council in Brussels, the Council adopted a statement on 30 March reiterating the importance it attached to the Community's cooperation ties with Mediterranean countries and expressing its desire for an enhanced relationship (→ point 2.2.19).

The three leaders of the negotiating teams—Mr Fernando Morán for Spain, Mr Ernâni Lopes for Portugal and Mr Giulio Andreotti for the Community—lost no time in proclaiming the importance of the political accord they had secured. Mr Andreotti expressed pleasure and satisfaction at an agreement which paved the way for a strengthened Community, while Mr Morán and Mr Lopes praised the efforts of Mr Natali and Mr Andreotti, who, said Mr Morán, had 'combined the wisdom of a Roman with the patience of a Franciscan'.

New own resources and financing the 1985 budget

Financing the 1985 budget

1.1.5. By agreeing on 21 March to finance the 1985 budget by means of non-repayable advances under an intergovernmental agreement, the Council made it possible for the

budget procedure for 1985 to be resumed, since all the requirements for the year can now be met.

On 1 April the Commission therefore sent the Council letter of amendment No 3¹ to the preliminary draft budget for 1985 which it had presented on 15 June 1984.² The Commission hopes that this will satisfy the wishes voiced by Parliament in its resolution of 13 December 1984³ rejecting the draft 1985 budget.⁴ In throwing out the draft under Article 203(8) of the EEC Treaty, Parliament expressed the view that 'a budget which does not cover twelve months of revenue and expenditure is not acceptable' and asked the Commission to initiate the procedure for establishing a new draft budget. This request was repeated in a resolution passed on 13 February 1985.⁵

The Commission's proposals are confined to adjusting agricultural and food aid expenditure and own resources to take account of the latest developments (in particular, developments on agricultural markets, changes in world prices, and budgetary discipline) and, in the case of food aid, the amounts of aid decided in Dublin to combat famine in Africa (→ point 2.3.2).

Common Council position on new own resources

1.1.6. On 21 March the Council adopted a common position on new own resources; this was communicated to Parliament for conciliation purposes. Once adopted, it will go to the Member States for ratification under their respective constitutional rules. The common position takes over the basic points of the Commission's amended proposal of 9 July 1984,⁶ itself based on the

¹ COM(85) 130.

² Bull. EC 5-1984, points 1.1.1 *et seq.* and 2.3.1 *et seq.*; Bull. EC 6-1984, point 2.3.2.

³ OJ C 12, 14.1.1985; Bull. EC 12-1984, point 1.4.1 *et seq.*

⁴ OJ C 337, 17.12.1984; Bull. EC 11-1984, points 2.3.1 and 2.4.13.

⁵ OJ C 72, 18.3.1985; Bull. EC 2-1985, point 2.4.11.

⁶ OJ C 193, 21.7.1984; Bull. EC 7/8-1984, point 2.3.9.

conclusions of the Fontainebleau European Council of 25 and 26 June:¹

- (i) the maximum VAT call-up rate to be 1.4% for each Member State;
- (ii) financial compensation to be made for the United Kingdom's budget contribution (the cost to be shared between the other Member States by reference to their normal VAT share, but the Federal Republic of Germany's share to be no more than two thirds of its normal VAT share);
- (iii) the United Kingdom to receive a lump-sum reduction of 1 000 million ECU for 1985, to be financed according to the mechanism described above.

The agreement reached at Fontainebleau also stipulates that one year before the new VAT own resources ceiling is reached, the Commission is to report to the Council on the results of budgetary discipline, the Community's financial needs and the breakdown of budgetary costs between Member States. The Council is to review the whole matter and take the appropriate decisions *ex novo*.

Background

1.1.7. On 4 February 1983 the Commission sent the Council and Parliament a green paper on the future financing of the Community.² This was followed on 5 May by a draft decision³ intended to supersede the Council's decision of 21 April on own resources,⁴ on which Parliament gave its opinion on 6 November.⁵

When the May 1983 proposal failed to win adequate support in the Council, the Commission brought forward a new communi-

cation in February 1984 announcing its intention to amend the proposal.⁶

The European Council met in Brussels on 19 and 20 March 1984 and agreed on the principle of raising the VAT ceiling to 1.4%,⁷ but this agreement could not be finalized because of outstanding differences concerning the compensation to the United Kingdom for 1984 and subsequent years.

The Fontainebleau European Council on 25 and 26 June 1984 provided the political basis for settling the Community budget dispute by finding a solution to this problem.¹ It reached conclusions that the Commission incorporated in the amended proposal for a Decision on own resources transmitted to the Council and Parliament on 9 July.⁸ In an opinion adopted in October Parliament regretted that the principle of a single VAT rate for all Member States had been dropped and that the mechanism for correcting budgetary imbalances had been included in the decision.⁹ The House was also concerned about the uncertainty shrouding any further increase in the VAT rate.

¹ Bull. EC 6-1984, points 1.1.1 to 1.1.3.

² Bull. EC 1-1983, points 1.2.1 to 1.2.14.

³ OJ C 145, 3.6.1983; Bull. EC 5-1983, points 1.1.1 to 1.1.6.

⁴ OJ L 94, 28.4.1970.

⁵ OJ C 342, 19.12.1983; Bull. EC 11-1983, point 2.3.2.

⁶ Bull. EC 2-1984, point 1.2.1 *et seq.*

⁷ Bull. EC 3-1984, point 1.1.1 *et seq.*

⁸ OJ C 193, 21.7.1984; Bull. EC 7/8-1984, points 2.3.9 and 2.3.10.

⁹ OJ C 315, 26.11.1984; Bull. EC 10-1984, points 2.3.3 and 2.4.10.

2. European Council in Brussels and March Council meetings

European Council in Brussels

1.2.1. The Heads of State or Government met in Brussels on 29 and 30 March with Mr Bettino Craxi in the chair. The Commission was represented by its President, Mr Jacques Delors, attending his first European Council, and Mr Lorenzo Natali, one of the Vice-Presidents.

This European Council opened in a mood of satisfaction following the political agreement on Spanish and Portuguese accession reached during the night of 28/29 March, though the agreement was at the time still at risk because of the Greek reservation associated with the adoption of the integrated Mediterranean programmes (IMPs).¹

The main achievement of this Council was to be the agreement on IMPs, which enabled the Greek reservation to be lifted and the enlargement agreement to take effect. The agreement on IMPs was in line with the analysis, the general approach and the method proposed by the Commission.

Mr Delors referred to the widening of the family circle and the opportunity now available to think ahead. Pending the European Council in Milan, where—as President Mitterrand pointed out—the form European structures and policies should take would have to be determined, the Heads of State or Government confined themselves to setting out the procedure to be followed in institutional matters, on the basis of the Dooge Committee report, and to agreeing to the implementation of a people's Europe based on the Adonnino Committee report.

A number of conclusions were also adopted on the economic and social situation, strengthening the technological base and competitiveness of Community industry, and the environment. The Council's deliberations were based on three Commission documents (→ point 3.4.1 *et seq.*). It reached agreement on four fields of action to promote growth and employment sug-

gested by the Commission; adopted an encouraging resolution on technology and competitiveness, thanks to the intervention of several of the Heads of Government; and endorsed the environmental guidelines proposed by the Commission.

Finally, the Council stressed the need for the continuation of the efforts to combat famine and discussed a number of foreign policy questions; no conclusions were formally adopted, but the Council drew up guidelines which were communicated to the press by Mr Craxi (→ point 2.4.1).

Conclusions of the European Council

Enlargement

1.2.2. The European Council noted with great satisfaction that the essential points in the accession negotiations with Spain and Portugal have now been settled, as a result, in particular, of the considerable effort made by all parties in the week leading up to the European Council resulting in solutions to the key issues of fisheries, agriculture, social affairs and the own resources system.

The European Council called upon the Community bodies, together with the applicant countries, to complete the drafting of the accession treaty as soon as possible so that actual enlargement of the Community could take place on 1 January 1986 in accordance with the political resolve repeatedly expressed at the highest level.

Economic and social situation

1.2.3. The European Council discussed the Community's current economic situation, which continues to be characterized by an unacceptable rate of unemployment, even though there has been an improvement in other economic factors such as inflation rates, balance of payments, the reduction of budget deficits, convergence of the economic policies of the Member States and the process of industrial restructuring.

¹ Bull. EC 12-1984, points 1.2.16 and 1.2.17.

The European Council reaffirmed the prime importance for each Government and the Community of combating unemployment through sustained, more employment-intensive economic growth, and asked the ... Council [of Ministers for Economic and Financial Affairs] to report on the matter to the next European Council.

It stressed the importance of completing the implementation of the economic strategy approved to that end in Dublin in December 1984 and the determination of all the member governments of the Community to pursue in a concerted manner all the measures and policies which go to make up that strategy.

In this connection, the European Council laid particular emphasis on the following four fields of action:

- (i) action to achieve a single large market by 1982, thereby creating a more favourable environment for stimulating enterprise, competition and trade; it called upon the Commission to draw up a detailed programme with a specific timetable before its next meeting;
- (ii) action to encourage the creation and development of small and medium-sized undertakings, particularly by significantly reducing the administrative and legal constraints to which they are subject; it called upon the Commission to report to the Council on the problems in this sector and on the measures to be taken at national and Community level, particularly with regard to administrative simplification;
- (iii) action to adjust and adapt working conditions to the new social, economic and technological circumstances in order to increase the efficiency of the labour market; it called upon the Commission to submit any proposal it might consider useful in this area;
- (iv) specific action to expand employment, including a Commission study of the potential for using the Social Fund to promote innovative model schemes, and programmes for solving the employment problems of certain disadvantaged social categories.

The European Council expressed its concern at the current international monetary instability which threatens to endanger the Community's economic recovery; it stresses the responsibility incumbent on all industrialized countries in the efforts to be made to achieve greater stability on exchange markets and to strengthen the international financial system.

The European Council stresses the importance of the decision adopted by the Council of Ministers with regard to all the factors which will enable a

new round of multilateral trade negotiations to be initiated in Brussels as soon as possible.

This new round will represent an important contribution to the campaign against protectionism.

Strengthening the technological base and competitiveness of Community industry

1.2.4. The European Council reiterates the importance of strengthening the technological base and competitiveness of industry; it recalls that such strengthening was one of the major objectives of the guidelines which it adopted in March 1984 for the future development of the Community.

It considers that this aspect, which is vital for the Community's future, requires:

- (i) firstly, improvement of the environment in which undertakings operate so as to encourage their capacity for industrial innovation and their commercial enterprise;
- (ii) secondly, better utilization of the Community dimension by States and above all by undertakings so as enable the latter to develop in a competitive, unified and open market.

It reiterates its commitment to increasing the Community resources earmarked for research and development.

The European Council welcomes the Commission's memorandum and endorses a number of specific objectives, namely:

- (i) achieving complete unification of the internal market, in particular by the mutual recognition of standards, the creation of European standards in appropriate cases, the opening up of public contracts, and stricter rules on aid to industry;
- (ii) adapting the Community's external commercial policy to its objectives as regards new technologies, in the framework of GATT;
- (iii) strengthening and making better use of the scientific and technological potential of the Community;
- (iv) making better use of human resources, in particular by means of increased mobility for students and researchers by recognizing certain high-level establishments as Community 'centres of excellence';
- (v) encouraging innovation and establishing an information market;
- (vi) achieving a breakthrough in telecommunications.

The European Council calls on the Council of Ministers actively to pursue the examination of the

Commission's current proposals, which already correspond to these objectives, and to initiate the examination of any new proposals which the Commission considers it appropriate to submit.

At each European Council, the Commission will submit a stage report on the progress achieved in strengthening technological cooperation and the competitiveness of the European economy.

Environment

1.2.5. In accordance with its decision taken in Dublin in December 1984, the European Council devoted part of its present meeting to the serious problems raised by the considerable deterioration of the environment and to the question of remedial measures to be taken.

In this connection, the European Council noted with satisfaction the useful work done by the Environment Council in the field of combating air pollution caused by exhaust gases from motor vehicles; it noted that this progress is an important stage in the achievement, on a Community scale, of a genuine overall and balanced environmental protection policy and expressed the desire, firstly, that this work take practical form as soon as possible and, secondly, that similar progress be made regarding pollution caused by large-scale combustion plant.

The European Council considers that a Community environmental protection policy must be based on the following considerations:

(i) Having acknowledged that this policy can contribute to improved economic growth and job-creation, it affirms its determination to give this policy the dimension of an essential component of the economic, industrial, agricultural and social policies implemented by the Community and by its Member States.

(ii) It acknowledges the need for the Member States to take coherent action in the Community framework to protect the air, the sea and the soil, since isolated action is unlikely to prove effective and may even be harmful.

It requests the Council to expedite its proceedings and to make every effort, together with the Commission, to ensure that the years to come are marked by significant progress in Community action for the protection of the environment in Europe and throughout the world.

In this connection, the European Council has decided that 1987 will be designated 'European Environment Year'.

Hunger in the world

1.2.6. The European Council, concerned by the dramatic situation of certain African countries and the risk of its worsening, noted that the action it had decided on in Dublin to combat famine in Africa had been rapidly implemented. It welcomed the fact the Community's action and the mobilization of the Member States had made it possible to go beyond the commitments entered into in Dublin and had given the lead for initiatives by other industrialized countries.

The Community and its Member States will continue to keep a close eye on developments in the situation, together with the other donors.

The European Council called for a continuation of the efforts already undertaken to improve the effectiveness of the action set in motion, thanks to Community and international coordination, particularly on the ground, in order to ensure that deliveries reach all the famine victims.

The European Council stresses the need for short-term aid to be supplemented by medium and long-term structural measures which alone can enable the countries concerned to re-establish their food production potential and, by their own means, face up in future to the problem of their food security.

The European Council noted the Commission's intention of sending it a report on the implementation of aid, following the fact-finding visit which Vice-President Natali is shortly to make to Africa.

A people's Europe

1.2.7. The European Council examined the report from the Committee on a People's Europe; it considered and agreed to both the proposals for immediate implementation and those relating to long-term objectives.

It therefore requests the Council of Ministers to take those decisions which are within its sphere of competence as quickly as possible. It also requests the Commission to take the necessary steps for putting the report's proposals into practice. Lastly, it invites the Member States to implement those decisions which are within their field of competence.

In this context, the European Council emphasizes that the achievement of the objective of abolishing frontier formalities must remain compatible with the need to combat terrorism and drug-trafficking.

The European Council requests the Council of Ministers to report to it at its meeting in June 1985

on the progress which has been made in the various sectors covered by the Committee's report.

The European Council requests the Committee to continue with its discussions and expects to have a further report, containing proposals on the other sectors already indicated, by the June 1985 meeting.

IMPs

1.2.8. 1. In accordance with the undertakings given at its meeting in Brussels on 19 and 20 March 1984, the European Council has decided to launch the integrated Mediterranean programmes in favour of the southern regions of the present Community within the framework of the proposals made by the Commission.

2. These programmes will last seven years; their aim will be to improve the economic structures of those regions to enable them to adjust under the best conditions possible to the new situation created by enlargement.

3. As far as financing arrangements and method are concerned, the European Council agrees with the broad outlines of the approach recommended by the Commission in its communication of 21 February 1985, i.e.:

(i) participation by the structural Funds for an amount of 2 500 million ECU;

(ii) an additional budget contribution amounting to 1 600 million ECU which will permit the Commission to supply the additional funds for the implementation of the programmes approved by it;

(iii) loans of 2 500 million ECU contracted by the regions concerned with the EIB and under the New Community Instrument.

4. The two first categories of resources will benefit Greece for an amount of 2 000 million ECU.

The European Council feels that these figures and the accompanying provisions in this text meet once and for all the commitments undertaken by the Community concerning the integrated Mediterranean programmes.

5. The structural Funds will continue to operate normally, on the basis of a Community-wide regional policy, in accordance with the regulations which have recently been revised.

The increases in real terms which will apply to the Regional and Social Funds and the EAGGF Guidance Section over the next seven years will help to finance the IMPs, but without adversely affecting transfers from these funds to other less-prosperous and priority regions of the Community.

On this basis, the European Council agrees with the proposals of the Commission designed to achieve fully coordinated programmes for the Mediterranean regions most in need through the operation of the three structural Funds.

6. As regards resource allocation, which should be based on the criteria contained in the Commission proposal, the European Council would emphasize that the allocation criteria should take account, first and foremost, of the actual needs of the different regions and their situation as regards economic and social development.

In particular, the European Council would draw attention to the special case of Greece, whose entire territory comes within the sphere of the integrated Mediterranean programmes, and to the legitimate expectations of the Greek Government.

With regard to the quality of the programmes to be financed, which is an important factor in the success of the IMPs, the European Council requests the Commission to place at the disposal of those Member States who so request groups of experts needed for the assessment, preparation and implementation of the programmes.

Lastly, the European Council would emphasize that it is important that the IMPs measures for regions belonging to Italy and France should in particular use the EIB and NCI appropriations.

7. The European Council requests the Council to take a decision on the Commission proposal for a framework Regulation before 30 June 1985.

European Council's position on the report of the ad hoc Committee on Institutional Affairs

1.2.9. The European Council held an initial exchange of views on the final report submitted to it by the *ad hoc* Committee on Institutional Affairs in accordance with the mandate given to the Committee at the Fontainebleau and Dublin meetings.

The European Council welcomed both the approach outlined in the report and the content of the interesting proposals put forward, and expressed its warm appreciation of the Committee's excellent work.

Detailed examination of the Committee's proposals will continue over the coming months by means of bilateral contacts, in order to enable the European Council to arrive at final conclusions at its next meeting in June.

Statements and comments

1.2.10. The President of the Council, Mr Craxi, and the President of the Commission,

Mr Delors, held a joint press conference after the meeting.

Mr Craxi pointed out that the IMPs agreement had been reached on the basis of an outline and a method proposed by the Commission, and this had enabled Greece to withdraw its reservations on own resources and enlargement. The Community was now planning to expedite all the measures needed to bring about the signature of the agreements and their ratification by national parliaments. Regarding the final report of the Dooge Committee, Mr Craxi stated that the European Council had decided to ask the Presidency to take the matter further by means of bilateral consultations to find areas of agreement which would make it possible to settle contentious issues and to prepare the broad discussion which would be held in Milan on institutional reform. Thereafter the appropriate decisions would be taken.

Mr Craxi referred again to the critical situation in the countries affected by drought and famine. He emphasized what had already been done but also stressed the remaining obstacles which justified the public demand for assurances that the aid was reaching its destination and was being used as intended.

Mr Delors said that the Council Presidency still faced a very difficult problem, the institutional aspect, and he promised the Commission's support in the bilateral contacts. He felt that the solution adopted had been 'wise' in view of the Dooge Committee's conclusions and in the light of the differences which existed. He added that, as convinced Europeans, they hoped that it would be possible to hold a full day's clear and fruitful discussion to choose the options which would enable the Community to go beyond the Treaty of Rome and in particular to improve and accelerate its decision-making process; this was essential if the Community was to be able to face present-day challenges.

Mr Delors emphasized what he considered to be the most important point: the European Council had considered the report on

technology and competitiveness and had encouraged the Commission to continue its work in this area, requiring it to report to every European Council on progress in this field. The new technologies, said Mr Delors, were also a new frontier for Europe and its young people.

Concerning the economic situation of the Community, Mr Delors said that, although differences of interpretation remained, there were several points of agreement which should be dwelt on at greater length; the Community had decided to speak with a single voice on international financial, monetary and trade issues and to play its part in counteracting world instability and improving North-South relations not only within Europe but also worldwide.

Mr Delors added: 'It is true that on economic policy differences remain. We have been unable to reach a general agreement on how to use the room for manoeuvre enjoyed by some countries, or on an infrastructure programme; but the door has not been closed, and on other points we have obtained absolute agreement between the Ten to go further'. He concluded: 'The Brussels European Council has opened the door to the future'.

Mr François Mitterrand pointed out that the real objective of this European Council was enlargement and this had been achieved as a result of the elimination of the only remaining obstacle, that of the IMPs. France was satisfied because it had always taken a strong line in favour of enlargement and had worked to make it possible. In Milan would be decided the future identity of Europe. With a 12-nation Europe there would be an imperative need for more solidly structured institutions to enable the Community to take decisions.

Chancellor Kohl stressed the importance attached by Germany to the conclusions on the environment and observed that the decisions on the new technology represented a major contribution to the efforts which were so important in the race against the United States and Japan.

Mrs Thatcher expressed satisfaction with several of the results of the European Council: enlargement, IMPs (which would cost the United Kingdom less than UKL 10 million a year) and above all own resources. The decision on this last point was vital for the United Kingdom, since it would enable it to receive its budgetary compensation before the end of the year.

Mr Tindemans's general assessment differed in some respects from that of other participants. On the procedure for following up the Dooge Committee report, he said that he very much regretted the decision to terminate the work of the Spaak II Committee. The Council Presidency was now taking on a grave historical responsibility, since it was the Presidency which would have to pave the way for subsequent action by means of bilateral contacts. Mr Tindemans felt it would be necessary to reopen the subject of the new technologies in Milan, as the European Council had not taken up all the Commission proposals; more particularly, a figure had not been put on the increase in Community resources to be devoted to research, because there had been no agreement! Lastly, in the case of economic policy, agreement had been reached on the objectives but not on the means of implementing them.

Dr FitzGerald put forward two points of interest to Ireland: in the case of the IMPs, there was a clause to the effect that the redistribution of the structural Fund appropriations in favour of the Mediterranean areas would not affect the other less-prosperous countries of the Community. As regards a people's Europe, Ireland would be able to obtain derogations in the matter of increasing duty-free allowances for travellers.

The Greek Prime Minister, Mr Papandreou, was unavailable for comment in Brussels: constitutional commitments in Greece had obliged him to leave the European Council before the end.

March Council meetings

1.2.11. At the same time as the Community's budget dispute was being settled, important results were being achieved in the Council. On 11 and 12 March the Council reached a general decision on changes to the agricultural structures policy; on 20 March a policy agreement was reached by Environment Ministers on the Commission's most recent proposals on motor vehicle pollution, including a timetable for the introduction of 'clean cars'. The Industry Ministers succeeded on 26 and 27 March in finding a solution to the urgent and serious problem raised by the implementation of the aids code in the steel sector.

Finally, on 19 March, the first-ever Council meeting of Ministers for Foreign Trade adopted a statement in favour of a new round of trade negotiations in GATT.¹

The decisions taken enabled problems which had been outstanding for many months to be settled. In particular, the decision on the adjustment of farm structures brings to an end 18 months of negotiation and fills a legal hiatus dating back to the end of last year. Moreover, several of these decisions pave the way for new progress to be made: by adopting a statement on a new round of multilateral trade negotiations, the Community is declaring its willingness to take part; for the Council of Agriculture Ministers, now that a settlement has been found to the problems concerning changes in the system of milk quotas, the wine market, new structural policy rules, and the allocations for the EAGGF Guidance Section for the next five years, the way is open for the coming year's price review; finally, the framework created by the agreement on 'clean cars' enables work to go ahead on defining emission standards.

¹ For details of these various decisions, see points 2.1.111, 2.1.70, 2.1.22 and 2.2.12.

3. The Commission's programme for 1985

1.3.1. On 12 March the Commission President, Mr Jacques Delors, presented the Commission's programme for 1985 to Parliament.¹ In January, at the beginning of its new term of office, he had made a statement on the thrust of Commission policy over the next four years.²

The programme is in two parts: Part One sets out the salient features of the action planned by the Commission, and Part Two contains a detailed analysis. The programme witnesses to the Commission's desire to work for economic recovery, to affirm the Community's presence in the world, to prepare for the future (agriculture, development of less-prosperous regions, a strategy for research and innovation) and to make Europe tangible for its citizens.

The Commission clearly states its aim of achieving a fully unified internal market by 1992 and puts forward a programme together with a realistic timetable.

In the economic field, the Commission wishes to convince Member States that they can increase growth margins by further aligning their macroeconomic policies, and it will work to achieve a major improvement in the operation of the labour markets.

The Commission plans to start preparing for the future immediately by giving a new direction to well-established Community policies and by lending present policies their full weight—continuing to reform the CAP, implementing the instruments, procedures and means of action provided in the new ERDF Regulation, defining a strategy for research and innovation by creating a European scientific and technical area and establishing the infrastructure for post-industrial society, adopting a Community-wide environmental policy, and encouraging Community awareness in national life, i.e. in political and social education in the Member States.

With an anxious eye on the future of the Community system, the Commission intends to avail itself forthwith of the full scope of the Treaties. It wishes to bring

the new areas of cooperation (in politics, education, etc.) into clearer alignment, and it will work towards strengthening the institutions and helping them to operate more smoothly.

Debate in Parliament and the groups' positions

1.3.2. During the debate following the introductory statement by the Commission President, which centred on four topics (enlargement as an indicator of North-South tensions within the Community, the world economy's need for a strong Community, reactivating the economic dynamism of the Community, institutional matters), the spokesmen for the political groups on the whole welcomed the Commission's analysis and action planned but said they would keep a watchful eye on the actual implementation of the programme.

Mr Ernest Glinne (B), speaking on behalf of the Socialist Group, called for a reduction in working hours, renewed social dialogue, and wide-ranging discussion on the future outlook for agriculture in the Community.

By way of its spokesman, Mr Egon Klepsch (D), the European People's Party placed special emphasis on the completion of the internal market and the urgent need for real institutional progress.

Sir Fred Catherwood (UK); for the European Democratic Group, also spoke in favour of the completion of the internal market and of the United Kingdom joining the EMS.

The Chairman of the Communist Group, Mr Giovanni Cervetti (I), voiced his group's reserved and critical judgment, which he

¹ Supplement 4/85—Bull. EC contains the full text of the programme, extracts from the President's statement introducing the programme and his reply to the debate in Parliament.

² Supplement 1/85—Bull. EC; Bull. EC 1-1985, point 1.1.1 *et seq.*

said was occasioned by the lack of sufficiently specific policies.

Mrs Simone Veil (F), Chairman of the Liberal Group, called on the Commission to overcome the present constraints and acknowledged the realistic approach of its programme.

Mr Gene Fitzgerald (IRL), spokesman for the EDA Group, was less enthusiastic and expressed his concern about agriculture and unemployment.

The Rainbow Group, through Mr Benedikt Härlin (D), insisted even greater attention should be paid to workers in view of the development of the new technologies.

Speaking for the European Right, Mr Pino Romualdi (I) called for more specific action.

The groups and the 50 or so speakers in the debate did, of course, assess the programme from their own particular viewpoints, highlighting what they considered to be its shortcomings. The left, in particular the Communists, felt that priority should be given to measures to combat unemployment and get the economy moving again, preferably in an atmosphere of social consensus (Mr Tuckman (ED/UK), Mr Wurtz (Com/F)). Members of all groups also expressed some disappointment with the programme's proposals on monetary policy (Mr Fernand Herman (EPP/B)), which they felt fell short of Mr Delors's January statement. However, the criticism expressed in January of the Commission's apparent reticence on the question of European Union was largely dissipated by the clear commitment contained in the programme.

The most frequent specific criticism was levelled at the absence of a true policy on equal opportunities for women or of a family policy (Mrs Nicole Chouraqui (EDA/F)). As expected, criticism was also voiced concerning the Commission's proposals on farm prices (Mr Fitzgerald (EDA/IRL)), Mr Chambeiron (Com/F)). The Commission's recent proposals on integrated Mediterranean programmes were also the target of

strong criticism. Lastly, concern was repeatedly expressed regarding the cost of enlargement and its impact on various sectors such as fisheries (Mr Jean Claude Pasty (EDA/F), Mrs Nicole Pery (Soc/F)).

Resolutions adopted by Parliament

1.3.3. Parliament adopted four resolutions¹ which endorsed the main contents of the programme but took up some of the detailed points of criticism expressed during the debate and requested the Commission and the Council to implement the programme's main commitments rapidly, with a clear timetable, especially those concerning the internal market. The resolutions were supported by all the main political groups. Votes against were cast by members of the British Labour group, the EDA, the European Right and the Rainbow Group.

(i) The joint resolution presented by the EPP, the Socialist Group and the European Democratic Group (185 for, 59 against, 18 abstentions) approved the main outlines of the 1985 programme and welcomed the fact that the Commission endorsed Parliament's objectives as regards institutional reform.

(ii) Another resolution from the Socialist Group qualified its approval by regretting that the programme was not more specific on social measures and asked that the Community's autonomy be safeguarded against the overvaluation of the US dollar.

(iii) A third resolution, presented by the EPP Group, stressed the need to complete the internal market, to create a Community currency, and to improve the competitiveness of industry and the convergence of the economies.

(iv) Lastly, a resolution moved by the European Democratic Alliance affirmed that one of the essential requirements underpinning the Commission's programme should be progress towards European Union.

¹ OJ C 94, 15.4.1985.



PART TWO

**ACTIVITIES
IN MARCH 1985**

1. Building the Community

Economic and monetary policy

Council

2.1.1. The Council meeting of 11 March on economic and financial affairs (→ point 2.1.111) dealt mainly with the problem of financing the agricultural structures policy. After lengthy discussion, the Council adopted an opinion on the total amount (5 250 million ECU) to be made available to the EAGGF Guidance Section for 1985-89, and on expenditure controls; the opinion was transmitted immediately to the Ministers for Agriculture. It had no implications for the financing of the integrated Mediterranean programmes, which was not examined.

The Council carried out its first-quarter examination of the Community's economic situation and for the first time discussed an annual report by the Court of Auditors on the management of the Community budget (the 1983 report) (→ point 2.3.6).

Economic situation

2.1.2. The European Council, meeting in Brussels on 29 and 30 March (→ points 1.2.1 and 1.2.3), discussed the Community's economic and social situation on the basis of a Commission working paper (→ point 3.4.2).¹ In its conclusions, the European Council laid particular emphasis on four fields of action: action to achieve a single large market by 1992; action to encourage the creation and development of small and medium-sized undertakings; action to adjust and adapt working conditions to the new social, economic and technological circumstances in order to increase the efficiency of the labour market; specific action to expand employment.

2.1.3. On 11 March, on the basis of a communication transmitted by the Commission on 27 February,² the Council carried out its first-quarter examination of the economic situation in the Community, in

accordance with Article 2, of the convergence Decision of 18 February 1974.

The Council broadly endorsed the Commission's assessment of the economic situation and concluded that there was no need at present to adjust the economic policy guidelines for 1985 which it had adopted in December 1984 in its annual economic report.³

Community loans

2.1.4. On 15 March Parliament delivered its opinion⁴ on the proposal for a Regulation concerning the Community loan mechanism designed to support Member States' payments balances.⁵ After approving in principle the modifications contained in the proposal and agreeing to the raising of the ceiling to 8 000 million ECU and to the 50% limit on any one Member State's loan entitlement, Parliament reiterated its demand that borrowing and lending operations be budgetized and urged that—as one arm of the budgetary authority—it be associated in good time in the task of determining the general terms and arrangements to be applied to the loans and formulating the economic policy conditions to be fulfilled by recipient Member States.

Monetary Committee

2.1.5. The Monetary Committee held its 310th meeting in Brussels on 21 March, with Mr Tietmeyer in the chair, and examined the economic and financial situation in the Netherlands. It also held a wide-ranging exchange of views concerning preparations for the spring meetings of the IMF Interim Committee and the World Bank/IMF Development Committee.

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¹ COM(85) 88 final.

² Bull. EC 2-1985, point 2.1.2.

³ OJ L 45, 14.2.1985.

⁴ OJ C 94, 15.4.1985.

⁵ OJ C 167, 27.6.1984; Bull. EC 5-1984, point 2.1.3.

2.1.6. Mr Jacques Delors, President of the Commission, emphasized to Parliament the scope of the agreement between central banks to strengthen the position of the 'official' ECU, i.e. ECUs held by central banks. He also indicated that the ministers for Economic and Financial Affairs would be presented with a package of proposals that would enable central banks of non-member countries to hold ECUs and would provide for freer use of and higher interest on official ECUs.

Internal market and industrial affairs

Strengthening the internal market

2.1.7. The European Council welcomed the Commission's communication on strengthening the technological base and competitiveness of Community industry (→ point 3.4.3).¹ It endorsed a number of specific objectives, particularly that of achieving complete unification of the internal market by the mutual recognition of standards, the creation of European standards where appropriate and allowing greater access to public contracts.

People's Europe

2.1.8. The *ad hoc* Committee on a People's Europe adopted, and sent to the European Council, a new report which includes some practical conclusions.² The report makes a point of identifying specific measures capable of presenting a stronger image of the Community to its citizens (→ point 3.6.1).

It begins by dealing with rules and practices which cause irritation to Community citizens and undermine the credibility of the Community.

These relate essentially to police and customs formalities for people and goods crossing intra-Community frontiers. Where free movement of persons is concerned, the

Committee proposes immediate action (simplification of control procedures on citizens of Member States at frontiers, practical arrangements in port and airport control areas) and longer-term measures aimed at achieving a 'Europe without frontiers' by 1992, as proposed by Mr Delors. Where freedom of movement of goods (including transport services) is concerned, the Committee makes specific recommendations on increasing tax-free allowances for travellers, granting tax exemption on small postal consignments, introducing measures to alleviate present border controls on road transport, avoiding double taxation on personal goods, and measures regarding currency controls.

The report then goes on to deal with Community citizens' rights, in particular the remaining difficulties in respect of employment and residence. For instance, there are still problems as regards the tax treatment of employees who reside in one Member State and receive an income as employed workers in another (most of these are workers in border areas), as regards the conditions of employment in other Community countries and in respect of people whose professional qualifications are recognized in their country of origin but not in the host country.

With regard to the considerable difficulties impeding the mutual recognition of diplomas in certain professions, the Committee considers that full-scale harmonization is not a practical way of implementing the objectives of the Treaty in matters relating to the right of establishment. It proposes that the European Council should decide that the general approach should be based on mutual recognition of diplomas and other examinations without prior harmonization. This seems the only possible way of achieving a general system for ensuring the equivalence of diplomas in line with the conclusions of the Fontainebleau European Council.³

¹ COM(85) 84 final.

² Bull. EC 11-1984, point 3.5.1; Bull. EC 12-1984, point 1.2.5.

³ Bull. EC 6-1984, point 1.1.9 (Section 6).

Finally, the Committee is convinced that the right of a citizen of a Member State of the Community to live in another Member State of his own choice is an essential element of the right to freedom of movement. The Committee considers that a political decision of principle by the European Council on a general right of residence for all citizens of the Community would pave the way for a swift conclusion to the current discussions on a Commission proposal concerning the right of residence.¹

2.1.9. The European Council examined the Committee's report (→ point 1.2.7). It considered the contents and agreed both to the proposals for immediate implementation and to those relating to long-term objectives. It requested the Council to adopt as quickly as possible any decisions within its jurisdiction and called upon the Commission to take whatever steps were required to put the report's proposals into practice. The European Council also called upon the Council to report to it at its June 1985 meeting indicating what progress had been made in the areas covered by the Committee's report.

2.1.9a. *Corrigendum.* In Bull. EC 11-1984 it was erroneously stated at point 2.4.8 that the Commission is represented on the Adonino Committee by Mr Noël, its Secretary-General. The Commission representative is in fact Mr Ripa di Meana. For details of the members of the Committee, see point 3.6.1 of the present issue.

Free movement of goods

Removal of technical and administrative barriers to trade

Industrial products

2.1.10. On 4 March² the Commission asked the Council for authority to conduct negotiations to enable the Community to become a contracting party to the European Agreement on the Restriction of the Use of Certain Detergents in Washing and Clean-

ing Products (drawn up under Council of Europe auspices). The area to which the Agreement applies is fully covered by the Directives concerning detergents which the Council adopted in November 1973.³

Foodstuffs

2.1.11. On 8 March, to take account of technical amendments requested by Parliament in December,⁴ the Commission amended⁵ its proposal for a Council Directive concerning extraction solvents used in the production of foodstuffs and food ingredients.⁶

2.1.12. The Scientific Committee for Food published its report on emulsifiers, stabilizers, thickeners and gelling agents (15th series — report EUR 9357).

Pharmaceuticals

2.1.13. On 18 and 19 March the Commission convened a meeting of a working party on biotechnology/pharmacy, composed of governmental and industrial experts on vaccines and medicinal products for human and veterinary use. A consensus was reached on further regulatory measures to supplement the five proposals already placed before the Council which promote high-technology medicinal products, particularly those derived from biotechnology.⁷

The Economic and Social Committee endorsed the Commission's proposals at its 27 and 28 March session (→ point 2.4.21).

Small business—Business Cooperation Centre—Distributive trades

Distributive trades

2.1.14. The Bureau of the Committee on Commerce and Distribution met on 14

¹ OJ C 207, 17.8.1979; OJ C 188, 25.7.1980.

² COM(85) 63 final.

³ OJ L 347, 17.12.1973; OJ L 109, 22.4.1982.

⁴ OJ C 12, 14.1.1985.

⁵ OJ C 77, 23.3.1985; COM(85) 79 final.

⁶ OJ C 312, 17.11.1983; Bull. EC 10-1983, point 2.1.16.

⁷ OJ C 293, 5.11.1984; Bull. EC 10-1984, point 2.1.16.

March and decided to convene a meeting of the working party on external trade problems (including the renewal of the MFA) in April and a meeting of the working party on the internal market in May. The term of office of the Committee members was extended to the end of the year.

Industry

2.1.15. On the basis of a Commission communication on strengthening the technological base and competitiveness of Community industry (→ point 3.4.3),¹ the European Council approved a number of specific objectives. These include adjusting the Community's external commercial policy to its objectives as regards new technologies, within the framework of GATT, and achieving a breakthrough in telecommunications (→ point 1.2.4).

Council

2.1.16. The Council meeting on industrial affairs on 26 and 27 March reached agreement on a solution to the urgent problem raised by the implementation of the steel aids code (→ point 2.1.22). It also examined the Commission proposal for changes to the present system of granting additional production quotas (→ point 2.1.18) and assented to the increase in minimum prices and the fourth amendment of the Commission Decision concerning production certificates and accompanying documents for deliveries of certain steel products.

In the information technology sector the Council adopted the Caddia programme (→ point 2.1.23).

It also issued a statement on the Community's relations with the United States in the steel sector (→ point 2.2.14).

Steel²

Forward programme

2.1.17. In March the Commission sent its forward programme for steel for the second

quarter of 1985³ to the Council for assent and to the ECSC Consultative Committee for its opinion. The ECSC Consultative Committee issued its opinion on 29 March (→ point 2.4.30). The Commission paper notes that the outlook remains gloomy. There will probably be very little change in demand for steel compared with the first quarter and none of the seasonal upturn usual at this time of year. Therefore, where authorizing the level of steel production is concerned, prudence is in order.

The stagnation is mainly due to the fact that the rate of use of steel in the principal manufacturing industries continues to decrease and the present rise in investment is mainly in the service industries and those producing small consumer goods, none of which use much steel. To this must be added the tendency to draw stocks and the fact that—in the wake of the steel arrangements—imports from non-Community countries are likely to increase while Community exports will be subject to the restrictive measures introduced by the United States (→ points 2.2.14 to 2.2.16).

Crude steel production will probably be no more than 29 million tonnes compared with the 30.67 million actually produced during the second quarter of 1984. Real consumption will probably be some 300 000 tonnes lower than in the second quarter of last year. Exports to non-Community countries are likely to fall from 6.35 to 5.80 million tonnes, while imports will probably increase from 2.41 to 2.60 million tonnes.

The movements in crude steel supply and demand are shown in Table 1.

¹ COM(85) 84 final.

² International relations are dealt with in the 'Commercial policy' and 'Relations with industrialized countries' sections of the 'Enlargement and external relations' chapter.

³ OJ C 98, 18.4.1985.

Table 1

	Outturn					Forecast
	I/84	II/84	III/84	IV/84	I/85	II/85
Real consumption	26.60	26.23	23.62	27.64	25.90	26.30
Stock change	+ 0.50	+ 0.50	+ 0.35 ¹	- 0.50 ²	- 0.40	- 0.50
Imports	2.41	2.41	2.32 ¹	2.40 ²	2.50	2.60
Exports	6.13	6.35	6.92	5.50	6.60	5.80
Production	30.82	30.67	28.57	30.24	29.00	29.00

¹ Provisional.

² Forward programme estimates.

Crisis measures

Production quotas

2.1.18. The Council examined a proposal¹ to change the present system of granting additional quotas to encourage rapid implementation of restructuring measures under Article 14B of the Commission Decision of 31 January 1984 extending the system of monitoring quotas.²

The Commission noted that the qualified majority needed for assent by the Council could not be obtained and therefore indicated that it is considering withdrawing the proposal since it is not long until the end of 1985, when the Decision extending the quota system expires.

Minimum prices

2.1.19. After receiving the Council's assent and the opinion of the ECSC Consultative Committee, the Commission decided, on 28 March,³ to raise the minimum prices with effect from 1 April 1985⁴ by amending its Decision of 23 December 1983⁵ for the third time.

The following table gives the changes in ECU per tonne in the mandatory minimum prices as compared with the guide prices.

¹ Bull. EC 11-1984, point 2.1.15.

² OJ L 29, 1.2.1984.

³ OJ L 89, 29.3.1983.

⁴ Bull. EC 2-1985, point 2.1.18.

⁵ OJ L 373, 31.12.1983; OJ L 260, 29.9.1984

Table 2

	1.1.84	1.4.84	1.10.84	Proposed prices from 1.4.85	Guide prices
Hot-rolled wide strip	327	336	353	362	380
Hot-rolled narrow strip	358	358	367	376	380
Narrow strip obtained by slitting hot-rolled wide strip	331	340	358	367	380
Hot-rolled strip obtained by cutting hot-rolled wide strip	331	340	358	367	380
Reversing-mill plate	331	340	358	367	397
Cold-rolled sheet	424	433	452	459	495
Sections and beams					
Category I	291	300	—	309	326
Category IIa	344	—	—	353	357

Production certificate and accompanying document

2.1.20. On 28 March, having received the Council's assent and the opinion of the ECSC Consultative Committee, the Commission amended¹ for the fourth time its Decision of 23 December 1983² introducing for steel undertakings and steel dealers a production certificate and an accompanying document for deliveries of certain products.³

The situation in the scrap market

2.1.21. On 20 March the Commission sent the Council a communication on scrap supplies. The Commission lists the practical arrangements made to ensure that, in spite of higher exports, the Community steel industry will receive regular supplies as a result of undertakings made by scrap dealers to supply the necessary amounts.

Consideration is also being given to the possibility of relieving a proportion of stocks held by users from tax in order to cushion sudden movements in the market for this raw material.

The Council re-examined the situation on 26 March on the basis of this communi-

cation. The Member States expressed their concern with regard to the measures proposed, and the Council called upon the Commission to continue monitoring developments in the market.

Restructuring

2.1.22. In connection with the application of the aids code,⁴ the Commission updated the figures relating to reductions in production capacity for hot-rolled products completed by 20 March. For the Community as a whole closures total some 25.2 million tonnes a year as compared with 21.9 million at the end of 1984.

The following table gives the present position on capacity reduction under the aids code.

¹ OJ L 89, 29.3.1985.

² OJ L 373, 31.12.1983; OJ L 332, 20.12.1984; OJ L 124, 11.5.1984.

³ Bull. EC 2-1985, point 2.1.20.

⁴ OJ L 228, 13.8.1981.

Table 3

	Maximum possible production 1980	Reductions		Closures completed by 20.3.85
		Minimum required	Identified	
Belgium	16 028	3 155	3 183	3 183
Denmark	941	66	66	66
France	26 869	5 311	5 311	4 143
Germany	53 117	6 010	6 922	6 370
Italy	36 294	5 834	5 834	5 724
Luxembourg	5 215	960	1 045	1 045
Netherlands	7 297	950	1 432	82
United Kingdom	22 840	4 500	5 191	4 654
Community ¹	168 601	26 786	28 984	25 267

¹ Excl. Greece and Ireland.

Information technology and telecommunications

Interinstitutional networks

2.1.23. In March the Council adopted,¹ on a proposal from the Commission,² a Decision concerning the coordination of the actions of the Member States and the Commission relating to the implementation of a long-term programme for the use of computerized telecommunications for Community information systems concerned with imports/exports and the management and financial control of agricultural market organizations (Caddia).³ The aim of this programme is to speed up trade by automating the customs procedures and the preparation of statistics through the electronic linking of the Community's customs services and statistical centres. It will in consequence reduce the administrative costs, which ultimately fall upon the consumer and the taxpayer. Caddia is part of the Community's overall information-processing strategy. The cost of implementing it will be borne by the Member States, while coordination of the programme and of the

standardization activities will be undertaken by the Commission.

*

Advanced manufacturing equipment

2.1.24. On 22 March the Commission sent the Council a communication on advanced manufacturing equipment in the Community.⁴

Industrial innovation and the information market

2.1.25. The European Council discussed the Commission's communication on strengthening the technological base and competitiveness of Community industry (→ point 3.4.3) and stressed the need—

¹ OJ L 96, 3.4.1985.

² OJ C 112, 26.4.1984; Bull. EC 3-1984, point 2.1.28; OJ C 215, 16.8.1984; Bull. EC 7/8-1984, point 2.1.38.

³ Cooperation in automation of data and documentation for imports/exports and agriculture.

⁴ Supplement 6/85 — Bull. EC; Bull. EC 4-1985 (in preparation).

which was vital for the future of the Community—to improve the business environment in order to help firms develop their capacity for industrial innovation and their commercial enterprise.

Transnational measures to promote innovation

2.1.26. On 6 and 7 March the Commission held a seminar in Luxembourg on developing markets for new products and services through joint exporting by innovative small and medium-sized firms, which was attended by some 100 participants, mostly representatives of private consultancy firms, chambers of commerce, trade associations and banks with a special interest in exporting.

Since smaller firms find it much more difficult than large ones to overcome the various problems encountered when exporting their products, the aim of the seminar was to find a way of solving these problems by setting up jointly financed and managed export schemes.

2.1.27. As part of its plan for the transnational development of the supporting infrastructure for innovation and technology transfer¹ the Commission published a notice in the *Official Journal*² announcing the organization—in cooperation with the European Association for the Transfer of Technologies, Innovation and Industrial Information—of a number of group working visits and secondments for staff of industrial information transfer agencies.

The aim of the working visits (lasting about one week) and the secondments (lasting between two weeks and three months) is to enable staff of technology and management advisory centres in the different Member States to become acquainted one another, study working methods used in other countries and explore the opportunities for transnational cooperation between their organizations.

Utilization of research results

2.1.28. In the last three months the European Atomic Energy Community (Eur-

atom), represented by the Commission, has obtained the following six patents: 'device for passive heat transport and integrated solar collector incorporating same', in the United States; 'apparatus and method for leading to the identification of seals', in the United Kingdom; 'apparatus for continuous and direct measurement of the sea surface temperature', at the European Patent Office; 'ultrasonic transducers', in the United Kingdom; 'Système de surveillance d'une pluralité de conteneurs utilisant des sceaux ultrasonores' (system for monitoring a number of containers using ultrasonic seals), in France; and 'apparatus and method for measuring the toxicity of pollutants for aquatic living organisms', at the European Patent Office.

Euratom currently holds 540 valid patents for some 220 inventions.

2.1.29. The Commission took part in Inova '85, held in Paris from 11 to 16 March, at which it presented the following six newly developed products of Community research: an electronic pump for dangerous fluids; a rapid-action coupling device for double containment fluid transmission systems; a variable-speed power supply for synchronous motors; an isotope high-thermal-precision heat-pipe furnace; the Scriba software system (for conference organization); and the Mark 13-A flue-gas desulphurization process.

2.1.30. The closing date for the submission of proposals for the construction and operation of a pilot flue-gas desulphurization plant based on the Community's Mark 13-A process³ has been postponed until 31 May 1985.⁴ The call for proposals is otherwise unchanged.

Specialized information

2.1.31. At its 48th meeting, held in Luxembourg on 12 March, the Scientific and Tech-

¹ OJ L 353, 15.12.1983.

² OJ C 64, 13.3.1985.

³ OJ C 317, 28.11.1984; Bull. EC 11-1984, points 2.1.26 and 2.1.151.

⁴ OJ C 78, 26.3.1985.

nical Information and Documentation Committee elected its officers for the next two years. It appointed Mr W. Renaud (Netherlands) Chairman and Mrs B. Grange (Belgium), Mr Donth (Federal Republic of Germany) and Mr Ronai (France) Vice-Chairmen.

The Committee heard reports reviewing the work of its specialized working parties (information on agriculture, biomedicine and health, the environment and energy) during the period covered by the third plan of action for information and documentation (1981-83)¹ and their proposals for activities to be included as a matter of priority in the draft work programme for 1986-87.

After taking note of the results of task force meetings to prepare the implementation of priority activities under the 1984-85 work programme (information on patents, data banks on materials, information on biotechnology, industry and research, publication and electronic document delivery), the Committee set up a Project Advisory Group (PAG) and appointed its officers. The PAG henceforth replaces the specialized working parties, and it held its inaugural meeting on 13 March.

Customs union

Simplification of customs formalities

2.1.32. On 7 March the Council decided to accept on behalf of the Community three Annexes to the International Convention on the Simplification and Harmonization of Customs Procedures.² The annexes concern clearance for home use, outright exportation and the repayment of import duties and taxes. The Community's acceptance is not without certain reservations, however, notably to take into account the present state of harmonization of customs legislation within the Community.

General legislation

2.1.33. On 7 March the Council, acting on a Commission proposal,³ accepted on behalf of the Community a recommendation of the Customs Cooperation Council concerning action against customs fraud relating to containers.⁴

Customs procedures with economic impact

2.1.34. By a Regulation adopted on 12 March the Commission introduced a provisional measure⁵ permitting the processing under customs control arrangements brought in by a Council Regulation of 26 September 1983⁶ to be applied from 15 March to 15 September 1985 for the processing of dichromium trioxide into chromium.

Common Customs Tariff

Nomenclature

2.1.35. For the purpose of ensuring uniform application of the CCT nomenclature, the Committee on Common Customs Tariff Nomenclature decided on tariff measures in the form of a tariff classification decision and an agreement on the classification of goods respectively, concerning subheadings 18.06 C and 21.07 F I f).⁷

Economic tariff matters

Suspensions

2.1.36. On 21 March the Council adopted a Regulation temporarily and totally suspending the autonomous CCT duties on

¹ OJ L 200, 6.8.1981.

² OJ L 87, 27.3.1985.

³ Bull. EC 5-1984, point 2.1.37.

⁴ OJ L 73, 14.3.1985.

⁵ OJ L 72, 13.3.1985.

⁶ OJ L 272, 5.10.1983.

⁷ OJ C 74, 20.3.1985.

certain types of polyethylene falling within subheading ex 39.02 C I a).¹

Tariff quotas

2.1.37. On 4 March the Commission adopted a Regulation opening, allocating and providing for the administration of a Community tariff quota for fresh or chilled tomatoes falling within CCT subheading ex 07.01 M I originating in the African, Caribbean and Pacific States and the overseas countries and territories (1985).²

2.1.38. The Council adopted a Regulation opening, allocating and providing for the administration of a Community tariff quota for carrots falling within CCT subheading 07.01 G II originating in Cyprus (1985).³

Community surveillance of imports

2.1.39. On 4 March the Commission adopted a Regulation establishing ceilings and Community surveillance for imports of carrots and onions, falling within CCT heading No ex 07.01, originating in the African, Caribbean and Pacific States and the overseas countries and territories (1985-A).²

Competition

Restrictive practices, mergers and dominant positions: specific case

Joint ventures

Ferrum WRG Weissblech-Recycling

2.1.40. On 8 March the Commission, acting under Article 66 of the ECSC Treaty, authorized Thyssen Sonnenberg GmbH, Duisburg, to acquire 50% of the shares of Ferrum WRG Weissblech-Recycling GmbH, a company which was recently formed by Ferrum GmbH, Saarbrücken, to

recover steel scrap in Berlin and sell it to local steelworks.

Thyssen Sonnenberg and Ferrum are major steel scrap distribution companies which belong to the Thyssen and Otto Wolff groups respectively. However, this joint venture is limited in scale and is not liable to have any noticeable effect on scrap supplies and prices even in its local market. The Commission therefore concluded that the transaction satisfied the tests of Article 66(2).

State aids

General aids

Environmental aids

Germany

2.1.41. On 13 March the Commission decided to raise no objection to the introduction of a scheme notified by the Government of the Federal Republic of Germany to assist research and new technology in the environmental field.

The total budget for the programme amounts to DM 532 million up to 1987, and the programme is designed to improve scientific knowledge of the underlying causes of existing threats to the environment and means of removing them. Most of the budget is to go to universities, research institutes and other public institutions, and 20-25% may go to private firms. The latter would qualify for grants of up to 50% of the cost of projects, only the innovative parts of which would be considered.

After scrutinizing the scheme the Commission took the view that increasing technological and scientific know-how with a view to improving environmental protection could be regarded as being of common European interest. The Commission felt

¹ OJ L 81, 23.3.1985.

² OJ L 64, 5.3.1985.

³ OJ L 89, 29.3.1985.

that the measures envisaged would not adversely affect intra-Community trade to an extent contrary to the common interest.

The Commission asked the German Government to submit an annual report on individual cases of aid being given to private firms, including a description of the terms on which it was granted.

Industry aids

Steel

2.1.42. At its 26 and 27 March meeting on industrial affairs (→ point 2.1.22) the Council assented (Greece withdrew its reservation at the 2 April meeting of the Permanent Representatives Committee) to the Commission's proposal¹ to amend the aids code² by extending to the end of 1985 the period for granting operating aids and by setting new time limits for notification and authorization of aid proposals additional to those the Commission had authorized on 19 June 1983.³

The Council reached the following conclusions:

1. It is an absolute requirement that the deadline of 31 December 1985 for the payment of all aid be strictly adhered to. No aid will be permitted after that deadline expires.
2. The deadline for the payment of aid approved conditionally in June 1983 for continuing operations shall be extended to 31 December 1985.
3. With regard to the notification and authorization of additional aid these applications must be in accordance with Article 2 of Commission Decision No 2320/81/ECSC. For example, the Commission shall ask for capacity reductions if they are necessary for viability or if they do not affect trading conditions. In addition, the capacity reductions should not disturb current restructuring programmes in the course of implementation.
4. Aid will be authorized in addition only for the further purposes of a financial restructuring towards reducing the debt service burden to the order of the burden carried now by firms which were profitable in 1984 or to cover costs incurred because of capacity cuts.⁴

National monopolies of a commercial character

Cordless telephones in Germany

2.1.43. After intervention by the Commission on the basis of Article 37 of the EEC Treaty, the Federal Republic of Germany has abandoned its plans to extend the monopoly of the Bundespost (the Federal Post Office) to cordless telephones.

The German Government had intended to issue a regulation permitting the Bundespost to supply cordless telephones. The Bundespost would thereby have had the exclusive right to supply cordless telephones for connection to primary telephones, themselves a Bundespost monopoly, and to those private automatic branch exchanges (PABXs) which it had itself supplied. Private competitors, including those from other Member States, would thus have been able to supply their devices to a restricted market only, in particular to users of privately supplied PABXs.

In these circumstances the Commission considered that even a partial Bundespost monopoly over cordless telephones fell within the scope of Article 37(1), since it would have prevented users of primary telephones or PABXs supplied by the Bundespost from choosing freely between devices offered by several suppliers, and would have prevented the suppliers from having direct access to this very substantial part of the market.

After the Commission had informed the German Government of its objections, the latter declared that it no longer intended to extend the Bundespost's monopoly to cordless telephones. It is now preparing an amendment to the relevant regulation on telecommunications so as to allow privately supplied cordless telephones also to be connected to primary telephones and to PABXs supplied by the Bundespost.

¹ Bull. EC 11-1984, point 2.1.43; Bull. EC 12-1984, point 2.1.67.

² OJ L 228, 13.8.1981; Bull. EC 6-1981, point 1.4.3.

³ OJ L 227, 19.8.1983; Bull. EC 6-1983, point 1.1.1 *et seq.*

The Commission will examine any extension of telecommunications monopolies in the Member States as to its compatibility with the provisions of the EEC Treaty. In general, it takes the view that an extension including exclusive marketing rights for imported products from other Member States is a measure prohibited by Article 37(2).

Financial institutions and taxation

Financial institutions

Stock exchanges and other institutions in the securities field

Collective investment undertakings for transferable securities

2.1.44. At its meeting on 11 March the Council took note of a statement by Lord Cockfield, Vice-President of the Commission, on the speeding up of proceedings concerning the proposal for a Directive on the coordination of laws, regulations and administrative provisions regarding collective investment undertakings for transferable securities other than the closed-ended type (CIUTS).¹

Taxation

Indirect taxes

Tax-free allowances

Tax-free allowances for travellers

2.1.45. On 12 March the Commission, taking account in part of Parliament's opinion,² amended³ its proposal for an eighth Directive increasing tax-free allowances in international travel.⁴

The amendments are designed to increase the tax-free allowances for travellers coming from outside the Community, raising them as soon as possible to 100 ECU for travellers over 15 and to 50 ECU for travellers under 15.

Direct taxes

2.1.46. On 27 March the Economic and Social Committee delivered a favourable opinion (→ point 2.4.20) on the proposal for a Council Directive on the harmonization of the laws of the Member States relating to tax arrangements for the carryover of losses of undertakings.⁵

Employment, education and social policy

2.1.47. The European Council (→ points 1.2.1 and 1.2.3) discussed the economic and social situation in the Community on the basis of a working paper prepared by the Commission (→ point 3.4.2).⁶ It reiterated the prime importance that each of the governments and the Community attached to combating unemployment through sustained, more employment-intensive economic growth.

Employment

Free movement of workers

2.1.48. A seminar organized by the Commission for employment service staff from frontier areas was held in Brussels on 6 and 7 March to look into ways of gradually establishing permanent collaboration between the respective services involved. The long-term objective was to provide a

¹ OJ C 171, 26.7.1976.

² OJ C 46, 18.2.1985; Bull. EC 1-1985, point 2.1.16.

³ COM(85) 82 final.

⁴ OJ C 102, 14.4.1984; Bull. EC 3-1984, point 2.1.59.

⁵ OJ C 253, 20.9.1984; Bull. EC 9-1984, point 2.1.41.

⁶ COM(85) 88 final.

joint cross-frontier employment service for workers and employers in border regions.

Financial instruments

European Social Fund

2.1.49. The Committee of the European Social Fund, meeting on 26 and 27 March, examined applications for assistance from the Fund in 1985.

It also gave its opinion on the Commission's draft guidelines, soon to be adopted, for the management of the European Social Fund in 1986-88.

2.1.50. On 15 March Parliament too delivered an own-initiative opinion on the guidelines.¹ It called for a more rigorous selection of applications for assistance, concentration of assistance in regions worst hit by unemployment and a qualitative analysis of the specific impact of projects carried out. It thought that as a general rule the management of the Fund should conform to Community priorities and that the bulk of the funds should be allocated through the application of Community principles. Finally, Parliament hoped that the Commission would continue to consult it at regular intervals as provided in the Council Decision of 17 October 1983.²

Living and working conditions and social protection

Labour law and industrial relations

2.1.51. At its meeting on 15 March the advisory *ad hoc* joint working party on sea transport held preliminary discussions on the memorandum concerning the establishment of a Community sea transport policy (→ point 2.1.133). The shipowners' representatives were in favour of the guidelines set out in the memorandum, but the seamen's unions were critical or even opposed.

On the subject of the Memorandum of Understanding on Port-State Control,³ the

Commission told shipowner and union representatives that it was continuing its efforts to improve and extend its application (particularly with respect to Japan).

Finally, the two sides of industry agreed to resume talks (suspended for 10 years) on the setting-up of a joint committee on sea transport and to entrust a working party with the task of drawing up a plan for a multiannual study programme on sea transport.

Equal rights for men and women

2.1.52. The Advisory Committee on Equal Opportunities devoted its ninth meeting, held in Brussels on 20 and 21 March, to four important items. First, there was an exchange of views on the adoption of codes of good practice designed to achieve equality of opportunity, one for employment (and thus aimed at all employers) and another in the field of education (intended for all those involved in education—administrative staff, teachers, vocational guidance counsellors, parents, pupils, etc.). The second item was the drafting of an opinion on the implementation of equality of treatment between men and women in matters of social security with regard to benefits not subject to the Directive of 19 December 1978 laying down general guidelines in this field (79/7/EEC).⁴ The Committee then examined a draft communication to the Council concerning the Community's participation in the international conference to be held at Nairobi from 15 to 26 July 1985, which will examine and assess the results of the UN Decade for Women: equality, development and peace. The paper sets out the stand the Commission will take at Nairobi on behalf of the Community. Lastly, it gave its opinion on the draft medium-term action programme on equal opportunities,

¹ OJ C 94, 15.4.1985.

² OJ L 289, 22.10.1983; Bull. EC 10-1983, point 1.3.1 *et seq.*

³ Bull. EC 1-1982, point 2.1.74.

⁴ OJ L 6, 8.1.1979; Bull. EC 12-1978, point 2.1.67.

which is to be put before the Council before the end of the year.

*

2.1.53. On 27 March the Economic and Social Committee gave favourable opinions (→ points 2.4.23 and 2.4.24) on the draft recommendation on social security for volunteer development workers¹ and on the proposal to amend Council Regulations Nos 1408/71 and 574/72 on the application of social security schemes to employed and self-employed persons and members of their families moving within the Community.²

Health and safety

Public health

2.1.54. The Commission has published a report entitled *Individual choice and enabling structures—European directions in care of the elderly*.³ This comprises the texts of the papers presented and the discussions held at a seminar in Luxembourg in September 1982,⁴ the purpose of which was to make an appropriate analysis of the problems associated with, and the guidelines and measures to be adopted for, the development of a common policy on the medical and social problems of the elderly in the Community countries.

Health and safety (ECSC)

2.1.55. An explosion of firedamp and coal dust occurred on 25 February at the Simon pit in the Lorraine coalfield in France, as a result of which 22 miners died and a number of others were poisoned by fumes. An official inquiry into the cause of the accident has already been opened in France, but the Mines Safety and Health Commission of the European Communities will be examining the known facts and drawing whatever conclusions are necessary to try to minimize the risk of similar accidents in future.

2.1.56. Following this disaster, Parliament adopted three resolutions on 14 March—

concerning working conditions and the improvement of safety measures in coalmines, the mining disaster in Lorraine, and safety and health in coalmines (→ point 2.4.11).⁵

Health and safety (Euratom)

2.1.57. On 12 March the Commission held an information meeting in Luxembourg for officials from the Member States for the purpose of assessing the progress of the work put in hand by the governments in order to bring national laws into line with the provisions of the Council Directive of 3 September 1984 laying down basic measures for the radiation protection of persons undergoing medical examination or treatment.⁶

2.1.58. In cooperation with a group of experts from the Member States, the Commission has put in hand the preparatory work on a revision of the publication *Technical recommendations for monitoring the exposure of individuals to external radiation*.⁷ The updating was prompted by the adoption of the Directives of 15 July 1980⁸ and 3 September 1984⁶ amending the basic safety standards for the health protection of the general public and workers against the dangers of ionizing radiation and by the appearance of new reports of the International Commission on Radiation Units and Measurements.

Culture

2.1.59. The Commission published a notice in the *Official Journal* stating that it

¹ OJ C 16, 17.1.1985; Bull. EC 12-1984, point 2.1.100.

² Bull. EC 1-1985, point 2.1.24.

³ Document EUR 9605, available from the Office for Official Publications of the European Communities, L-2985 Luxembourg.

⁴ Bull. EC 9-1982, point 2.1.35.

⁵ OJ C 94, 13.4.1985.

⁶ OJ L 265, 5.10.1984; Bull. EC 9-1984, point 2.1.55.

⁷ Document EUR 5287, available from the Office for Official Publications of the European Communities, L-2985 Luxembourg.

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

would provide financial backing for pilot projects to conserve the Community's architectural heritage.¹

This support will go to monuments and sites of European renown which illustrate some aspect of the national or regional architectural heritage of the Community. A total of 500 000 ECU will be provided in 1985 to support a maximum of 12 pilot projects. A decision on whether to provide financial support will be taken by the Commission, on expert advice, by 30 November at the latest.

Regional policy

Second periodic report on the social and economic situation of the regions

2.1.60. On 27 March the Economic and Social Committee adopted an opinion (→ point 2.4.27) on the Commission's second periodic report on the social and economic situation and development of the regions of the Community.²

Financial instruments

Coordinated application of different financial instruments

Integrated Mediterranean programmes

2.1.61. In line with the undertaking it gave in June 1984,³ the European Council decided to launch the integrated Mediterranean programmes in favour of the southern regions of the present Community within the framework of the proposals made by the Commission (→ point 1.2.1 *et seq.*). Adoption of the programmes, which will cover seven years and are intended to improve the economic structures of those regions to enable them to adjust to the new situation created by enlargement, permitted withdrawal of the last remaining reservations regarding enlargement and own resources.

2.1.62. On 14 March Parliament adopted a resolution on the integrated Mediterranean programmes (→ point 2.4.11).⁴

Environment and consumers

2.1.63. On the basis of a communication from the Commission entitled 'A Europe-wide environment policy' (→ point 3.4.4)⁵ requested at Dublin last December,⁶ the European Council pointed out the need to continue to integrate environment policy with the Community's and Member States' economic and social policies, and the importance of retaining prevention as the key objective of environment policy. It also welcomed the conclusions reached by the Council, particularly with regard to combating air pollution through the introduction of the 'clean car' (→ point 1.2.5).

2.1.64. At its March session the Economic and Social Committee delivered a favourable opinion (→ point 2.4.22) on the communication on the protection of the environment in the Mediterranean basin which the Commission had sent to the Council on 24 April 1984.⁷

Council

2.1.65. A Council meeting on environmental matters was held in Brussels on 7 and 8 March; it was continued on 20 and 21 March (→ point 2.4.12). At this meeting, which dealt chiefly with matters relating to the 'clean car', the Council adopted a Directive on the lead content of petrol and reached agreement on the question of air pollution by exhaust gases from motor vehicles (→ point 2.1.70).

¹ OJ C 78, 26.3.1985.

² Bull. EC 3-1984, point 1.1.7.

³ Bull. EC 6-1984, point 1.1.7.

⁴ OJ C 94, 15.4.1985.

⁵ COM(85) 86 final.

⁶ Bull. EC 12-1984, point 1.2.3.

⁷ OJ C 133, 21.5.1984; Bull. EC 4-1984, point 2.1.79.

It also adopted formally a Directive on air quality standards for nitrogen dioxide¹ on which it had reached agreement on 6 December 1984² and the Decision concerning the signature of a global framework Convention for the Protection of the Ozone Layer (→ point 2.1.73). The Council also approved two Directives, one concerning the assessment of the environmental effects of certain public and private projects (→ point 2.1.77), the other containers of liquids for human consumption (→ point 2.1.80). The Council was also favourably disposed towards two proposals for Directives, one relating to restrictions on the marketing and use of certain dangerous substances and preparations (→ point 2.1.74), the other on limit values and quality objectives for discharges of certain dangerous substances into the aquatic environment (→ point 2.1.66). The Council held detailed exchanges of views, without reaching conclusions, on two other matters on the agenda, namely air pollution caused by large combustion plants (→ point 2.1.72) and the reduction of pollution caused by waste from the titanium dioxide industry (→ point 2.1.67).

Prevention and reduction of pollution and nuisances

Freshwater and marine pollution

Limit values and quality objectives for discharges of certain dangerous substances

2.1.66. The Council was favourably disposed towards the proposal for a Directive³ on limit values and quality objectives for discharges of certain dangerous substances into the aquatic environment which are included in List I in the Annex to the Directive of 4 May 1976.⁴ It asked the Permanent Representatives Committee to carry on work, in the light of the opinions delivered by Parliament and the Economic and Social Committee, so that the Directive could be adopted at an early date.

Titanium dioxide

2.1.67. The Council continued its examination of the proposal for a Directive on procedures for harmonizing the programmes for the reduction and eventual elimination of pollution caused by waste from the titanium dioxide industry.⁵ It asked the Permanent Representatives Committee to examine the matter in greater detail, with particular reference to a compromise solution providing for the application, on certain conditions, of quality objectives for the environment.

Pollution by oil and other dangerous substances

2.1.68. The Commission and Council have for some time been actively seeking to improve the way in which the control of oil pollution of the sea is organized. Its experience leads the Commission to believe that it is now necessary to extend certain arrangements originally designed to improve the combating of oil pollution to other dangerous substances. Hence its request to the Council on 25 March⁶ to extend to other dangerous substances the Community information system relating to oil set up by the Council on 3 December 1981;⁷ the Commission also decided⁸ to extend the remit of the advisory committee it set up on 25 June 1980⁹ to include these other harmful substances in order to facilitate the implementation of Community measures and the coordination of national and international measures.

Protection of the Rhine

2.1.69. In March Parliament endorsed¹⁰ the proposal for a supplement in respect of

¹ OJ L 87, 27.3.1985.

² Bull. EC 12-1984, point 2.1.125.

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

⁴ OJ L 129, 18.5.1976; Bull. EC 5-1976, point 2232.

⁵ OJ C 138, 26.5.1983; Bull. EC 4-1983, point 2.1.82; OJ C 167, 27.6.1984; Bull. EC 6-1984, point 2.1.75.

⁶ COM(85) 123/2 final.

⁷ OJ L 355, 10.12.1981; Bull. EC 12-1981, point 2.1.81.

⁸ OJ L 89, 29.3.1985.

⁹ OJ L 188, 22.7.1980; Bull. EC 6-1980, point 2.1.75.

¹⁰ OJ C 94, 15.4.1985.

cadmium to Annex IV to the Convention for the Protection of the Rhine against Chemical Pollution and the recommendation on the monitoring of cadmium discharges transmitted to the Council by the Commission in December 1984.¹

Air pollution

Unleaded petrol and noxious or harmful emissions from motor vehicles

2.1.70. In accordance with the timetable laid down by the Dublin European Council in December 1984,² and in the light of Parliament's opinion,³ the Council adopted a Directive on the approximation of the laws of the Member States on the lead content of petrol,⁴ on which it had reached a common position last December.⁵

The Directive provides for the compulsory introduction of unleaded petrol from October 1989, which gives the oil and motor industries time to make the necessary investments. The Directive does not rule out the possibility of voluntary measures being taken to introduce unleaded petrol at an earlier date. It also provides that, as soon as they see fit, Member States will reduce in parallel the lead content of leaded petrol from 0.40 g/l to 0.15 g/l.

The Council also reached agreement on the question of air pollution by exhaust gases from motor vehicles,⁶ although one Member State was only able to agree subject to confirmation and another had to enter a

more general reservation. The result represents a political agreement establishing a balance between the demands of environmental protection and a concern to allow European industry the time needed to adjust to emission values considerably more stringent than the limits currently in force. The Ministers actually laid down a timetable for implementing European emission standards, these having to be specified by 30 June this year, and the cylinder-capacity categories of vehicles affected by these standards. They also reached agreement on the limits to be placed on the financial compensation which may be provided as an incentive to the introduction of 'clean cars'. The discussions necessary to translate this political agreement into a Directive are to go ahead as speedily as possible to enable the Directive to be adopted in June.

According to this agreement the future European emission standards are to be as shown in Table 4.

¹ OJ C 16, 17.1.1985; Bull. EC 12-1984, point 2.1.121.
² Bull. EC 12-1984, point 1.2.3.
³ OJ C 12, 14.1.1985; Bull. EC 12-1984, point 2.1.124.
⁴ OJ L 96, 3.4.1985.
⁵ Bull. EC 12-1984, point 2.1.122.
⁶ OJ C 178, 6.7.1984; Bull. EC 5-1984, point 1.2.1 *et seq*;
 OJ C 291, 31.10.1984; Bull. EC 9-1984, point 2.1.67; OJ C 318, 29.11.1984; Bull. EC 10-1984, point 2.1.77; Bull. EC 12-1984, point 2.1.123; OJ C 106, 27.4.1985.

Table 4

Vehicle category	Operative date (new models/new cars)	Emission standards (grams/test)
Over 2 litres 1.4 to 2 litres Less than 1.4 litres	1.10.1988/1989 1.10.1991/1993 A. 1.10.1990/1991 B. To be set by 1987 and implemented not later than 1993/94	European standard ^{1,2} European standard ^{1,2} A. Minimum CO 45 HC + NOx 15 NOx 6 B. European standard ¹

¹ These European standards will be adapted for the vehicle categories in such a way that their effect on the European environment will be equivalent to the effect of United States standards.
² The European standards will be set before 30 June 1985 on the basis of additional technical investigations which will be carried out with a view to writing precise figures into the proposal from the Commission relating to Stage II.

2.1.71. Parliament adopted a resolution on 4 March¹ in which it confirmed the opinion it gave in December 1984² and requested the Council and the Commission once again, having regard to the importance of the planned Directives, to initiate the conciliation procedure in order for a European solution to these important matters of common interest to be found and a political decision to be reached.

Emissions from large combustion plants

2.1.72. The Council discussed the progress of work on the proposal for a Directive on the limitation of emissions of pollutants into the air from large combustion plants.³ It took note in particular of the request by the Commission representative to have as soon as possible the information necessary for a more detailed study of the technical and economic questions raised by this proposal.

Chemicals

Convention for the Protection of the Ozone Layer

2.1.73. The Convention for the Protection of the Ozone Layer was signed at a conference of plenipotentiaries held in Vienna from 18 to 22 March. There are 21 signatory countries⁴ including seven Member States of the Community; the European Economic Community as such is also a signatory. The Vienna Convention was drawn up under the United Nations Environment Programme (UNEP) with the chief aim of committing the contracting parties to take appropriate steps to protect human health and the environment from the harmful effects of human activities liable to alter the ozone layer.

The Convention also provides for cooperation between the contracting parties in the legal, scientific and technical fields. After tough negotiations the Community, in accordance with the Council negotiating brief given on 20 March,⁵ secured the removal from the text of the Convention of

any clause making its participation contingent on that of at least one Member State, as certain non-member countries had wished. This outcome was made possible by the unity and solidarity of all Member States, which spoke at Vienna with one voice through the Community's representative.

The conference also adopted a resolution on the protocol on chlorofluorocarbons (CFCs), substances which may deplete the ozone layer. Negotiations on this subject are to continue with a view to a protocol regulating the production and uses of these substances being drawn up. To provide guidance, a workshop of scientists and economists is to be held under UNEP patronage. Until the protocol is finalized, States and regional organizations are requested to control their CFC emissions by all means available to them.

Dangerous substances

2.1.74. Pending receipt of opinions from Parliament and the Economic and Social Committee, the Council expressed itself in favour of the proposal for a Directive relating to restrictions on the marketing and use of certain dangerous substances and preparations (2nd PCB/PCT Directive).⁶ The proposal seeks to strengthen the Community rules in force in this area since 1976⁷ by placing an almost complete ban on the marketing and use of PCBs and PCTs, for the better protection of human health and the environment. At the close of its discussion, the Council asked the Permanent Representatives Committee to continue its work, once the views of Parliament and the Economic and Social Committee

¹ OJ C 94, 15.4.1985.

² OJ C 12, 14.1.1985; Bull. EC 12-1984, point 2.1.124.

³ OJ C 49, 21.2.1984; Bull. EC 12-1983, point 2.1.118; OJ C 76, 22.3.1985; Bull. EC 2-1985, point 2.1.62; Bull. EC 12-1984, point 2.1.126.

⁴ Argentina, Belgium, Byelorussia, Canada, Chile, Denmark, Egypt, Finland, France, Germany, Greece, Italy, Mexico, Netherlands, Norway, Peru, Sweden, Switzerland, Ukraine, USSR and USA.

⁵ Bull. EC 1-1985, point 2.1.32.

⁶ Bull. EC 10-1984, point 2.1.83.

⁷ OJ L 108, 26.4.1976.

were known, so that the Directive could be adopted as soon as possible.

Toxic Substances Control Act

2.1.75. A further meeting with Member States' representatives was held in Brussels on 22 March within the framework of the negotiations between the Commission and the United States on the control of toxic substances. The subject discussed was a US document for regulating biotechnology. A memorandum setting out the Community's comments on the proposed rulemaking was formally approved by the meeting and has already been sent to the US authorities.

2.1.76. Parliament delivered an opinion¹ on the proposal for a Council Directive on the permissible sound level and exhaust system of motorcycles transmitted by the Commission in September 1984.² While approving the proposal, Parliament considers that the Commission has proposed quite inadequate reductions in the noise of small motorcycles (up to 125 cm³), which account for the majority of sales of new machines and cause the worst nuisance. Parliament is also of the opinion that a shorter time limit is also possible for the 80 dB(A) limit value for large motorcycles to be made applicable.

Protection and rational use of the environment and natural resources

Environment

Environmental impact assessment

2.1.77. The Council signified its agreement on the Directive concerning the assessment of the environmental effects of certain public and private projects.³ This Directive is a basic text for a preventive policy for the protection of the environment; under it Member States are obliged to submit the following projects to an environmental impact assessment: crude-oil refineries; nuclear and thermal power stations and certain other combustion installations; instal-

lations solely designed for the permanent storage or final disposal of radioactive waste; integrated works for the initial smelting of pig iron and for steelmaking; installations for the extraction, processing and working of asbestos; integrated chemical installations; construction of motorways, express roads and lines for long-distance railway traffic and of airports with a basic runway length of 2 100 metres or more; commercial seaports and inland waterways and ports for inland-waterway traffic which permit the passage of vessels of over 1 350 tonnes; waste-disposal installations for the incineration, chemical treatment or land storage of toxic and dangerous wastes.

The Directive does, however, provide for a certain number of derogations in specific cases.

Moreover, the Member States must require the assessment of the environmental effects of other projects where they consider that their characteristics so demand. These are projects relating, for example, to agriculture, the mining industry, the energy industry, the metal-working industry.

The purpose of the assessment is to identify, describe and assess the direct and indirect effects of a project on the following factors: human beings, fauna and flora; soil, water, air, climatic factors and the landscape; the inter-relationship between the ~~above~~ factors; material assets and the cultural heritage. Member States must ensure that any request for planning permission and information concerning the description of the project are made available to the public and that those concerned are given the opportunity to express an opinion before a decision is reached.

Flora and fauna

Washington Convention

2.1.78. On 26 March the Commission decided⁴ to ask the Council to amend its

¹ OJ C 94, 15.4.1984.

² OJ C 263, 2.10.1984; Bull. EC 9-1984, point 2.1.72.

³ OJ C 169, 9.7.1980; Bull. EC 6-1980, point 2.1.85; OJ C 110, 1.5.1982; Bull. EC 3-1982, point 2.1.58.

⁴ COM(85) 128 final.

Regulation of 3 December 1982 on the implementation in the Community of the Convention on International Trade in Endangered Species of Wild Fauna and Flora.¹ The proposed amendments would affect the annexes to the 1982 Regulation so as to leave three species of European cyclamen in Annex C1 and add all other species of cyclamen to those already included in Annex C2.

2.1.79. In March Parliament adopted a resolution on Community trade in seal products and in particular products deriving from the white-coat pups of harp and hooded seals (→ point 2.4.11).²

Natural resources

Containers of liquid for human consumption

2.1.80. The Council agreed, with one Member State expressing a reservation for examination, to the Directive on containers of liquids for human consumption.³ This Directive forms part of the attempt to establish a better policy for waste management and concerns environmental protection, while seeking to reduce the consumption of energy and raw materials. Against this background, the Directive provides for a package of measures to be carried out regarding the production, marketing, use, recycling and refilling of containers of liquids for human consumption and the disposal of used containers. To achieve these objectives, Member States are to draw up programmes for reducing the tonnage or volume of containers of liquids for human consumption in household waste for final disposal. These programmes will be revised at least every four years to take account, in particular, of technical progress and changing economic circumstances. Not only by legislative or administrative means, but also by voluntary agreements, national or sectoral in scope, Member States will be able to take measures designed *inter alia* to develop consumer education; to facilitate the refilling or recycling of containers; to promote the selective collection of non-refillable con-

tainers, develop effective processes for retrieving them from household waste, and extend the outlets for materials recovered from containers where economically feasible; to encourage the technical development and placing on the market of new types of container; and to maintain, and where possible increase, the proportion of refilled or recycled containers.

International cooperation

2.1.81. A conference of Ministers for the Environment and/or high-level representatives of OECD member countries, the Commission and Yugoslavia took place from 26 to 28 March⁴ at Basle with the aim of reaching a political commitment to work out without delay an international control system for transfrontier movements of hazardous waste. Although the conference did not produce a binding definition of hazardous waste, it nevertheless adopted a recommendation in favour of an international agreement on the subject being reached before 1987. The recommendation will be submitted to the ministerial meeting of the Environment Committee which is to be held in Paris on 18 and 19 June. Mr Clinton Davis, Member of the Commission with special responsibility for environmental policy, stressed the importance of this problem to the Community; he pointed to existing Community law on the subject and the Community's interest in seeing rules in force in a wider setting.

Consumers

World Consumer Rights Day

2.1.82. On 15 March, to mark World Consumer Rights Day, Mr Clinton Davis, Member of the Commission with special responsibility for consumer affairs, paid

¹ OJ L 384, 31.12.1982; Bull. EC 12-1982, point 2.1.105.

² OJ C 94, 15.4.1985.

³ OJ C 204, 13.8.1981; Bull. EC 4-1981, point 2.1.39; Bull. EC 12-1984, point 2.1.133.

⁴ OJ L 326, 13.12.1984; Bull. EC 6-1984, point 1.4.1.

tribute to the International Organization of Consumer Unions, which promoted this initiative, and reported on Community objectives and achievements in this sphere over the past 10 years. On 15 March 1962 President John F. Kennedy, in his annual address to Congress, set out the basic consumer rights: the right to safety, the right of choice, the right to be informed and the right to be heard. These principles still form the basis of consumer protection policies all over the world — including the Community. To commemorate this declaration, the International Organization of Consumer Unions decided that 15 March should be designated World Consumer Rights Day.

Physical protection

2.1.83. The Community system for the rapid exchange of information on dangers arising from the use of consumer products, introduced by Council Decision of 2 March 1984,¹ became officially operational on 7 March this year. The system, designed to ensure a rapid exchange of information in the case of a serious and immediate risk to consumers' health and safety, covers all products available to consumers through retail purchase or hire. Under this system, any Member State which decides to take emergency measures to restrict the marketing of products posing a serious and immediate threat must forthwith inform the Commission, which will transmit this information to the other Member States and ensure that the information is followed up. A network of correspondents and a special 24-hour telephone service have been set up.

Agriculture

Council

2.1.84. The Council met from 11 to 13 and from 25 to 27 March. At the first meeting a comprehensive decision was reached on adjustment of the agricultural structures policy (→ point 2.1.121). A thorough discussion of agricultural prices for the 1985/

86 marketing year was continued at the second meeting with a view to a decision as early as possible in April. It was decided that in the mean time the marketing years for milk, beef/veal, sheepmeat and goatmeat, and dried fodder, all due to expire on 31 March, should be extended.²

*

2.1.85. Parliament, after a substantial debate (→ point 2.4.9), gave its opinion² on the Commission's proposals on agricultural prices and related measures for 1985/86.³

It called for an increase in prices averaging 3.5% compared with the 2.5% proposed by the Commission.

Economic aspects of the common agricultural policy

Countervailing charge on French ethyl alcohol

2.1.86. On 12 March the Commission amended⁴ its Regulation of 4 September 1984 fixing a countervailing charge on imports into the other Member States of ethyl alcohol from France,⁵ which were continuing to affect competition. The charge was increased from 0.04 to 0.075 ECU per % vol per hectolitre, and changes to facilitate application of the Regulation were also made.

Market organizations

Milk and milk products

2.1.87. As part of the programme for using funds accruing from the milk co-responsibility levy for 1985/86,⁶ the Com-

¹ OJ L 70, 13.3.1984; Bull. EC 3-1984, point 2.1.111.

² OJ C 94, 15.4.1985.

³ OJ C 67, 14.3.1985; Bull. EC 1-1985, point 1.2.1 *et seq.*

⁴ OJ L 73, 14.3.1985.

⁵ OJ L 238, 6.9.1984; Bull. EC 9-1984, point 2.1.79.

⁶ Bull. EC 11-1984, point 2.1.103.

mission adopted Regulations maintaining the financing of measures that have proved effective in enlarging the market for Community milk products:

- (i) sales promotion and publicity measures within the Community,¹
- (ii) measures to promote the sale of milk products of Community origin outside the Community,²
- (iii) improvement of milk quality in Ireland, Italy and Greece.¹

Before a programme for the utilization of funds accruing from the co-responsibility levy for 1986/87 is launched, the Commission will analyse the effectiveness of the range of measures being implemented.

2.1.88. In response to Parliament's opinion³ the Commission on 22 March amended⁴ the proposal it had presented on 3 April 1984 for a Regulation on the designations used in the marketing of milk and milk products.⁵

Wine

2.1.89. Following a conciliation meeting with Parliament, the Council adopted in March four Regulations⁶ forming part of the wine sector reforms agreed in February⁷ in line with the conclusions of the European Council in Dublin.⁸ The Regulation on measures specific to Greece,⁹ on which Parliament gave its opinion on 15 March and the Economic and Social Committee on 27 March,¹⁰ was adopted on 1 April.¹¹

The Council extended until 31 March the period during which sucrose in aqueous solution can still be used under certain conditions to increase the alcoholic strength of table wines and of quality wines produced in specified regions. It also extended until 31 December the period during which the coupage of German red wines with imported red wines is authorized.¹¹

2.1.90. Following the decision taken on 18 January to introduce compulsory distil-

lation of table wine,¹² the Commission on 6 March initiated the 'support' distillation operation that is automatically mounted when compulsory distillation is introduced.¹³ The maximum quantity for support distillation is 2.5 million hl, and producers may not conclude contracts for more than 6% of the quantity of table wine they produced in 1984/85. Should the total quantity of wine contracted for exceed 2.5 million hl, contracts can be approved only in respect of a percentage to be fixed by the Commission by 15 May at the latest. The buying-in price of the wine is 80% of the guide price for the corresponding table wine type.

Cereals and rice

2.1.91. By a Regulation adopted on 1 March the Commission introduced, for the period 1 March 1985 to 28 February 1986, a special arrangement for the importation into the Community of rice from the ACP States and the overseas countries and territories. The exporting country will levy a charge corresponding to a reduction in the Community import levy of 50% plus a flat-rate amount, and imports will be limited to a quota of 122 000 tonnes of husked rice, a husked rice equivalent being calculated for imports of rice in other forms, and 17 000 tonnes of broken rice.¹⁴

The arrangement is of interest mainly to Suriname and Guyana.

2.1.92. On 7 March the Commission amended² its Regulation of 4 October 1984

¹ OJ L 69, 9.3.1985.

² OJ L 68, 8.3.1985.

³ OJ C 72, 18.3.1985; Bull. EC 2-1985, point 2.1.79.

⁴ COM(85) 122 final.

⁵ OJ C 111, 26.4.1984; Bull. EC 4-1984, point 2.1.98.

⁶ OJ L 88, 28.3.1985; OJ L 89, 29.3.1985.

⁷ Bull. EC 2-1985, point 1.1.2.

⁸ Bull. EC 12-1984, point 1.2.15.

⁹ OJ C 76, 22.3.1985; Bull. EC 2-1985, point 1.1.2.

¹⁰ OJ C 94, 15.4.1985; point 2.4.25.

¹¹ OJ L 97, 4.4.1985.

¹² OJ L 16, 19.1.1985.

¹³ OJ L 67, 7.3.1985; Bull. EC 1-1984, point 2.1.38.

¹⁴ OJ L 63, 2.3.1985.

on the amount of the security for import licences for basic cereals in respect of which the levy is fixed in advance.¹

Pigmeat

2.1.93. A new stage in the market organization was reached with the entry into force on 1 January of the Council Regulation determining the Community scale for grading pig carcasses.²

2.1.94. Under the Regulation of 31 March 1984 on the calculation and dismantling of the monetary compensatory amounts applying to certain agricultural products,³ a new method of calculating MCAs was introduced in the pigmeat sector when new green rates came into force for the Federal Republic of Germany and the Netherlands on 1 January. Pigmeat is now treated as a product derived from cereals, and the MVAs, which now correspond to those for cereals, have dropped by 50-80%.

As the reintroduction of negative MCAs in France would have been an undesirable consequence of the change in the method of calculating MCAs the Commission adopted a Regulation on 8 January abolishing the MCAs applicable in the pigmeat sector in that country.⁴

2.1.95. Since the end of last year the health of the Community's pig herd has deteriorated considerably. There have been several dozen cases of foot-and-mouth disease in Italy, and African swine fever has occurred at nine locations in Belgium. The restrictions on trade following these outbreaks have severely affected the regions concerned, which have the highest concentration of pigs in the Community. The Commission has therefore introduced exceptional measures to support the markets in question, in the form of aid for private storage differentiated according to the economic impact of the outbreaks.⁵

2.1.96. The steady rise in Community exports as a result of the extremely favourable exchange rate for the dollar and the increasing risk that this would engender

trade problems led the Commission, in the framework of the present budgetary discipline, to make marked reductions in the refunds applying to the most sensitive products and destinations. An initial reduction of approximately 12% on preserves was followed by the creation of a new subheading, and a 14% drop, for 'Japanese' cuts. Lastly, refunds on cuts were differentiated geographically and reduced by over 50% on average for certain destinations.⁶

2.1.97. The Community pig herd survey in December 1984 showed for the first time since December 1983 an increase in total numbers, of some 0.4%, as a result of the rapid reconstitution of the breeding stock, which is up by nearly 2.5%. These changes form part of a cycle, shown up by previous surveys, that has shortened to some two years. Production forecasts on this basis indicate a vigorous upswing in supply from next month, with figures climbing until early autumn. The rise is particularly marked in Denmark (13%), the Netherlands (11%) and the United Kingdom (6%). However, according to the experts on the Advisory Committee the effect on prices of the increase in production will be moderate and, since feed costs are also reasonable at the moment, 1985 looks like being a fairly good year for producers. The general distribution of pig rearing in the Community is little changed: of the Community's pigs 30% are to be found in the Federal Republic of Germany, 15% in the Netherlands, 14% in France, 11% in Italy, 11% in Denmark, 10% in the United Kingdom and 7% in Belgium.

Fruit and vegetables

2.1.98. On 26 March the Council amended⁷ the Regulation of 15 May 1984⁸

¹ OJ L 264, 5.10.1984.

² OJ L 301, 20.11.1984; Bull. EC 11-1984, point 2.1.97.

³ OJ L 90, 1.4.1984.

⁴ OJ L 7, 9.1.1985.

⁵ OJ L 63, 2.3.1985; OJ L 75, 16.3.1985; OJ L 86, 27.3.1985.

⁶ OJ L 7, 9.1.1985; OJ L 58, 26.2.1985; OJ L 78, 21.3.1985.

⁷ OJ L 91, 30.3.1985.

⁸ OJ L 143, 30.5.1984.

laying down the date for the entry into force of the Regulations of 14 November 1983 adjusting the common organization of the market and laying down general rules for the extension of certain rules issued by producers' organizations.¹

2.1.99. On 27 March the Commission adopted Regulations setting the reference prices for apricots, cherries, courgettes, plums, peaches (including nectarines) and table grapes for the 1985 marketing year.²

The average increases over 1984 are:

courgettes	5.4%,
cherries	5.6%,
apples	5.4%,
apricots	5.4%,
peaches	5.2%,
table grapes	5.1%.

The maximum possible increase in the reference prices was fixed at 5.9%, this being the rise in production costs recorded by the FADN.

2.1.100. On the same day the Commission adopted Regulations setting the Community offer prices for the 1985 marketing year applicable with regard to Greece for cherries, plums, peaches (including nectarines) and table grapes.²

2.1.101. On 22 March the Commission adopted the Regulations setting the reference prices for tomatoes and aubergines for the 1985 marketing year.³ The new prices proposed show average increases on 1984 of 3.8% for tomatoes and 4.5% for aubergines although the increase in production costs in the fruit and vegetable sector recorded by the FADN for the marketing year in progress is 5.9%.

2.1.102. On 22 March the Commission adopted Regulations setting the Community offer price for tomatoes applicable with regard to Greece for the 1985 marketing year and applying quality class III to certain fruit for 1985/86.³

Processed fruit and vegetables

2.1.103. On 6 March the Commission decided to pay provisional compensation for dried grapes from the 1983 harvest still held by the Greek storage agencies and to reduce the storage aid for these products, which will be sold for animal feed.⁴

2.1.104. On 12 March the Commission adopted two Regulations — on the purchase, sale and storage of dried grapes and figs by storage agencies, and on storage aid and financial compensation for unprocessed dried grapes and figs.⁵

Sheepmeat

2.1.105. On 21 March the Commission adopted a Regulation providing for the grant of private storage aid fixed at a standard rate in advance in respect of certain cuts of lamb in region 2.⁶ The aid, for which applications must be lodged by 5 April and which is limited to a total quantity of 1 500 tonnes, has been introduced in view of the present difficulties on the French market.

Olive oil

2.1.106. On 13 March the Commission laid down detailed rules⁷ for the application of Article 4 of the Regulation of 22 September 1966⁸ with regard to the adjustment during the marketing year of the representative market price and the threshold price for olive oil.

2.1.107. On the same date the Commission also adjusted the representative market and threshold prices for olive oil.⁷

¹ OJ L 325, 22.11.1983.

² OJ L 88, 28.3.1985.

³ OJ L 81, 23.3.1985.

⁴ OJ L 67, 7.3.1985.

⁵ OJ L 72, 13.3.1985.

⁶ OJ L 80, 22.3.1985.

⁷ OJ L 75, 10.3.1985.

⁸ OJ L 172, 30.9.1966.

Both prices were increased by 11.93 ECU. This reduced the consumption aid by the same amount, i.e. 24%.

Sugar

2.1.108. On 9 March the Commission adopted a Regulation on a standing invitation to tender for the determination of export refunds following the sale of white sugar held by the German intervention agency.¹

This involves the sale of 62 900 tonnes of sugar for export to non-member countries.

2.1.109. A Commission Regulation of 13 March² amended certain detailed rules for the offsetting of storage costs for sugar, in order to clarify the provisions on the time limit for notification of particulars to the Member States by persons entitled to reimbursement of storage costs under the sugar producers' self-financing compensation scheme. These adjustments will also bring the Community provisions into line with the practice in most Member States.

2.1.110. On 28 March the Commission adopted a Regulation fixing advance payments in respect of the production levies in the sugar sector for the 1984/85 marketing year.³

Structures

New measures and adjustment of Directives

Adjustment of agricultural structures policy

2.1.111. After taking note of the opinion delivered at their Council meeting of 11 March — subject to the opinion of Parliament (→ point 2.1.121) — by the Ministers for Economic and Financial Affairs on the overall budget for the EAGGF Guidance Section for the period 1985-89, the Ministers

for Agriculture reached by a qualified majority after 18 months of negotiations a comprehensive decision on adjustment of the agricultural structures policy.⁴ This comprises a Regulation on the amount of money (5 250 million ECU) that will be available from the EAGFF for the financing of the structures policy as a whole from 1985 to 1989,⁵ a new general Regulation (797/85) on improvement of the efficiency of agricultural structures,⁶ which will replace the 1972 socio-structural Directives, and a number of joint measures to help Greece and the Mediterranean regions on which broad agreement had already been reached.

2.1.112. This new policy, which is designed to tackle the structural problems of Community agriculture in the period up to 1994, contains the following main elements:

(i) the replacement of the system of farm development plans which had been introduced in 1972⁷ by a more flexible system of farm improvement plans under which to obtain investment aid a farmer will merely have to show that the investments he proposes are worth while and will bring about a lasting improvement in the economic results of his holding, or in certain cases that the investments are necessary simply to safeguard his existing level of income;

(ii) an emphasis on aids for on-farm investments aimed at reducing production costs, qualitative improvements, improving living and working conditions, reconversion from surplus to deficit products and conserving the environment;

(iii) the adoption of the principle that aid may be prohibited or restricted in respect of on-farm investments aimed at increasing

¹ OJ L 69, 9.3.1985.

² OJ L 73, 14.3.1985.

³ OJ L 89, 29.3.1985.

⁴ OJ C 347, 22.12.1983; Bull. EC 9-1983, point 1.2.1 *et seq.*; two of the proposals were adopted by the Council in 1984: OJ L 180, 7.7.1984; Bull. EC 6-1984, point 2.1.99.

⁵ OJ L 95, 2.4.1985.

⁶ OJ L 93, 30.3.1985.

⁷ OJ L 96, 23.4.1972.

the production of products in structural surplus; the implementation of this principle in particular sectors is to be the subject of future Council decisions, but in the mean time specific restrictions apply in the milk, pigs and poultry sectors;

(iv) the introduction of financial aids to assist the first installation of young farmers (i.e. those under 40 years of age) on agricultural holdings;

(v) the provision of a series of measures to encourage mutual aid between farmers, the establishment of farmer replacement and farm management services and the keeping of farm accounts;

(vi) the strengthening of measures in favour of farming in the mountain and other less-favoured areas of the Community;

(vii) the improvement of aid for training of persons engaged in agriculture, including the possibility of aid for the construction of farm training centres in less-favoured areas;

(viii) the encouragement of afforestation on agricultural land and the improvement of existing woodlands on agricultural holdings;

(ix) the authorization of the Member States to pay national aids to farmers in environmentally sensitive areas who adopt farming practices compatible with environmental objectives.

2.1.113. The Member States will have a period of six months (to 30 September 1985) to adopt the national measures needed to implement the new 'efficiency' Regulation of 12 March.¹ In the mean time the existing policy Directives² and related measures, which the new Regulation will replace, will continue to apply with effect from 1 January 1985. This ensures the continued financing by the Community of the existing policy, which had previously been extended only up to 31 December 1984.

2.1.114. The Council also decided on an estimated financial contribution by the EAGGF Guidance Section of 1 988 million ECU to cover the first five years (1985-89) of application of the new Regulation. For

the same period it adopted,³ after Parliament's endorsement had been given,⁴ a corresponding figure of 1 343 million ECU for Regulation (EEC) No 355/77 on common measures to improve the conditions under which agricultural and fishery products are processed and marketed.⁵ This Regulation was updated and extended by Council Regulation (EEC) No 1932/84,⁶ but at the time the Council left the question of its future financing in abeyance.

2.1.115. The Council also adopted on 12 March⁷ two out of the three proposals for Regulations sent by the Commission in May 1984 introducing measures specific to Greece.⁸ The proposals adopted relate to an increase in the staff of the departments responsible for quality control of agricultural products and to aid for the transhumance of sheep, goats and cattle.

The Council will continue its discussions on the proposal for aid for the transport of means of production to certain islands.

The Council adopted two more Regulations, extending the periods of validity of a common measure to improve public amenities in certain rural areas and of a common measure for forestry in certain Mediterranean zones of the Community.⁷

Agricultural legislation

Veterinary and animal husbandry legislation

2.1.116. On 25 March the Council, acting on a proposal from the Commission,⁹ amended its Decision 77/99 on the financing

¹ OJ L 93, 30.3.1985.

² OJ L 96, 23.4.1972; OJ L 108, 26.4.1976; OJ L 220, 6.8.1981; OJ L 193, 3.7.1982.

³ OJ L 95, 2.4.1985.

⁴ OJ C 94, 15.4.1985.

⁵ OJ L 51, 23.2.1977.

⁶ OJ L 180, 7.7.1984; Bull. EC 6-1984, point 2.1.99.

⁷ OJ L 86, 27.3.1985.

⁸ OJ C 135, 23.5.1984; Bull. EC 5-1984, point 2.1.137.

⁹ Bull. EC 2-1985, point 2.1.89.

by the Community of certain emergency measures in the field of animal health,¹ in order to extend such financing to the first 20 outbreaks in any epizootic of non-exotic foot-and-mouth disease in a Member State. Assistance is conditional on the slaughter of all animals of susceptible species on infected farms. This is a first important step in coordination of the measures for combating this disease in the Community and will reinforce the procedures applied in the Member States.

Competition

2.1.117. Under Articles 92 to 94 of the EEC Treaty the Commission decided to make no comment on the introduction of proposed schemes notified by:

Germany

Framework plan 1985-88: improvement of agricultural structures and coastal protection.

Hessen: aid to make the storm damage to private forests in November 1984.

Belgium

Order granting an exceptional subsidy in part compensation for losses arising from the impossibility of harvesting certain crops.

Denmark

Adjustment of the pig-trade fund's budget for the period 1 October 1984 to 1 September 1985 (aid for the control of Aujeszky's disease).

Greece

Financial aid to beekeepers and their cooperative organizations for the harvesting, marketing and export of pine honey.

Italy

Umbria: regional bill on new agricultural credit measures;

Sicily: measures to help citrus growers who take part in the programme for the control of pests and of 'mal secco'; Regional Bill No 692-716-732 A on the estimate for the 1984 financial year and the multiannual estimate for 1984-86; the Commission raised no objection to the granting of the aid provided for.

United Kingdom

Amendments to the Potato Marketing Scheme: aid for advertising, research and development and the promotion of exports by means of market prospecting and putting buyers in touch with sellers.

Netherlands

Aid for reafforestation.

2.1.118. The Commission decided to take no further action following withdrawal of a German aid, namely a measure by Lower Saxony to promote pollution control that fell outside the scope of the joint Federal Government/*Länder* schemes.

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

Italy

Emilia-Romagna Regional Act No 34 of 8 September 1981 providing for aid for the processing and marketing of fruit and vegetables, the Italian authorities having provided further information showing that the

¹ OJ L 96, 3.4.1985.

aid was compatible with the common market.

Greece

National aid to compensate for the cost of transporting tobacco from production to storage centres, the production centres having been recognized as intervention centres for the purposes of Community provisions.¹

Germany

Aid for the storage of morello cherries, the German authorities having decided not to grant it.

European Agricultural Guidance and Guarantee Fund

Guarantee Section

2.1.120. The Commission has adopted the provisional accounts of EAGGF Guarantee Section payments for 1984. Payments amounted, fishery sector products included, to 18 346.4 million ECU (total appropriations for financial year: 18 375.9 million ECU), an increase of some 16% on 1983 (15 811.6 million ECU).

Expenditure broke down as follows:

	1983 Expenditure (million ECU)	%	1984 Expenditure (million ECU)	%
Cereals and rice	2 534.1	16.0	1 697.8	9.3
Milk products	4 396.1	27.8	5 441.7	29.7
Olive oil and oilseeds	1 620.9	10.3	1 752.0	9.5
Sugar	1 316.2	8.3	1 631.5	8.9
Beef/veal, pigmeat and sheepmeat, eggs and poultry	2 310.4	14.6	3 246.0	17.7
Fruit and vegetables, wine, tobacco	2 526.6	16.0	3 453.6	18.8
Other products	726.8	4.6	773.1	4.2
Total agricultural products	15 431.1	97.6	17 995.7	98.1
'Accession' compensatory amounts	0.3	0.0	0.3	0.0
Monetary compensatory amounts	488.3	3.1	375.9	2.0
Clearance of previous years' accounts	- 108.1	- 0.7	- 25.5	- 0.1
Grand total	15 811.6	100.0	18 346.4	100.0

Guidance Section

2.1.121. On 26 March the Council adopted a Regulation amending Regulation (EEC) No 729/70² with regard to the financial framework of the EAGGF Guidance Section.³ The amount that may be charged to the Guidance Section for the period 1985-89 is 5 250 million ECU.

The Ministers for Economic and Financial Affairs had given their opinion on this subject on 11 March (→ point 2.1.1).

¹ OJ L 311, 29.11.1984.

² OJ L 94, 28.4.1970.

³ OJ L 95, 2.4.1985. For the Commission's proposal see OJ C 13, 15.1.1985; Bull. EC 11-1984, point 2.1.115.

In an opinion delivered on 15 March Parliament claimed that this amount was quite inadequate for requirements and also deplored the Council's decision to assign to the Guidance Section the appropriations for the grubbing up of vineyards, declaring that since the purpose of the measures was to restore balance on the market in wine they should be assigned to the Guarantee Section.¹

Fisheries

Resources

Internal aspects

Community measures

TACs and quotas for 1985

2.1.122. On 26 March the Council amended² for the second time³ its Regulation of 19 December 1984 fixing, for certain fish stocks and groups of fish stocks, provisional total allowable catches for 1985 and certain conditions under which they may be fished.⁴ This Regulation, which was drawn up following trilateral consultations with Norway and Sweden, fixes the total allowable catches for several stocks in the Skagerrak and Kattegat and the by-catch percentage for herring caught with small-meshed nets, other than those caught during sprat fishing. The Regulation also raises prohibition on herring fishing in the Skagerrak and Kattegat for certain periods and increases the quantities of this species available to the Community.

Prohibition measures

2.1.123. On 29 March the Commission adopted two Regulations to prohibit vessels flying the flag of the Netherlands from fishing for whiting and for sole and plaice.⁵

External aspects

Bilateral relations

Greenland

2.1.124. On 26 March the Council adopted a Regulation allocating Community catch quotas in Greenland waters for 1985.² This Regulation replaces that of 19 December 1984⁴ and takes into account Greenland's withdrawal from the Community on 1 February.⁶

Norway and the Faeroes

2.1.125. Following Greenland's withdrawal from the Community the Council also adopted, on 26 March, two Regulations² amending the Regulations of 19 December 1984⁴ concerning fishing in Community waters in 1985 by vessels flying the flag of Norway and by vessels registered in the Faeroes.

Madagascar

2.1.126. On 11 March the Council authorized its President to appoint the persons empowered to sign the Fisheries Agreement between the Community and Madagascar which had been initialled on 20 December 1984.⁷ The Agreement will be concluded once Parliament has delivered its opinion.

Gambia

2.1.127. On 11 March the Council gave the Commission directives for the negotiation of a fisheries agreement with the Republic of the Gambia.⁸

¹ OJ C 94, 15.4.1985.

² OJ L 89, 29.3.1985.

³ OJ L 13, 16.1.1985.

⁴ OJ L 1, 1.1.1985.

⁵ OJ L 91, 30.3.1985.

⁶ OJ L 29, 1.2.1985; Bull. EC 2-1985, points 1.4.1 and 1.4.2.

⁷ Bull. EC 12-1984, point 2.1.185.

⁸ Bull. EC 1-1985, point 2.1.60.

Markets and structures

Structures

Implementation of structural instruments

2.1.128. On 13 March the Commission approved a project for exploratory mackerel fishing in United States waters, submitted by the Netherlands pursuant to the Regulation of 4 October 1983 on measures to encourage exploratory fishing and cooperation through joint ventures in the fishing sector.¹

State aids

United Kingdom

2.1.129. The Commission raised no objection to the extension for two years, and in its present form, of a United Kingdom aid measure for the construction and modernization of fishing vessels. The budget for this aid amounts to UKL 20 540 000.

France

2.1.130. The Commission decided that the scrutiny procedure provided in Article 93(2) of the EEC Treaty, which had already been initiated in respect of measures taken and aid granted by the FIOM (an intervention and market organization fund for fishery products),² should be extended to cover several new FIOM measures and aids as well as some amendments to existing FIOM measures. These include special credit of FF 10 million to producers whose turnover was substantially reduced by the lorry drivers' strike in February 1984, the introduction of a FF 7 500 per day premium as an incentive to Boulogne skippers who fish for non-quota species and the amendment, in 1985, of the support arrangements under the withdrawal price system for certain species (deletion of 20 species from the list and 'provisional retention' of the national system for 9 species).

Transport

Infrastructure

2.1.131. On 14 and 15 March the Transport Infrastructure Committee was consulted—as required by the Council Regulation of 19 December 1984 on a specific measure in the field of transport infrastructure³—concerning the granting by the Commission of support for border infrastructure projects. The Committee also embarked on the technical aspects of drawing up a medium-term programme.

Inland transport

Railways

Improvement of the financial situation

2.1.132. On 12 March Parliament delivered its opinion⁴ on two Commission proposals on the financial balance of the railways.⁵ In the proposal for a Decision setting out the respective responsibilities of the State and of the railways concerning coverage of infrastructure expenditure, Parliament asked for an amendment with regard to the replacement of public service obligations by contracts, whereby for a three-year trial period compensation should be permitted either through Regulation (EEC) No 1191/69 of 26 June 1969⁶ (which provides, subject to certain adjustments, for the termination of public service obligations) or through contracts. Parliament also wanted Member States to be given two years to give effect to the Decision from its adoption by the Council.

More generally, referring also to the proposal for a Regulation on the granting of

¹ OJ L 290, 22.10.1983.

² Bull. EC 7/8-1984, point 2.1.164.

³ OJ L 333, 21.12.1984; Bull. EC 12-1984, point 2.1.199.

⁴ OJ C 94, 15.4.1985.

⁵ OJ C 36, 10.2.1984; Bull. EC 1-1984, point 2.1.100.

⁶ OJ L 156, 28.6.1969.

aids for transport by rail, road and inland waterway, Parliament called upon the Commission to present a proposal for a long-term approach to the common transport policy which would define the roles of the various modes of transport in relation to each other, taking into account the public service obligations of the railways. It also called upon the railways to increase their cost awareness and improve the efficiency of their operations.

Sea transport

2.1.133. On 19 March the Commission sent the Council a communication entitled 'Progress towards a common transport policy—Maritime transport', containing a series of specific proposals.¹

Energy

Council

2.1.134. When it met on 15 March the Council devoted much of its time to preparing major decisions for adoption at its next meeting, though it did adopt one resolution on the efficient use of energy in the building industry (→ point 2.1.139). As a result of the Council's discussions a broad political consensus emerged on the future of the European refining industry (→ point 2.1.137).

There was a brief discussion on the Commission's report on the application of the energy pricing principles in Member States.² Parliament adopted a resolution on the subject at its March part-session (→ point 2.4.11).³

Specific problems

Solid fuels

*The solid fuels market*⁴

2.1.135. On 14 March the Commission adopted a report entitled 'The market for

solid fuels in the Community in 1984 and the outlook for 1985' for transmittal to the ECSC Consultative Committee (→ point 2.4.31). From this it emerges that, while energy demand increased by 4% in 1984, the share of solid fuels in the Community's internal consumption fell to 21.8% from 23.7% in 1983.

While brown coal and peat production and consumption increased slightly, hard coal production and consumption were down. The drop in the proportion of total energy consumption covered by hard coal was due to both supply and demand factors. As regards supply, the British miners' strike which began in March 1984 was a determining factor: by the end of December United Kingdom production levels were 66 million tonnes lower than in 1983, having fallen from 116 million tonnes to 50 million. Similarly, the planned decrease in production in Germany exceeded 5 million tonnes. The Community's total production was therefore reduced by 31% (157 million tonnes instead of 229 million). On the demand front, however, the stocklift by producers and large consumers (because demand in the steel industry and by power stations increased) and the record levels of imports from non-member countries (78 million tonnes) limited the drop in the internal consumption of hard coal, which fell from 293 million tonnes in 1983 to only 269 million in 1984. Forecasts for 1985 suggest a return to a situation similar to that in 1983.⁵

Measures taken by the States in support of the coal industry

2.1.136. In accordance with its Decision of 25 February 1976,⁶ the Commission sent the Council on 13 March a memorandum for consultation purposes on the financial aids granted by the Member States to their

¹ COM(85) 90 final; Bull. EC—Supplement 5/85; Bull. EC 4-1985 (forthcoming).

² Bull. EC 9-1984, point 2.1.111.

³ OJ C 94, 15.4.1984.

⁴ For coal research activities, see point 2.1.146.

⁵ Bull. EC 3-1984, point 2.1.178.

⁶ OJ L 63, 11.3.1976.

coal industries in 1984 and on additional aids granted in 1983.¹

Taking the Community as a whole, these aids decreased by 13.8%—from 3 164.4 million ECU in 1983 to 2 727.0 million in 1984. Nevertheless, aid per tonne produced went up by 25.9% on average—from 13.81 to 17.39 ECU. These figures are provisional: final figures will not be available until the end of the Coal Board's 1984/85 financial year in the United Kingdom. The increase in aid per tonne is mainly due to the deterioration in the competitiveness of Community coal following the drop in the world market price.

Oil and gas

Refining and imports of oil products

2.1.137. The Council examined the communication sent by the Commission on 6 March on the situation in the oil-refining industry and the impact of petroleum product imports from non-member countries.² It concurred with the Commission's general approach: the rationalization and restructuring of the Community refining industry, which had proved effective, should be continued (the Council expressed encouragement for this in 1978³ and reaffirmed its attitude in 1983⁴); the large consumer markets such as the Community, the United States and Japan should adopt compatible, free-trade-oriented policies to deal with the extra volume of oil products coming in from the new refineries in the Middle East and North Africa; and exporting countries should be called upon to maintain the responsible attitude they have always shown towards trade in petroleum products. The Council asked the Commission to prepare a report for the next Council meeting in the light of the consultations to be held on these matters with other industrialized and exporting countries.

During these discussions Mr Mosar, Member of the Commission with special responsibility for energy, raised the possi-

bility of settling the Community's oil bills in ECUs.⁵

2.1.138. On 27 March the Economic and Social Committee endorsed the proposal for a Regulation on a programme of support for technological development in the hydrocarbons sector⁵ (→ point 2.4.28).

Energy saving and rational use

2.1.139. Referring to the resolution on the improvement of energy-saving programmes in the Member States passed in January,⁶ the Council on 15 March adopted a resolution on the rational use of energy in the building sector,⁷ having regard to the communication from the Commission.⁸

The Council first recalls the economic importance of the building sector in the Community and the implications of a Community policy in this field and then goes on to outline measures such as promoting the thermal auditing of buildings, improvements in techniques and regulations, maximizing financial resources, and informing and monitoring the behaviour of users.

Research and development

Development of the common policy

2.1.140. The European Council (→ point 1.2.4) welcomed the Commission's memorandum on strengthening the technological base and competitiveness of Community industry (→ point 3.4.3).⁹ It endorsed a number of objectives, in particular the strengthening and more efficient use of the Community's scientific and technological

¹ COM(85) 61 final.

² COM(85) 32 final.

³ Bull. EC 12-1978, point 2.1.144.

⁴ Bull. EC 7/8-1983, point 2.1.183.

⁵ OJ C 325, 6.12.1984; Bull. EC 11-1984, point 2.1.142.

⁶ OJ C 20, 22.1.1985; Bull. EC 1-1985, point 2.1.68.

⁷ OJ C 78, 26.3.1985.

⁸ Bull. EC 11-1984, point 2.1.145.

⁹ COM(85) 84 final.

potential and the full utilization of its human resources, by increasing the mobility of students and researchers and recognizing certain high-level establishments as Community 'centres of excellence'.

Framework programme

2.1.141. On 12 March the Council formally adopted¹ seven multiannual R&D programmes on which it had agreed in principle on 19 December 1984.²

The appropriations considered necessary for carrying out these programmes amount to 1 225 million ECU, broken down as follows: 690 million ECU for controlled thermonuclear fusion (1985-89), 55 million ECU for biotechnology (1985-89), 125 million ECU for basic research in industrial technologies for Europe (Brite) (1985-89), 58 million ECU for radiation protection (1985-89), 62 million ECU for the management and storage of radioactive waste (1985-89), 60 million ECU for the plan to stimulate European scientific and technical cooperation and interchange (1985-88) and 175 million ECU for non-nuclear energy (1985-88).

2.1.142. At its 27 and 28 March session the Economic and Social Committee adopted an own-initiative opinion on 'priorities for Community research initiatives: the next revision of the framework programme for Community scientific and technological activities' (→ point 2.4.19).

Improving the efficacy of the Community's scientific and technical potential

2.1.143. Following adoption by the Council on 12 March of the plan to stimulate European scientific and technical cooperation and interchange (1985-88) (→ point 2.1.141), a notice was published in the *Official Journal* on 19 March setting out the opportunities for obtaining support for projects falling within the scope of the plan.³

Covering all branches of the exact and natural sciences, this plan should facilitate the creation of a European scientific and technical continuum, which is the necessary condition for strengthening the competitiveness and creativeness of European R&D.

International cooperation

2.1.144. The COST Committee met in Brussels on 15 March. A progress report was submitted on the follow-up to the conference of Research Ministers held in Paris on 17 September 1984 under the auspices of the Council of Europe.⁴ A proposal from Austria concerning advanced light-metal materials for transport applications was discussed, and the Committee reviewed the status of the work on the draft agreements concerning wood, medical research and the environment.

Sectoral R&D activities

Energy

Non-nuclear energy

2.1.145. On 16 March the Commission published in the *Official Journal* a communication concerning the areas covered by the R&D programme in the field of non-nuclear energy (1985-88),⁵ which the Council adopted on 12 March (→ point 2.1.141), and the conditions for participation in the programme.

The aim of the programme is to develop renewable energy sources (solar energy, energy from biomass, wind energy and geothermal energy) and to promote the rational use of energy (energy conservation, the utilization of solid fuels, the production and utilization of new energy vectors, optimization of the production and utilization of

¹ OJ L 83, 15.3.1985.

² Bull. EC 12-1984, points 1.7.1 and 1.7.2.

³ OJ C 73, 19.3.1985.

⁴ Bull. EC 9-1984, point 2.1.117.

⁵ OJ C 69, 16.3.1985.

hydrocarbons, and energy systems analysis and modelling).

Proposals must be sent to the Commission by 15 July 1985. The European dimension of the programme is underlined by the fact that preference is to be given to joint proposals submitted by bodies in different Member States.

Technical coal research

2.1.146. On 27 March the Commission requested the Council's assent to, and the ECSC Consultative Committee's opinion on (→ point 2.4.29), financial assistance under Article 55 of the ECSC Treaty for the implementation of a programme of coal research.¹ From more than 90 proposals submitted, the Commission selected 54 projects which go to make up the main programme. The programme covers two areas: mining technology and product upgrading. It will cost a total of 31.6 million ECU, and the Commission intends to provide support totalling 19 million ECU, including 70 000 ECU for the dissemination of results and associated costs.

Industry

Telecommunications

2.1.147. If it is to retain a position in information technology (IT) commensurate with its vital needs, Europe must coordinate its resources in this area as effectively as possible. The Esprit programme is the first major step in this direction: it promotes cooperation between European R&D capacities for the mastery of IT fundamentals. Broad agreement exists on the central role of telecommunications as the infrastructure of an economy based on the use and exchange of information and as the driving force behind the development of IT.

In these circumstances, it is essential to ensure that the Community has its own resources for implementing new telecommunications services and infrastructures

whose performance and cost are genuinely competitive at world level.

The RACE programme (R&D in advanced communications technologies for Europe),¹ which was transmitted to the Council on 18 March, stems from these considerations. Its aim is to pool judiciously the resources of the PTTs and industry in order to introduce throughout the Community, by 1995, integrated broadband communications in the context of the development of integrated services digital networks (ISDNs).

The RACE programme is to tackle the following major sectors — the technology and development of broadband communication systems; users' needs; basic and support technologies; software: methods and applications; and the technology of multiservice consumer terminals.

The implementation of this programme (which is planned to proceed in successive five-year phases) presupposes that the R&D tasks are precisely synchronized with a timetable for the development of the broadband communications defined in the programme objective. In order to avoid delay in drawing up this timetable, the Member States are invited to adopt a RACE definition phase. This work, which will take about 12 months, should be undertaken as quickly as possible in order to attain the following objectives:

- (i) the creation, thanks to a wide-ranging cooperation effort involving the PTTs and industry, of a reference model for broadband communications networks, services and terminals;
- (ii) the launching of certain R&D projects in key areas.

The whole of this work will require a budget of some 40 million ECU.

Brite programme

2.1.148. Following the adoption by the Council on 12 March of the Brite (Basic

¹ COM(85) 113 final.

research in industrial technologies for Europe) programme (→ point 2.1.141), a call for proposals was published in the *Official Journal* on 14 March,¹ setting 15 May as the closing date for the submission of proposals.²

The principal aim of this new programme, which was prepared in close cooperation with industry, is to stimulate cooperation between European industries and thus improve their future competitiveness in key technologies such as laser technology, catalysis and particle technology, joining techniques, reliability and the reduction of wear and deterioration, new methods of on-line and computer-aided testing, new materials (composites, polymers, etc), and new production technologies suitable for products made from flexible materials (notably textiles).

The Community should contribute approximately 50% of the cost of selected precompetitive R&D projects proposed by partners from two or more Member States, one partner at least being an industrial enterprise.

Technical steel research

2.1.149. On 27 March the Commission requested the Council's assent to, and the ECSC Consultative Committee's opinion on, financial assistance under Article 55 of

the ECSC Treaty for the implementation of a programme of steel research.³

From 155 proposals received, the Commission has selected 70 projects costing a total of 29.9 million ECU, for which it intends to provide support amounting to 19 115 000 ECU, including 341 900 ECU for the dissemination of results and associated costs. Four other projects, costing a total of 1.3 million ECU and for which grants amounting to 806 000 ECU are requested, have been placed on a reserve list in case additional funds become available during the year.

Priority has been given to projects aimed at increasing the international competitiveness of companies by reducing costs, improving product quality and developing product applications, in particular corrosion protection for structural steels and continuous-casting techniques.

¹ OJ C 66, 14.3.1985.

² The technical content of the programme and the conditions for participation were the subject of an advance notice published in OJ C 27, 29.1.1985; Bull. EC 1-1985, point 2.1.73.

³ COM(85) 131 final.

2. Enlargement and external relations

Enlargement and bilateral relations with applicant countries

2.2.1. The European Council noted with great satisfaction that the accession negotiations with Portugal and Spain had largely been concluded (→ point 1.2.2). It asked the Community authorities, together with the applicant countries, to complete the drafting of the accession treaty as soon as possible so that enlargement could take place as planned on 1 January 1986,

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2.2.2. The accession negotiations with Portugal and Spain had been resumed in Brussels, in a 'marathon' session from 27 to 29 March.

Agreement was reached between the Twelve on the issues still being negotiated in the four key chapters on 29 March, which meant that the process of Portugal's and Spain's accession reached the point of no return (→ points 1.1.3 and 1.1.4).

Portugal

2.2.3. At the 27th negotiating meeting at ministerial level, held from 27 to 29 March, all the outstanding institutional, social affairs and own resources issues were settled. In the case of fisheries and agriculture, the major economic and political problems were cleared up, which means that solutions can now be found to the points still outstanding in these areas.

Spain

2.2.4. At the 29th negotiating meeting at ministerial level, held from 27 to 29 March, the negotiations on social affairs, own resources and the Canary Islands were concluded. The agreement reached on agriculture and fisheries represents a major step forward towards the conclusion of the

negotiations on these items. The way is now clear for settling a large number of technical problems in these areas.

Commercial policy

Export promotion

2.2.5. Under the provision in the 1984 Community budget that made it possible for the first time to contribute funds to promote Member States' exports,¹ the Commission made a contribution towards the costs of a Cecimo (European Committee for Cooperation between Machine Tool Industries) symposium held in Peking and Shanghai, in the People's Republic of China, from 18 to 25 March.

The 40 European companies taking part in this export promotion event demonstrated the capabilities and technical advances of Europe's machine tool industry in sectors specified by their Chinese hosts.

Implementing the common commercial policy

Easing of restrictive measures

2.2.6. Under the Council Regulation of 14 November 1983 on import arrangements for products originating in State-trading countries, not liberalized at Community level,² the Commission took the following measures:

(i) Opening of quotas:

Italy—Poland: bicycle tyres and inner tubes;³

Italy—People's Republic of China: women's hand-embroidered woven silk nightdresses;³

¹ Bull. EC 6-1984, point 2.2.8.

² OJ L 346, 8.12.1983.

³ OJ C 68, 15.3.1985.

Benelux—Albania/North Korea: textiles, category 8;¹

Italy—Soviet Union: aluminium alloyed waste recast into ingots;²

Italy—German Democratic Republic: sugar confectionery, not containing cocoa; synthetic organic dyestuffs;²

Italy—Romania: bulked man-made viscose staple fibres;³

Italy—Czechoslovakia: iron or steel wire, whether or not coated but not insulated;⁴

Italy—Hungary/Soviet Union: aluminium billets.⁵

(ii) Adjustment of quotas:

Italy—German Democratic Republic: textiles, categories 7, 8, 15B and 16.²

(iii) Change of import arrangements:

France—State-trading countries: suspension until 31 December 1986 of the quantitative restrictions on the release for free circulation of unwrought aluminium; abolition of quantitative restrictions on the release for free circulation of watermelons from 1 July to 15 October.⁵

Trade protection

2.2.7. The trade protection measures taken in March are shown in Table 5.

¹ OJ C 69, 16.3.1985.

² OJ C 105, 26.4.1985.

³ OJ C 77, 23.3.1985.

⁴ OJ C 79, 27.3.1985.

⁵ OJ C 86, 4.4.1985.

Table 5

Council	Commission
<i>Anti-dumping proceedings</i>	<i>Anti-dumping proceedings</i>
Amendment of definitive countervailing duties concerning imports of:	(i) Acceptance of an application for the refund of definitive anti-dumping duties collected on certain imports of:
Certain seamless tubes of non-alloy steels originating in Spain	Cotton yarn originating in Turkey
OJ L 73, 14.3.1985	OJ L 89, 29.3.1985
(previous amendment: OJ L 116, 30.4.1983)	(definitive duty: OJ L 90, 3.4.1982; OJ L 246, 21.8.1982)
Tube and pipe fittings of malleable cast iron originating in Spain, and proposal on the definitive collection of the provisional duty	(ii) Provisional anti-dumping duty on imports of:
OJ L 73, 14.3.1985	Certain hydraulic excavators originating in Japan
(provisional duty: OJ L 74, 17.3.1984)	OJ L 68, 8.3.1985
	(notice of initiation: OJ C 201, 31.7.1984)
	(iii) Notice of an initiation of anti-dumping proceedings concerning imports of:
	Container corner fittings of worked cast steel originating in Austria
	OJ C 56, 2.3.1985
	Certain categories of glass into Greece originating in Turkey
	OJ C 66, 14.3.1985
	Certain tube and pipe fittings originating in Brazil, Taiwan, Yugoslavia or Japan
	OJ C 77, 23.3.1985
	Ball-bearings originating in Poland, Romania or the USSR
	OJ C 77, 23.3.1985

Table 5 (continued)

Council	Commission
	<p>(iv) Acceptance of undertaking given in connection with the anti-dumping investigation concerning imports of: Plasterboard of Spanish origin into Ireland and Northern Ireland, and terminating that investigation OJ L 89, 29.3.1985 (notice of initiation: OJ L 276, 16.10.1984)</p> <p><i>Surveillance measures</i></p> <p>Notice of initiation of a Community proceeding to investigate the trend of imports into Greece of: Certain categories of glass whether figured or not, the conditions under which these articles are imported and the effects of the said imports on Community production OJ C 66, 14.3.1985</p>

Sectoral commercial policy measures

Iron and steel products

Steel: external measures

1985 arrangements

2.2.8. In March the Commission completed negotiations with Spain and Romania¹ which resulted in the renewal for 1985 of the voluntary restraint arrangements governing exports of steel products to the Community. In the case of Spain, the arrangement (initialled on 4 February) provides for a maximum level of deliveries to the Community of 778 650 tonnes, to which could be added a further 18 350 tonnes.

The Community also concluded, on 26 March, a new arrangement with Brazil¹ covering rolled iron and steel products (other than cast iron). Under the terms of this arrangement, Brazilian deliveries in 1985 will represent approximately three quarters of the 1984 level; in return, the Community will suspend the anti-dumping and countervailing duties currently appli-

cable as well as those which could result from current proceedings.

On 19 March the Member States adopted the definitive annual decision determining autonomous quotas for iron and steel products in respect of State-trading countries.

Textile products

Agreements and arrangements with non-member countries

MFA countries

2.2.9. The consultations begun in February² with Hong Kong on a number of management issues were resumed on 20 March and resulted in the outstanding issues being settled.

2.2.10. The provisional limits on exports of shirts from Bangladesh to France and the United Kingdom,³ introduced in December pending the outcome of the consultations

¹ Bull. EC 1-1985, point 2.2.10.

² Bull. EC 2-1985, point 2.2.10.

³ Bull. EC 9-1984, point 2.2.13; Bull. EC 1-1985, point 2.2.11.

requested by the Community with a view to reaching an agreement on annual limits for 1985 and 1986, expired on 17 March. Given the wish of both sides to continue the consultations, although it was not possible to resume talks immediately, the Community decided to allow more time for an agreed settlement to be reached and introduced short-term quantitative limits for the period to 31 July.

2.2.11. A further round of consultations with Romania took place in Bucharest on 28 and 29 March in order to continue the examination of problems concerning quotas which had been exceeded in the past and to seek a solution that the parties had agreed should be put to their authorities.

Relations with industrialized countries

Multilateral aspects

New round of GATT trade negotiations

2.2.12. During the Council meeting of Foreign Ministers held from 17 to 21 March the Ministers responsible for foreign trade held a parallel meeting at which they had detailed discussions, based on a Commission communication, concerning a new round of GATT trade negotiations. Following these discussions, the Council adopted the following statement:

'1. Suggestions for a new round of multilateral trade negotiations have been the subject of careful international consideration for the past two years. They received particular attention at the meeting of the OECD Ministers in May 1984, at the London economic summit in June 1984 and at the meeting of the Contracting Parties of the GATT in November 1984. Such multilateral negotiations have been a regular feature of the GATT since its inception.

2. The Council recalls that a new round, while of the utmost importance to a strengthening of the open multilateral trading system and to the expansion of international trade, will not of itself be sufficient to such purposes. Thus the Community, in the perspective of a new round, and

while working to achieve the broad consensus requisite for its launching, will urge that the following separate but related desiderata receive serious parallel consideration. Thus:

(a) In order to ensure credibility, reaffirmation will be necessary of the international commitments variously accepted at the Williamsburg and London economic summits, and at the last meeting of OECD Ministers in Paris and of the GATT Contracting Parties in Geneva:

(i) effectively to halt protectionism and resist continuing protectionist pressures (standstill);

(ii) to relax and dismantle progressively trade restrictions as economic recovery proceeds (roll-back);

(iii) to pursue the 1982 GATT work programme as complemented by the decisions of the Contracting Parties in November 1984.

(b) Solutions to imbalances whose origin lies in the monetary and financial areas cannot be found in trade negotiations. Determined, concerted action is required to improve the functioning of the international monetary system and the flow of financial and other resources to developing countries. Results in the monetary and financial areas should be sought in parallel with results in the trade field.

3. Despite previous trade rounds, Japan's growth of imports of manufactured goods has nowhere near matched her export growth. Like concessions to Japan have not produced like results, and in consequence, an imbalance of benefits currently exists between Japan and her principal partners. It is therefore a pressing political necessity for Japan to bring her import propensity into line with that of her partners, by means of domestic structural and other adjustments as well as by measures at the frontier.

4. As regards negotiations on agriculture in the new round, the Community is ready to work towards improvements within the existing framework of the rules and disciplines in GATT covering all aspects of trade in agricultural products, both as to imports and as to exports, taking full account of the specific characteristics and problems in agriculture. The Council is determined that the fundamental objectives and mechanisms both internal and external of the CAP shall not be placed in question.

5. On possible new topics for negotiation, the Council considers that trade in services seems suitable for inclusion. Problems of counterfeit goods and the defence of intellectual property also deserve consideration. Other possible new items should be examined on their merits.

6. The Council affirms the need for reciprocity and a better balance of rights and obligations as between all contracting parties. The Council considers that too selective an approach to individual negotiating points should be avoided. A balanced package of topics for negotiations should be agreed in which all participants will find advantages for themselves. In principle items should be negotiated and the results implemented in parallel and not in succession.

7. Against this background, and in the light of the desiderata and other relevant considerations mentioned above, the Council considers that a new round would help to promote world economic recovery and growth and would reinforce the multilateral structures and disciplines of the GATT. Subject to the establishment of an adequate prior international consensus on objectives, participation and timing, the Community declares its readiness to participate in the launching of such a new round. The Community will accordingly now enlist the support of its trading partners, particularly among the developing countries, to this end. The Community further proposes that the new round should be inaugurated in Brussels. The Community recognizes that a precise date for the formal launching of a new round cannot be fixed now. A step-by-step approach will best permit solid progress to be made. To initiate the process the Community renews its proposal of last May for an *ad hoc* GATT meeting, in the coming months, preferably at the level of senior officials from capitals, to intensify consultations about a new round and with the objective that a broad consensus on subject matter and participation should be secured at the earliest possible date.'

2.2.13. The European Council stressed the importance of this statement (→ point 1.2.3), which will make it possible to launch as soon as possible, in Brussels, a new round of multilateral trade negotiations which will constitute a major contribution to the fight against protectionism.

United States

Council statement on steel trade

2.2.14. On 26 March the Council examined the grave nature of the difficulties which had arisen in trade in steel products with the United States and adopted the following statement:

'The Council has been informed by the Commission of the state of negotiations with the United States concerning, on the one hand, the "short supply" clause provided for in the arrangement governing imports of tubes and pipes¹ into the United States and, on the other hand, imports of products covered by the arrangement [of October 1982 on carbon steel] which are not subject to quantitative restrictions.²

The Council holds the view that the position taken by the US Administration cannot be reconciled either with the letter or the spirit of the arrangements concluded between the Community and the United States and cannot therefore accept that the US Administration should present this position as final and irrevocable.

As regards the question of "short supply",³ the Council asks the Commission to resume immediately the consultations provided for in the arrangement. The Council points out that correct application of the "short supply" clause is one of the basic factors which led the Community to accept the arrangement.

Moreover, it asks the Commission to continue talks with the US Administration to obtain full compliance with the arrangements and to ensure that the European steel industry's share of the market is maintained, particularly in relation to that of other suppliers.

The Council strongly emphasizes that the Community should act most forcefully against any unilateral measures which might be imposed and asks the Commission to examine immediately all possible counteraction.

The Council draws attention to the fact that the increasingly obvious protectionist measures taken by the United States conflict with the efforts undertaken to launch a new round of GATT trade negotiations and increase the risk of a serious deterioration in relations between the Community and the United States.'

Steel pipes and tubes

2.2.15. Consultations between the Commission and the United States authorities

¹ Bull. 11-1984, point 2.2.19; Bull. EC 12-1984, point 2.2.14; Bull. EC 1-1985, point 2.2.13.

² Bull. EC 2-1985, point 2.2.12.

³ The 'short supply' clause stipulates that imports into the United States of steel pipes and tubes not produced by the American steel industry shall be additional to the quantities provided for in the arrangement since they are not intended to replace local production but to remedy a lack of supplies.

resulted in agreement being reached on 1 March regarding the allocation of tonnages in the interim period:¹ 65% of the relevant tonnage would be charged against the 1985 quota and the remaining 35% against the 1986 quota.

The American customs consequently lifted their embargo on all the Community exports which had been held up in the United States. A formal exchange of letters settling the question of the interim period was signed on 15 March.

Visit by Mr De Clercq

2.2.16. During his visit to Washington on 21 and 22 March Mr De Clercq, Member of the Commission with special responsibility for external relations and commercial policy, met Mr Malcolm Baldrige, Secretary of Commerce, Mr William Brock, Representative for Trade Negotiations, Mr Kenneth Dam, Deputy Secretary of State, other representatives of the Administration and a number of Congressmen. Discussions covered in particular the overall Community/United States trade relationship, moves by the US Congress to introduce a general import surcharge, the new round and steel.

Regarding the mutual trade relationship, Mr De Clercq emphasized that the Community would react firmly against new US protectionist measures; a case in point of immediate importance was the steel sector, where the US side gave no assurances of a flexible position in relation to their interpretation of the short supply provision for pipes and tubes and their request to the Community to limit exports of carbon steel products so far not restricted under the October 1982 Arrangement.

The US Government representatives felt confident that no general import surcharge would be introduced.

On the new round, Mr De Clercq explained the Community's position in the light of the Council statement of 19 March (→ point 2.2.14) emphasizing that multilateral trade negotiations by themselves were not suf-

ficient to resolve the problems the world economy faced at present; there was a need for parallel action in areas such as international monetary and financial stability, freedom from new trade restrictions, speedier implementation of previously agreed trade liberalization measures² and improved access to the Japanese market.

Austria

2.2.17. On 14 March Dr Fred Sinowatz, the Austrian Federal Chancellor, paid an official visit to the Commission, where he had talks with Mr Delors. He also attended a working session chaired by Mr Delors, at which Mr Narjes, Lord Cockfield, Mr De Clercq and Mr Pfeiffer were present. Dr Sinowatz also had talks with Mr De Clercq.

The discussions chiefly concerned bilateral questions, relations between the Community and EFTA (since Austria holds the EFTA Council chair for the first half of the year) and world economic and political issues.

As for bilateral matters, the Chancellor laid particular stress on the problems created for Austria by Community transit through Austrian territory. Solutions had to be found jointly with the Community, including new guidelines on transferring traffic from road to rail. In addition, there was an urgent need in Europe for measures relating to the environment (concerning acid rain, lead-free petrol and standards for exhaust gases).

Austria's trade deficit with the Community, for farm products in particular, was also discussed at length.

Regarding relations between the Community and EFTA, the main topic of discussion was the implementation of the Luxembourg declaration and the first practical steps which could shortly be considered in such fields as frontier formalities, harmonization of standards, simplification of the

¹ Bull. EC 2-1985, point 2.2.14.

² Bull. EC 10-1984, point 2.2.5.

rules of origin and cooperation on research and development.

The Commission indicated its openness to the most constructive possible mutual involvement with a view to establishing a real European economic zone.

Other topics discussed included general economic issues, particularly monetary questions, and East-West relations.

The Chancellor's visit took place in an excellent atmosphere reflecting the closeness of Austria's relations with the Community.¹

Switzerland

2.2.18. During an official visit to the Commission on 7 and 8 March, Mr Cornelio Sommaruga, State Secretary for External Economic Affairs, had talks with a number of Members of the Commission, notably Mr De Clercq.

He discussed various measures which could be taken to develop further the already very close relations between the Community and Switzerland, either on a bilateral basis or in the broader framework of the strengthening of cooperation between the Community and EFTA which was the theme of the Luxembourg declaration.

Relations with other countries and regions

Mediterranean countries

Community policy

2.2.19. On 30 March, at a Council meeting held while the European Council was in session in Brussels, the Foreign Ministers adopted a statement, based on a communication from the Commission, on the Mediterranean policy of the enlarged Community:

'1. The Council has listened to the Commission's general positions on the enlarged Community's Mediterranean policy and has unanimously confirmed the importance of the current cooperation and association relations between the Community and the Mediterranean countries as well as its intention of further strengthening these relations with the enlargement of the Community.

2. With this in view the Council has therefore reaffirmed the global concept of the Community's Mediterranean policy, the objective of which is to contribute to the economic development of the Mediterranean non-member countries and to promote the harmonious and balanced progress of relations and trade with those countries.

3. In this context the Community will seek mutually satisfactory solutions regarding the worries repeatedly expressed by the Mediterranean non-member countries concerning the possible consequences of enlargement for their traditional exports.

4. The Community intends, on the one hand, to endeavour to maintain these traditional patterns and, on the other, to undertake initiatives designed to provide effective support for those countries' efforts to reduce their agricultural and food deficit and move progressively towards self-sufficiency in food and diversification of their production.

5. The Mediterranean policy of the enlarged Community will have to be of an ongoing nature and, as regards trade in industrial and agricultural products and in terms of economic development, make for significant and stable results in the medium term.

6. From an overall and long-term point of view, the Community will bend its efforts to pursuing financial and technical cooperation with the Mediterranean partners in order to make an appropriate contribution to their economic and social development.

7. Recalling its statement of January 1983, the Council therefore agrees to step up its internal work on the enlarged Community's Mediterranean policy. The Council looks to the Commission to submit as soon as possible negotiating directives for the adaptation of the Cooperation and Association Agreements.'

Cyprus

2.2.20. At the same meeting the Council adopted a statement on EEC-Cyprus relations:

¹ Bull. EC 1-1985, point 2.2.19; Bull. EC 2-1985, point 2.2.19.

'Alongside its statement on the enlarged Community's Mediterranean policy, the Council would like to state that the commitment it made at the last Association Council meeting with Cyprus on 17 December 1984¹ to adopt appropriate negotiating directives in 1985 for the process into the second stage of the Association Agreement² will be honoured.

It noted that the Commission would submit the necessary proposals in good time.'

2.2.21. On 21 March the European Investment Bank granted a loan of 26.5 million ECU together with an interest-rate subsidy of 2% towards funding water engineering works on Cyprus aimed at better utilization of the island's water resources (→ point 2.4.37). This aid, the first granted under the second Financial Protocol,³ will go towards financing construction of the Kouris impounding dam from which water will be piped to the Nicosia, Famagusta, Limassol and Larnaca areas, thus benefiting both communities on the island and completing the Vasilikos-Pendaskinos project which received Community aid under the first Financial Protocol.⁴

Tunisia⁵

2.2.22. On 14 March Mr Delors received Mr Beji Caïd Essebsi, the Tunisian Minister of Foreign Affairs. Their exchange of views was mainly concerned with the multiplicity of links of all kinds between the Community and Tunisia and possibilities for increased cooperation in the future. Mr Caïd Essebsi reiterated his Government's concern about the possible effects of Community enlargement on certain patterns of trade. Mr Delors confirmed Community policy in this area, pointing to the steps being taken by the Commission to ensure that enlargement was accompanied by appropriate measures answering to the expectations of the Community's Mediterranean partners. The Middle East situation was also discussed at the meeting.

Israel

2.2.23. The Israeli Minister of Foreign Affairs, Mr Yitzhak Shamir, visited Mr

Claude Cheysson, Member of the Commission with special responsibility for Mediterranean policy, on 11 March. Their talks were devoted mainly to the implications of enlargement for Israel, but also dealt with the Middle East situation. Reiterating his Government's concern about these implications, Mr Shamir insisted that measures should be agreed jointly before Portugal and Spain's accession to ensure certain patterns of trade were not affected.

Countries of the Gulf and the Arabian Peninsula

Gulf Cooperation Council

2.2.24. A second round of exploratory discussions took place in Bahrain on 1 and 2 March between representatives of the Gulf Cooperation Council and the Commission.⁶ The purpose of these discussions was to explore further the possibilities for formal negotiations on a cooperation agreement between the two regions. Both sides agreed it would be in their mutual interest to aim to conclude a comprehensive agreement to foster commercial and economic cooperation. The opening of formal negotiations is now being considered by both sides.

Yemen Arab Republic

2.2.25. The inaugural meeting of the Joint Cooperation Committee between the Community and the Yemen Arab Republic took place in Sana'a from 5 to 7 March. During the meeting there were exchanges of views on recent developments in both Yemen and the Community, the Yemen delegation outlining the country's economic and development objectives and priorities. Agreement

¹ Bull. EC 12-1984, point 2.2.23.

² OJ L 133, 21.5.1973; OJ L 174, 30.6.1981.

³ OJ L 85, 28.3.1984; Bull. EC 3-1984, point 2.2.29.

⁴ OJ L 332, 29.11.1978; Bull. EC 11-1978, point 2.2.42.

⁵ For financial and technical cooperation with southern and eastern Mediterranean countries, see points 2.2.50 to 2.2.52.

⁶ Bull. EC 11-1984, point 2.2.27.

was reached on a number of joint schemes to be undertaken in the fields of trade development, tourism, science and research, energy and training. Possibilities of industrial cooperation were also discussed. The meeting also reviewed existing Community development projects in Yemen and a list of new projects to be considered for financing. The Community indicated a readiness to examine the possibility of concentrating its aid to Yemen during the initial years of the agreement.

In conjunction with the meeting, the Commission organized in Sana'a an exhibition on relations between Yemen and the Community and on the development of the Community.

Asia

Association of South-East Asian Nations

2.2.26. On 21 March the Council concluded¹ the Protocol—signed in Dublin on 15 November 1984²—extending the Cooperation Agreement between the EEC and the Asean countries to Brunei Darussalam.

Pakistan

2.2.27. On 11 March the Commission proposed to the Council the conclusion of the Agreement for commercial, economic and development cooperation between the Community and the Islamic Republic of Pakistan.³ This Agreement is the outcome of the negotiations conducted by the Commission with Pakistan last January⁴ under the brief given by the Council in October 1984.⁵

Sri Lanka

2.2.28. The seventh session⁶ of the Joint Commission set up under the EEC-Sri Lanka Commercial Cooperation Agreement⁷ was held in Colombo on 11 and 12 March, chaired by Mr G. Cumararatne, Acting Sec-

retary, Ministry of Trade and Shipping and head of the Sri Lanka delegation.

The Joint Commission examined the trade promotion programme and prospects for cooperation in the fields of industry and energy. New sectors were discussed for industrial cooperation: toys and handicrafts and certain branches of the electronics industry. The Joint Commission then reviewed the current development cooperation project backing the Mahaweli Ganga Scheme, and undertook to consider for future implementation new projects of financial and technical assistance to be submitted in the near future by Sri Lanka.

The Community also undertook to continue food aid in cereals in 1985 and reiterated its intention to participate with other donors in the dairy project launched by the World Bank.

Latin America⁸

Uruguay

2.2.29. In response to the Uruguayan President elect's invitation to Mr Delors, Mr Cheysson visited Uruguay on 1 and 2 March to attend the inauguration—marking the restoration of democracy in Uruguay—of President Sanguinetti.

Mr Cheysson was received by the Minister for Foreign Affairs, Mr Iglesias, with whom he discussed Uruguay's debt and development problems and EEC-Uruguay relations. In the latter connection it was decided to revive the 1974 EEC-Uruguay Trade Agreement⁹ and to step up trade promotion aid,

¹ OJ L 81, 23.3.1985.

² Bull. EC 11-1984, point 2.2.29.

³ OJ C 81, 29.3.1985; COM(85) 68 final.

⁴ Bull. EC 1-1985, point 2.2.23.

⁵ Bull. EC 10-1984, point 2.2.28.

⁶ Previous session: Bull. EC 5-1984, point 2.2.27.

⁷ OJ L 247, 23.9.1975.

⁸ For financial and technical cooperation with Latin America, see point 2.2.53.

⁹ OJ L 333, 4.12.1973; Bull. EC 4-1973, point 2314; Eighth General Report, point 443.

particularly in respect of non-traditional products.

Argentina

2.2.30. After leaving Uruguay, Mr Cheysson paid an official visit to Argentina, where he was received by President Alfonsín, the Foreign Minister, Mr Caputo, and the Minister for Economic Affairs, Mr Sourrouille.

Mr Cheysson proposed—as he had in Uruguay—that a Commission technical mission be sent to Buenos Aires so that a joint appraisal could be carried out of the situation in the beef sector and of the possibilities for trade promotion to help Argentina develop its exports, especially of non-traditional products. Community relations with Argentina had been ‘put on the back burner’ for the duration of the military dictatorship.

Brazil

2.2.31. On 5 March Mr Cheysson left Argentina for Brazil, where he had a long private conversation with the President elect, Mr Tancredo Neves.

2.2.32. A Commission delegation led by Mr Cheysson went to Brasília for the inauguration of the new President on 14 and 15 March.

Mr Cheysson’s presence demonstrated the Community’s gratification at the restoration of democracy in Brazil. He took the opportunity to pay his respects to the new President, whom he had already met in the course of his trip to Uruguay and Argentina.

During his stay Mr Cheysson had talks with the new Brazilian Foreign Minister, Mr Setúbal, at which both sides affirmed their determination to strengthen links between the Community and Brazil in the areas of trade and economic cooperation. They also expressed their concern at the current economic situation in Latin America, evidenced most eloquently in the formidable proportions of the individual countries’ foreign debts.

Venezuela

2.2.33. Mr Cheysson’s South American tour concluded in Venezuela, where he had talks with government figures.

State-trading countries

China

2.2.34. The Commission contributed towards the costs of a Cecimo symposium held in Peking and Shanghai in March (→ point 2.2.5).

Development

2.2.35. On 27 March the Commission sent the Council a report on Community aid in relation to the situation of women in developing countries,¹ as requested by the Council in its resolution of 8 November 1982 on Community development aid in relation to the situation of women in the developing countries.² The report contains an analysis of measures taken in response to the Council’s recommendations, particularly as regards contacting women’s organizations in developing countries and assisting them, and the inclusion in evaluations of projects and programmes of a chapter on their effects on women.

2.2.36. On 11 March Parliament adopted a resolution on the conclusion of the third Lomé Convention (→ point 2.4.11).³

Commodities and world agreements

Cocoa

2.2.37. The third meeting⁴ of the UN conference on cocoa, which had reconvened on

¹ COM(85) 109 final.

² Bull. EC 11-1982, point 2.2.19.

³ OJ C 94, 15.4.1985.

⁴ Bull. EC 5-1984, point 2.2.46; Bull. EC 7/8-1984, points 2.2.43 and 2.2.44; Bull. EC 11-1984, point 2.2.37.

18 February, concluded on 15 March in Geneva with a decision to suspend the negotiation of a fourth International Cocoa Agreement.

Despite considerable efforts by both producers and consumers, overall agreement on the points at issue could not be reached. In particular, the uncertainty of the international monetary situation made agreement difficult on the key questions of price levels and price-review mechanisms, although the distance separating the two sides was considerably reduced. The Chairman of the conference, Mr René Montes of Guatemala, was asked to organize consultations to prepare the ground for the conclusion of an agreement at a future meeting.

The Community, the dominant presence among the consumers in the absence of the United States, will continue to make every effort, as it did in Geneva, to facilitate the Chairman's search for a compromise between consumers and producers (among whom the ACP states are in a majority) on the unresolved issues of price levels and price mechanisms. Consultations to this end could be held in London in July during the meeting of the Council of the International Cocoa Organization, at which it is to be decided whether the 1980 Agreement should again be extended for a year beyond its expiry date of 30 September.

Tropical timber

2.2.38. At the Commission's recommendation,¹ the Council decided on 25 March that the Community would apply the 1983 International Tropical Timber Agreement provisionally from its scheduled date of entry into force.

The Secretary-General of the United Nations, the depositary of the Agreement, was notified on 29 March.

As the general conditions for participation were satisfied on 31 March, the Agreement entered into force provisionally on 1 April. The first session of the International Tropical Timber Council is to be held in Geneva from 17 to 28 June.

Jute

2.2.39. The third session of the Committee on Projects was held from 23 to 25 March in Dhaka, Bangladesh, followed by the third session of the International Jute Council.

The Council adopted a project for the promotion of sales of jute products in Italy, to be funded entirely by Italy.

At the Community delegation's request, the Secretariat came up with a number of studies possibilities, particularly on the state of jute markets. This organization should in time become the sole international forum dealing with jute.

Emergency aid

Emergency plan for Ethiopia and the Sahel

2.2.40. The European Council noted the swift implementation of the measures it had decided on in Dublin in December 1984² to combat famine in Africa and urged that the efforts already undertaken be sustained (→ point 1.2.6).

2.2.41. At a press conference following the UN conference on the emergency in Africa held in Geneva on 11 and 12 March, Mr Natali, representing the Commission, underlined the major contributions in emergency aid being made by both Community and Member States. He emphasized the unique, and exemplary, character of the Community's links with Africa, particularly under the Lomé Convention, and insisted on the need for on-the-spot coordination and synchronization of aid.

2.2.42. In the light of the results of the Geneva conference, Mr Natali spoke in the European Parliament's debate on measures to combat hunger in Africa, commenting on the emergency resolution adopted by

¹ Bull. EC 9-1984, point 2.2.29.

² Bull. EC 12-1984, point 1.2.7.

Parliament on 14 March (→ point 2.4.11).¹ He stressed that Community assistance would develop in two directions: towards the progressive integration of aid into the individual countries' patterns of production, and towards a reappraisal, through operations planned under Lomé III, of the policies of the signatory countries hit by drought.

Emergency aid granted

2.2.43. In response to the earthquake in Chile and an appeal by Caritas, the Commission decided on 7 March to grant this organization emergency aid of up to 300 000 ECU. The money will go towards providing tents, mattresses, blankets, kitchen utensils and medicaments for the earthquake victims and will be administered by the Commission Delegation in Caracas.

On 14 March Parliament adopted a resolution on the earthquake in Chile (→ point 2.4.11).¹

Emergency food aid

2.2.44. In March the Commission decided to make the following allocations of emergency food aid: 34 100 tonnes of cereals to the Office of the United Nations High Commissioner for Refugees for distribution in Sudan (12 483 tonnes) and Somalia (21 617 tonnes); 10 000 tonnes of cereals and 2 000 tonnes of legumes to Mozambique; 570 tonnes of legumes and 570 tonnes of dried fish to the United Nations Border Relief Organization via the World Food Programme for Kampuchean refugees on the Thai border; 5 000 tonnes of cereals, 1 000 tonnes of legumes and 500 tonnes of sugar for Lebanon.

Trade promotion

International Tourism Fair, Berlin

2.2.45. Some 50 tourism-oriented developing countries, sponsored by the Community, took part in the International Tour-

ism Fair held in Berlin from 2 to 8 March. Both Caribbean and Pacific 'villages' and the African countries' stands enjoyed even greater success than last year with international tour operators at the Fair. The Commission's contribution to ACP participation was estimated at 350 000 ECU.

Holiday, Tourism and Leisure Exhibition, Brussels

2.2.46. Six African States, sponsored by the Community, took part in the Holiday, Tourism and Leisure Exhibition held in Brussels from 23 to 31 March.

ACP Protocols

Sugar

2.2.47. On 21 March the Commission asked the Council for authority to negotiate on behalf of the Community guaranteed cane sugar prices for the 1985/86 delivery period with the ACP exporting countries and India.²

Financial and technical cooperation

ACP States and OCTs

2.2.48. In March the Commission took decisions on the allocation of fourth and fifth EDF resources totalling 16 900 000 ECU to finance projects, programmes and emergency aid operations administered by it, 7.3 million ECU of the total to go towards rural production, 9.3 million ECU on education and training and 200 000 ECU on emergency aid.

2.2.49. Two allocations of emergency aid of 100 000 ECU each were made to victims

¹ OJ C 94, 15.4.1985.

² COM(85) 99 final.

of the recent devastating cyclone Feliksa in Mayotte and the Comoros.

Southern and eastern Mediterranean countries

2.2.50. The Commission granted financial and technical aid totalling 5 820 000 ECU to Egypt under the second EEC-Egypt Financial Protocol¹ in March. The aid will be spread over three projects aimed at improving health protection and nutrition for the Egyptian population and at making a significant improvement in the country's terms of trade.

The Commission also decided to allocate the total funds available under the second EEC-Lebanon Financial Protocol¹ (16 million ECU), in the form of grants (11 million ECU) or special loans (5 million ECU, repayable in 40 years at 1%), as a contribution to the Lebanese Government's programme to rehabilitate 1 170 schools which have suffered war damage.

2.2.51. The Commission decided to grant Jordan 2.5 million ECU for the extension of the Science Faculty at Yarmuk University.

2.2.52. An interest-rate subsidy for an EIB global loan of 7 million ECU was approved for Tunisia's National Agricultural Development Bank, which is also to be granted a 3 million ECU special loan from budget resources.

Non-associated developing countries

2.2.53. The Commission decided in March—with the endorsement of the Com-

mittee on Aid to Non-associated Developing Countries—to finance the following out of 1984 budget appropriations:

*Junta of the Cartagena Agreement*²—regional programme of technical cooperation; industry and subregional trade (autonomous project): total cost 9 825 000 ECU, Community contribution 7 million ECU;

India—development of water control systems with a view to diversifying cropping patterns in Maharashtra (autonomous project): total cost 52.8 million ECU, Community contribution 15 million ECU.

Cooperation via non-governmental organizations

2.2.54. With regard to projects cofinanced in the developing countries for the period from 1 January to 31 March 1985, the Commission committed 4.4 million ECU for 36 projects submitted by 31 NGOs.

The Commission also contributed a total of 453 530 ECU towards nine campaigns aimed at increasing awareness of development issues among the European public.

¹ OJ L 337, 29.11.1982; Bull. EC 11-1982, point 2.2.68.

² Andean Group (Bolivia, Colombia, Ecuador, Peru, Venezuela).

3. Financing Community activities

Budgets

General budget

1985 budget

2.3.1. On 1 April the Commission, in response to Parliament's request,¹ sent the Council a third letter of amendment² to the preliminary draft budget for 1985,³ drawn up in the light of the agreement reached by the Council on financing for the 1985 budget by non-repayable advances from the Member States (→ point 1.1.5).

The Commission's proposal confirms the preliminary draft as modified by letters of amendment Nos 1 and 2, subject to certain charges reflecting the new developments that have occurred in the mean time:

Expenditure

EAGGF Guarantee Section. Additional appropriations of 640 million ECU are required for three reasons: deferment of payments from 1984 to 1985 (202 million ECU), the impact of the Commission's 30 January proposals on prices and related measures for 1985/86⁴ (138 million ECU) and situation changes (450 million ECU). This amounts to total additional requirements of 790 million ECU, against which there will be an estimated saving of 150 million ECU as a result of the clearance of the accounts for 1980, 1981 and 1982, which the Commission is due to decide in 1985.

Food aid. An additional 40.5 million ECU is required as a result of economic changes in 1984 and 1985, notably the rise in world prices.

Negative balance for 1984. The provisional estimate puts the figure at 520 million ECU, this being the net effect of a shortfall in revenue, which is partly offset by appropriations lapsing.

In addition the Court of Justice has requested an additional 0.6 million ECU

under the preliminary draft budget for staff increases and material facilities.

Revenue

On the revenue side, the estimates of traditional own resources (agricultural levies and customs duties) have been increased by 232 million ECU. On the expenditure side, this means that the 10% repayment of own resources to the Member States will rise to 23.2 million ECU.

As a result of the proposed changes in revenue and expenditure under the preliminary draft budget,³ resources required will exceed those available within the 1% VAT limit by 2 903.7 million ECU. The Council proposed that this difference be financed by non-repayable advances in line with the agreement reached in the Council.

Compensation for the United Kingdom

Following the Council's adoption of a common position on own resources on 21 March (→ point 1.1.5), the Commission entered the 1 000 million ECU correction for the United Kingdom for 1984 in the letter of amendment. This correction consists of a reduction in the United Kingdom's VAT payments and a corresponding increase in the contributions from the other Member States, in line with the formula agreed at the Fontainebleau European Council of 25 and 26 June 1984.⁵

Provisional twelfths for 1985

2.3.2. Pending agreement within the Council on a new draft budget for 1985, Parliament adopted three resolutions requesting additional twelfths under the provisional-twelfths arrangements on 14 March.⁶

¹ OJ C 12, 14.1.1985; Bull. EC 12-1984, point 1.4.1 *et seq.*

² COM(85) 130.

³ Bull. EC 5-1984, points 1.1.1 *et seq.* and 2.3.1 *et seq.*

⁴ Bull. EC 1-1985, point 1.2.1 *et seq.*

⁵ Bull. EC 6-1984, points 1.1.1 to 1.1.3.

⁶ OJ C 94, 15.4.1985.

Own resources

2.3.3. On 21 March the Council adopted a common position on a new decision on own resources (→ point 1.1.6), raising the maximum call-up rate of VAT to 1.4% and correcting budgetary imbalances in accordance with the conclusions of the Fontainebleau European Council.¹

Budget discharge

2.3.4. On 15 March Parliament adopted a resolution taking note of the proposal presented by the Commission for closing the accounts for 1982 (→ point 2.4.11).² This in no way affects its decision of 14 November 1984 refusing to grant a discharge in respect of 1982.³

*

Annual report by the Court of Auditors for 1983

2.3.5. On 1 March the Council held an exchange of views on a number of general questions raised by the Court of Auditors in its report on the 1983 financial year.⁴ The main points were the underutilization of appropriations for payments, the accumulation of unsettled commitments in the case of differential appropriations and certain aspects of the management of EAGGF Guarantee Section appropriations and the implementation of food aid.

Following its discussion it adopted a recommendation calling on Parliament to grant the Commission a discharge in respect of its implementation of the budget.

Financial operations

ECSC

Loans raised

2.3.6. In March the Commission made a number of private placings in German

marks and Japanese yen for the equivalent of 74.78 million ECU and an FF 800 million public issue at 99.53% for 12 years with 12.2% interest.

Loans paid out

2.3.7. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission made the following loans in March, totalling 55.41 million ECU.

Industrial loans

2.3.8. Industrial loans (Article 54) paid out during the month amounted to 24.32 million ECU. They were used to finance the following projects.

Germany

ROGESA GmbH, Dillingen: project to concentrate pig and cast iron production at the Röchling works in Burbach and Dillingen.

Bayerische Landesanstalt für Aufbaufinanzierung: project to promote Community coal.

Subsidized housing

2.3.9. Loans for subsidized housing amounted to 280 000 ECU, of which 210 000 ECU was for steelworkers and 70 000 ECU for mineworkers.

Conversion loans

2.3.10. Conversion loans (Article 56) totalling 30.81 million ECU were granted to the following undertakings:

Germany

Saarland: Bergrohr GmbH, Herne, Dillingen works.

¹ Bull. EC 6-1984, points 1.1.1 to 1.1.3.

² OJ C 94, 15.4.1985.

³ OJ C 337, 17.12.1984; Bull. EC 11-1984, point 2.4.12.

⁴ OJ C 348, 31.12.1984; Bull. EC 11-1984, point 2.4.23.

United Kingdom

West Yorkshire: Warwick International Ltd, Leeds.

Supraregional loan: Welsh Development Agency, Pontypridd.

Euratom

Loans raised

2.3.11. In March the Commission made two private placings in German marks and

Dutch guilders for the equivalent of 69.9 million ECU.

EEC-NCI

Loans raised

2.3.12. In March the Commission made a private placing in Dutch guilders for the equivalent of 29.71 million ECU.

4. Political and institutional matters

European political cooperation

2.4.1. On 25 March the Foreign Ministers of the Ten issued the following statement on events in South Africa:

'The 10 Member States of the European Community are deeply concerned at the increasing tension in South Africa created by the indiscriminate repression of black South Africans.

They roundly condemn in particular the behaviour of members of the security forces during the events in Uitenhage on 21 March, which led to the death of many black South Africans.

Recalling the ministerial statement of 11 September 1984,¹ the Ten reiterate their appeal for an end to apartheid and for dialogue leading to substantial reforms to meet the legitimate aspirations of black South Africans.'²

2.4.2. The European Council adopted no conclusions on political cooperation at its March meeting in Brussels (→ point 1.2.1 *et seq.*). At dinner on 29 March the Heads of State or Government discussed major

current issues informally. The President of the Council, Mr Bettino Craxi, said at his press conference that discussions had covered the Middle East, East-West relations, Latin America and South Africa.

European policy and relations between the institutions

European policy

Ad hoc Committee on Institutional Affairs

2.4.3. The *ad hoc* Committee on Institutional Affairs transmitted its final report to the European Council on 19 March for discussion at its meeting on 29 and 30 March (→ point 3.5.1).

¹ Bull. EC 9-1984, point 2.4.1.

² Unofficial translation.

The text has kept to the same layout as the interim report.¹ The section on the priority objectives of European Union has been expanded, and improvements have been made to the section on the institutions and to the final part on the method for achieving the Union.

The report argues that the objectives could be achieved through Community action in various fields, such as technology and social policy, and expresses support for the strengthening of the European Monetary System. It also reaffirms the principle of own resources, suggests new areas of activity, including cultural activity, advocates the expansion of political cooperation geared to a common external policy and puts forward proposals on security and defence.

As regards the institutions, the report calls for easier decision-making in the Council with majority voting becoming standard practice and the unanimity requirement being restricted to special cases, far fewer than in the existing Treaties, a move supported by most Committee members. The Committee would also like to see the Commission's functions strengthened, in particular by the extension of its executive powers and the introduction of a new appointment procedure, Parliament's role enhanced by effective participation in legislative power (whose scope is to be specifically defined) in the form of joint decision-making with the Council, and the Court of Justice's powers expanded.

Lastly, as regards the method for achieving European Union, the report calls for an intergovernmental conference to be convened 'in the near future to negotiate a draft European Union Treaty, on the basis of the *acquis communautaire*', the Committee's report and 'the Solemn Declaration on European Union adopted in Stuttgart, and guided by the spirit and method underlying the draft Treaty adopted by the European Parliament.' The Commission would take part in the negotiations, and Parliament would be closely involved in the proceedings and be informed of the results.

As in the case of the interim report, certain points gave rise to reservations or comments on the part of Committee members. However, a large majority were wholeheartedly in favour of all the proposed reforms.

2.4.4. The European Council held a preliminary discussion on the report, welcoming both the approach it outlined and the proposals it put forward (→ point 1.2.9). These will be discussed at length in the coming months at a series of bilateral meetings, so that final conclusions can be reached at its next meeting in June.

2.4.5. On 29 March Mr Ripa di Meana, Member of the Commission with special responsibility for institutional matters, issued the following statement on the outcome of the work of the *ad hoc* Committee on Institutional Affairs and the *ad hoc* Committee on a People's Europe (→ points 3.5.1 and 3.6.1).

'The new Community of Twelve must be in a position to operate efficiently and to develop on the basis of clearly defined long-term objectives. The Dooge report should therefore pave the way for meaningful discussions on the future of Europe leading to the convening of a conference to draw up the text of a European Union Treaty. It is essential that the ground is properly prepared for the Milan meeting and that the matter is not once again relegated to the usual diplomatic channels and allowed to sink into oblivion, as was the case with the Genscher-Colombo Act. Italy, as Council President, must play a decisive role based on the firm commitment by President Mitterrand and Chancellor Kohl. The Commission is ready to assume its responsibilities in this matter, which it considers a top priority for the future of Europe.'²

Greek memorandum

2.4.6. On 12 March the Council adopted two of the three proposals for regulations, transmitted by the Commission in May 1984, on specific agricultural measures for Greece (→ point 2.1.15).

¹ Bull. EC 11-1984, point 3.5.1.

² Unofficial translation.

Relations between the institutions

Visit by Mr Pflimlin

2.4.7. On 5 March, during his official visit to Belgium, Mr Pflimlin, President of Parliament, gave a press conference at which he said that Parliament had four reasons for feeling pleased with itself: the Council had accepted the need for a 12-month budget; the new Commission had gone along with Parliament's idea of an investiture debate; the Commission had kept its promise to present a detailed programme; and the work of the Dooge Committee seemed to be progressing satisfactorily.

He added that he attached a great deal of importance to Mr Delors's invitation to Parliament to act on its own initiative.

Institutions and organs of the Communities

Parliament¹

Strasbourg: 11 to 15 March

2.4.8. The two high spots of the March part-session were the debate on the Commission's programme for 1985, presented by Mr Delors (→ point 1.3.1), and the debate on agricultural prices for 1985/86.

Agricultural prices

2.4.9. The debate on the farm prices, harsh and contentious, and even verging on the stormy, saw the supporters (in the majority) of a farming approach pitted against the advocates of a budgetary approach. While they allowed that the producers concerned must be made to bear some responsibility for surpluses, the farm lobby considered prices policy to be vital to incomes on the land; they argued that when there were surpluses—as there were with milk products—it was not right that far-

mers should be penalized twice by both a quota policy and a price freeze. As well as repudiating a common agricultural policy bound solely by budgetary constraints, they challenged the idea that the Community should do as it was told by the United States—an idea, which, they believed, was gaining ground in Europe and was illustrated by Mr Emmanuel Maffre-Baugé (*Com/F*) as the spectacle of Uncle Sam's Europe and his none to mild flirtation with Mrs Thatcher.

It was against that background that the rapporteur for the Committee on Agriculture, Mr Pierre-Benjamin Pranchère (*Com/F*), made his first point, when he asserted that the Commission's proposals² had acted like a red rag to the farmers, since they would slash incomes and set new limits on production, quite apart from the risks of a 'renationalization' of the common agricultural policy. As he saw it, the Fontainebleau³ and Dublin European Councils,⁴ instead of correcting these tendencies, had amplified them by using agriculture as a bargaining counter in a vain bid to establish other policies. Against the steamroller strategy adopted by the Commission and its henchmen in the House, he proposed that steps be taken to ensure that the potential of Community agriculture was fully exploited, with more attention being given to the impact of agriculture on the balance of trade, on the jobs it could create in other sectors and on the economy in general, at a time when a job was being lost every two minutes on the land. There was one condition, however: to remedy the present ills and put the CAP on a sounder footing, the first essential was to ensure adherence to Community principles. The first of those

¹ The complete texts of the resolutions adopted by Parliament are reproduced in OJ C 94, 15.4.1985, and the report of the proceedings is contained in OJ Annex 2-322. The political groups and nationalities of members speaking in the debates are shown in brackets after their names; the key to the abbreviations can be found in Bull. EC 7/8-1984, points 1.2.5 and 2.4.8 (footnote 1).

² OJ C 67, 14.3.1985; Bull. EC 1-1985, point 1.2.1 *et seq.*

³ Bull. EC 6-1984, points 1.1.1 to 1.1.3, 1.1.7 and 1.1.9 (paragraph 4).

⁴ Bull. EC 12-1984, points 1.2.1 and 1.2.15.

principles was Community preference, now being extensively flouted: 55% of Community imports were coming in free of duty—the breaches of preferences being estimated by the Court of Auditors at somewhere between 2 000 and 4 000 million ECU—often to be processed into products in surplus, as exemplified by the case of the Netherlands, where 52% of milk and meat production was sustained by duty-free imports of substitutes for Community-grown cereals. Mr Pranchère therefore proposed a tax on oils and fats and restrictions on substitute products, and the revision of certain importing agreements with other countries, which were turning the Community into a dumping ground for by-products of American industry. He then attacked what he called the ‘insufferable gift’ to the United Kingdom, a mockery of the principle of financial solidarity, and called for revision of the sheepmeat regulations to remove the distortions of competition that played mainly to the advantage of the United Kingdom. Condemning the attitude of the Committee on Budgets, which, he claimed, was acting here like the Commission’s dedicated assistant, he maintained that food prices in the Community had gone up in line with the general rate of inflation, whereas in the other OECD countries they had shot up more quickly; secondly, the burden of net agricultural expenditure represented only 0.55% of gross domestic product. He was therefore proposing an average increase in farm prices of 4.5%. Surpluses were in fact masking deficits: the Community’s agricultural trade deficit was 23 600 million ECU, of which 5 800 million was for fruit and vegetables, 4 200 million for animal feeds, 3 600 million for oilseeds and oleaginous fruit, 1 000 million for oils and fats, etc. Pointing out that the recent increase in average farming incomes had come after several years of substantial losses, Mr Pranchère declared that the decision on prices should be inspired mainly by a concern to help farmers improve their position and stimulate production in sectors where the Community was not self-sufficient. The additional cost to the budget of the proposals by the Committee on Agricul-

ture, he said, would be less than the rebate granted to the United Kingdom for a single year.

In contrast, the rapporteur for the Committee on Budgets, Mr James Elles (*ED/UK*), endorsed the Commission’s proposals, describing them as ‘courageous and appropriate’, as long as they were backed by adequate structural measures. He was against any restrictions on imports because they would provoke American retaliation, and attacked the proposals of the Committee on Agriculture, which, in his view, would cost an additional 700 million ECU in 1985. On behalf of the Socialists, the next speaker, Mr Eisso P. Woltjer (*Soc/NL*) called for a social agricultural policy that would help small farmers and for a policy on Mediterranean products. He went on to attack the Committee on Agriculture’s proposals as fanciful and those of the Committee on Budgets as unduly punctilious. The voice of austerity was heard from Mr James Provan (*ED/UK*), who, savaging Mr Pranchère’s proposals, went so far as to say that a 5% increase in the farm prices would benefit only the Soviet Union! Recognizing that the problem of agricultural surpluses was a world issue, he wanted no change whatsoever in the sheepmeat arrangements since this was an area of special concern to the United Kingdom. Mrs Barbara Castle (*Soc/UK*) also took issue with the Pranchère report and wholeheartedly endorsed the arguments of the Committee on Budgets, only regretting that the Commission had not been tough enough and was still hankering after a tax on imported oils and fats.

At the other extreme Mr Emmanuel Maffre-Baugé (*Com/F*) supported Mr Pranchère’s proposals and rejected any other approach that would make the farmers the scapegoats of so-called budgetary austerity and sacrifice the principles of the CAP to the interests of the United States. Mr Thomas Maher (*Lib/IRL*) condemned the flaw in the thinking of those members who refused any increase in farm prices simply because the Council would not allow the necessary funds but nevertheless advocated launching new policies without considering whether

the Council was willing to finance them. As an example, he highlighted the attitude of the United Kingdom, which did not want give any money for agriculture but did not hesitate to finance the Falklands war as a matter of principle, ignoring the enormous cost of the operation. Mr Reinhold Bocklet (EPP/D) believed that the prices policy should be the mainstay of farmer's incomes and called for an increase of 3.5%. The Commission's proposals did not aim to reduce surpluses but only the number of farmers. Having fully supported the Pranchère report, Mr Jean Mouchel (EDA/F) then condemned the strictly budgetary approach of the CAP and the costly derogations from Community preference; he wondered whether it was a case of knuckling under to American wishes and objected to making the farmers foot the bill. Mr Michel Debatisse (EPP/F) saw a 3.5% increase as the absolute limit of any effort to which the farmers could consent. He, too, pointed to a further inconsistency on the part of the Commission, which called for investment and adaptation but blocked the financing of such operations by a price freeze.

Various other speakers steered a middle course between the opposing lines. Mr Bernard Thareau (Soc/F) was equally contemptuous of an across-the-board prices policy that generated surpluses and a policy that penalized farmers both ways (on prices and on quantities). Prices had to be modulated according to the size of farms and farmer's incomes, and the Community must resist the pressures of the American lobbies which saw the European market as their own preserve. Mr Giorgio Rossetti (Com/I) and Mr Natalino Gatti (Com/I) were also in favour of modulating prices and a cautious prices policy with regard to surplus products, Mr Gatti emphasizing that it should be supported by structural reform.

The Council President, Mr Filippo Pandolfi, found that European agriculture was under a threefold constraint: political, with Article 39 of the Treaty guaranteeing producer's incomes; economic, with the transition that world agriculture was now going through

(falling demand because of lower birth rates in the industrialized countries, and no larger proportion of household incomes being spent on food); financial, with the demands of budget discipline and the Community's present budgetary problems. Recalling the structural improvements already achieved, particularly in the wine-growing sector, and the specific measures for milk products, Mr Pandolfi told the House that the agri-monetary measures would continue, new internal (in industry) and external markets would be sought, crop types would be identified for further development and a policy would be established which struck a balance between prices allowed to the various sectors depending upon whether they were in surplus or not.

Mr Frans Andriessen, Commission Vice-President with special responsibility for agriculture, rebutted the idea that only budgetary considerations had counted in his proposals. He reminded the House that farmers' real incomes had grown by more than 7% since 1980 and that the Community's agricultural exports had risen twice as fast its imports over the last 10 years. He then costed the Pranchère proposals in budgetary terms at 490 million ECU for 1985 and 1 170 million ECU for 1986, but could not put a figure on the proportion of the EAGGF guidance expenditure that would go to agriculture in the integrated Mediterranean programmes. Asking the House not to express its position in terms of a specific percentage for price rises, he suggested that it now take an exclusively qualitative approach to farm prices. Acknowledging that the Commission proposals were restrictive and sometimes involved reductions, he maintained that they were the only ones possible considering the situation of the markets. Finally, he said he was opposed to taking any harder line on imports and exports.

At the end of the debate Parliament adopted the Pranchère report, with amendments, by 137 votes to 123 and 13 abstentions and rejected the Commission's actual proposals by 183 votes to 11 with 9 abstentions. The EPP amendment proposing an average 3.5%

increase modulated according to type of product to stimulate those in short supply and backed by a co-responsibility policy for those in surplus was adopted by 149 votes to 139 votes with 9 abstentions; in another amendment the House also insisted on the gradual removal of the co-responsibility levy and a policy of incentives for voluntary reductions in production. It also adopted by 125 votes to 117 with 10 abstentions an amendment by the French Socialists that evaluated at 3 000 million ECU the sum to be added to the Community budget to bear the increase in farm prices, and by 121 votes to 111 with 4 abstentions an amendment by the German and Dutch Socialists stipulating that any change in import or export policy must be decided under existing international agreements. The introduction of a tax on imported oils and fats was rejected by 125 votes to 114 with 8 abstentions. On the whole report and in respect of the 3.5% price increase—adopted by 149 votes to 139 with 9 abstentions—the House was divided both politically and nationally: a majority of the Socialists (German, British, Italian, Dutch, Danish and Greek) came out against that amendment with all the European Democrat group, the majority (Italians) of the Communists and the whole Rainbow Group; on the other side, all the EDA Group (French, Irish) and almost all the EPP Group (except for the six Dutch abstentions) endorsed this amendment, which was also supported by a small majority of the Liberals (French, Irish and two Belgians). The French, the Belgians, the Luxembourgers, the Irish and the Greeks massively approved this amendment, while almost all the British and Danes rejected it, the members of other nationalities being more equally divided.

2.4.10. Parliament gave opinions on a number of Commission proposals, including:

- an amendment to the Regulation of 16 March 1981 concerning the Community loan mechanism designed to support the balance of payments of Community Member States (→ point 2.1.4);
- guidelines for the management of the European Social Fund for the years 1968 to 1988 (→ point 2.1.50);

- a supplement to Annex IV to the Convention for the Protection of the Rhine against Chemical Pollution and a recommendation by the International Commission for the Protection of the Rhine against Pollution (monitoring of cadmium discharges) (→ point 2.1.69);
- an amendment to the Directive of 23 November 1978 on the permissible sound level and exhaust system of motorcycles (→ point 2.1.76);
- an amendment to the Regulation of 21 April 1970 as regard the amount allotted to the Guidance Section of the EAGGF (→ point 2.1.121);
- an amendment to the Regulation of 2 August 1978 laying down general rules for the financing of intervention by the Guarantee Section of the EAGGF;
- an amendment to the Regulation of 15 February 1977 on common measures to improve the conditions under which agricultural and fishery products are processed and marketed (→ point 2.1.114);
- an amendment to the Regulation of 4 June 1970 on the granting of aids for transport by rail, road and inland waterway (→ point 2.1.131);
- an amendment to the Decision of 20 May 1975 on the improvement of the situation of railway undertakings and the harmonization of rules governing financial relation between such undertakings and States (→ point 2.1.131);

2.4.11. Resolutions were also passed concerning:

- the statement by the President of the Commission and the Commission's programme for 1985 (→ points 1.3.1 to 1.3.3);
- safety and health in coal mines: following the mining disaster in Forbach, Parliament called on the Commission and the Council to grant emergency aid to the victims' families; it also requested the Mines Safety and Health Commission to shed light on the causes of this disaster, so that the Commission could propose improvements to safety standards in mines;
- the integrated Mediterranean programmes: Parliament recognized the posi-

tive value of the Commission's undertaking to create a real Community policy for all the Mediterranean regions; it considered therefore that the provision of an additional appropriation of 2 000 million ECU over seven years, equivalent to approximately 285 million ECU per year, was inconsistent and quite inadequate when compared with the extra 1 000 million ECU per year over six years envisaged by the original proposal; doubting the feasibility of allocating these programmes a substantial proportion of the resources from existing Funds, the House asked the Commission to bring forward as soon as possible a new proposal that took full account of the criteria set out in its resolution of 29 March 1984;¹

- Community trade in seal products: Parliament noted with concern that the ban imposed by the Council Directive of 28 March 1983² on Community imports of products derived from various species of baby seals would expire on 1 October 1985; it therefore called on the Commission to put proposals to the Council as soon as possible that would extend the Directive for an indefinite period;

- opening of the conciliation procedure on lead-free petrol: deploring the Council's failure to act on this issue and reaffirming its opinion of 12 December 1984,³ Parliament urged the Council and the Commission to initiate the conciliation procedure with Parliament and draw up a research and development programme on technical alternatives to the catalytic converter;

- application of the Community's energy pricing principles in the Member States: while endorsing the Commission's report of September 1984,⁴ Parliament called for more careful checks to be made in future in respect of the diversification of energy sources and demanded that adverse effects on the environment be taken into account in the calculation of costs;

- the results of the negotiations on the enlargement of the Community and the problems involved in accession with regard to fisheries: in two resolutions Parliament called on the Council, the Commission and

the governments concerned to ensure that every effort was made to solve all the problems still outstanding, particularly those relating to fisheries; in a third resolution it considered that accession should be an opportunity for reviewing certain aspects of the common fisheries policy but requested that at the same time the principle of 'relative stability' defined by the Ten be upheld and the reconstitution of stocks safeguarded at all costs;

- conclusion of the third Lomé Convention: welcoming the conclusion of the Convention and noting that it was a vital aspect of the Community's development policy, Parliament insisted that due attention be paid to the Community's responsibilities at world level with regard notably to non-associated developing countries in the broader context of the North-South dialogue;

- the campaign against hunger in Africa: deploring the fact that the famine had claimed so many victims, Parliament decided to send a delegation to certain disaster-stricken countries to assess the extent of requirements and the effectiveness of Community aid on the spot and make proposals for any additional measures; the Committee on Development and Cooperation was given a watching brief and instructed in particular to monitor and assess all measures taken or announced by the Commission;

- the earthquake in central Chile: expressing its sympathy with the Chilean people, the House requested the Council and the Commission to place one million ECU from the Fund for disaster areas at the disposal of the Chilean Church and other humanitarian organizations;

- the accounts of the Community in respect of the financial year 1982: Parliament decided to take note of the accounts for the 1982 Community budget so as to be

¹ OJ C 117, 30.4.1984; Bull. EC 3-1984, point 2.1.90.

² OJ L 91, 9. 4. 1983; Bull. EC 3-1983, point 2.1.85.

³ OJ C 12, 14. 1. 1985; Bull. EC 12-1984, point 2.1.124.

⁴ Bull. EC 9-1984, point 2.1.111.

able to continue its work on the accounts for subsequent years;

- the second opinion (compulsory expenditure) and the third and fourth decisions (non-compulsory expenditure) authorizing additional provisional twelfths for the financial year 1985; concerned to ensure that the institutions functioned normally from the administrative point of view and that the Commission honoured its commitments, Parliament authorized additional provisional twelfths.

Council

2.4.12. The Council held seven meetings in March. 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 6 — Council meetings in March 1985

Number, place and date of meeting	Subject	President	Commission	Main items of business
990th Brussels 7 and 8 and 20 and 21 March	Environ- ment	Mr Biondi	Lord Cockfield Mr Narjes Mr Clinton Davis	Air pollution by gases from engines of motor vehicles ¹ Lead content of petrol ¹ Containers of liquids for human consumption ¹ Titanium dioxide ¹ Impact studies ¹ Second PCB/PCT Directive ¹ Limit values and quality objectives for discharges of certain dangerous substances ¹ Convention for the Protection of the Ozone Layer ¹
991st Brussels 11 March	Economic and financial affairs	Mr Gorla	Mr Christopher- sen Lord Cockfield Mr De Clercq Mr Pfeiffer	Financing of agricultural structures policy ² First-quarter examination of Community economic situation ³ Annual report by Court of Auditors for 1983 ⁴ 20th VAT Directive Export credits Collective investment undertakings for transferable securities ⁵
992nd Brussels 11 to 13 March	Agriculture	Mr Pandolfi	Mr Andriessen	Structures policy ² Agricultural proce review Regional measure to help Sicilian wine industry EEC-Spain negotiations

Number, place and date of meeting	Subject	President	Commission	Main items of business
993rd Brussels 15 March	Energy	Mr Altissimo	Mr Mosar	Oil refining ⁶ Demonstration projects (energy) Support for technological development in oil and gas Energy pricing Rational use of energy in building sector ⁶ Use of substitute fuel components in petrol Solid fuels
994th Brussels 17 to 21 and 28 to 30 March	Foreign affairs	Mr Andreotti	Mr Delors Mr Andriessen Mr Christopher- sen Mr Narjes Mr Natali Mr Cheysson Mr De Clercq	Enlargement negotiations ⁷ Integrated Mediterranean programmes ⁸ Own resources ⁷ Mediterranean policy of enlarged Community ⁸ Preparation for OECD ministerial meeting—exchange of views concerning new GATT trade round ⁹
995th Brussels 25 to 27 March	Agriculture	Mr Pandolfi	Mr Andriessen	Conciliation meeting with Parliament on adjustment of common organization of wine market ² Agricultural price review (1985/86) Wine ² Starch and sugar/isoglucose Imitation products in milk sector
996th Brussels 26 and 27 March	Industry	Mr Altissimo	Mr Narjes Mr De Clercq Mr Sutherland	Restructuring and amendment of aids code ¹⁰ Council statement on relations with USA (steel) ⁹ Compensation for rapid implementation of restructuring measures—Article 14B of Decision 234/84/ECSC ¹¹ Increase in minimum prices ¹¹ Scrap market situation ¹¹ Advanced manufacturing equipment Integrated circuits

1 Environment and consumers.

2 Agriculture.

3 Economic and monetary policy.

4 Financing Community activities.

5 Financial institutions and taxation.

6 Energy.

7 Points 1.1.2 *et seq.* and 1.1.5 *et seq.*

8 Relations with other countries and regions.

9 Relations with industrialized countries.

10 Competition.

11 Internal market and industrial affairs.

Commission

2.4.13. The Commission welcomed the highly satisfactory results achieved by the Council in March, leading to renewed confidence in the Community (political agreement on the accession of Spain and Portugal, agreement by the European Council on the integrated Mediterranean programmes, and the adoption of a common position on new own resources and funding for the 1985 budget) and paving the way for the settlement of a number of sensitive issues under discussion for several months, including the new Regulation on agricultural structures, the timetable for the introduction of 'clean cars', changes to the aids code for steels, and the new round of GATT multilateral negotiations.

Activities

2.4.14. On 12 March Mr Delors presented Parliament with the Commission programme for 1985;¹ this was endorsed by the House (→ points 1.3.1 to 1.3.3).

In response to requests made in Dublin in December 1984, the Commission sent three memoranda to the European Council on the problems of economic growth and employment (→ point 3.4.2), the development of high technology and the competitiveness of

Community industry (→ point 3.4.3) and Community environment policy (→ point 3.4.4).

Decisions, communications and proposals

2.4.15. The Commission sent the Council a communication on maritime transport,² containing a number of proposals for regulations and a proposal for a directive.

It also transmitted a communication on advanced manufacturing equipment in the Community, containing a general statement on the industry and a detailed analysis of the current situation and future prospects.³

Lastly, the Commission presented the Council with a proposal for the first stage of a Community programme for research and development in advanced communications technology (RACE).

¹ Supplement 4/85 — Bull. EC.

² Supplement 5/85 — Bull. EC; Bull. EC 4-1985 (in preparation).

³ Supplement 6/85 — Bull. EC; Bull. EC 4-1985 (in preparation).

Court of Justice¹

2.4.16. New cases

Case	Subject	Basis
ECSC -Steel 76/85 — Cockerill-Sambre SA v Commission ¹	Annulment of the Commission's individual decision of 20 February 1985 notifying the applicant of the production quotas granted for the first quarter of 1985	Article 33 ECSC

¹ For more detailed information, see the material published by the Court of Justice in the *Official Journal* and the *European Court Reports*, and the publications of its Information Office (e.g. the annual synopsis of the work of the Court or the information quarterly).

Case	Subject	Basis
Free movement of goods		
29/85 — Procureur de la République v J. Maurice	Is a national law imposing minimum prices for the sale of motor fuel contrary to Article 30 of the EEC Treaty?	Article 177 EEC
50/85 — B. Schloh v Auto Contrôle SPRL	Do a first technical inspection in a Member State of a new car manufactured in and imported from another Member State and a second technical inspection where the car is an 'estate car' constitute measures having an effect equivalent to quantitative restrictions on imports? Does the charging of a certain sum for such inspections constitute a charge having an effect equivalent to customs duties?	Article 177 EEC
54/85 — Ministère public v X. Mirepoix	Does a national law prohibiting the sale of fruit and vegetables treated before or after harvesting and having the effect of banning imports of such products from another Member State in which such treatment is authorized constitute a measure having an effect equivalent to a quantitative restriction on imports?	Article 177 EEC
Customs union		
34/85 — Control Data GmbH v Commission	Annulment of 'scientific apparatus' Decision No 306/84 of 15 November 1984 finding that the apparatus described as 'Control Data Computer System, model Cyber 205' may not be imported free of import duties	Article 173 EEC
38/85 — KG in Fa Bienengraeber & Co v HZA Hamburg-Jonas	Interpretation of the term 'representations of human beings' within the meaning of Note 3 to Chapter 97 of the CCT, and of subheading 97.02 A with reference to the classification of figures displaying both human and animal features	Article 177 EEC
57/85 — Senelco GmbH v Oberfinanzdirektion München	Interpretation of Notes 2 and 5 to Section XVI and of heading No 85.17 of the CCT with reference to the tariff classification of plastic protective labels for the electronic protection of articles against shoplifting	Article 177 EEC
58/85 — Ethicon GmbH v HZA Itzehoe	Applicability of Regulations (EEC) Nos 1162/79 and 1481/80 to yarn intended for the manufacture of ligatures for surgical sutures consisting as to 90% of polyglycolic acid and with an additional quantity of lactid (lactic acid) as to 10%, which has no effect on the properties and intended use of such products. If the Regulations are not applicable, is the temporary suspension of duties on yarn wholly of polyglycolic acid invalid and, if so, what are the effects of such invalidity?	Article 177 EEC

Case	Subject	Basis
Taxation		
39/85 — Mrs Bergères-Becque v Head of the Inter-regional Customs Service	Interpretation of Article 95 of the EEC Treaty on the question whether the importation from another Member State of a used article received free of charge is subject to the levying of VAT. If so, what is the taxable amount, how must the residual part of the VAT paid in the Member State of exportation be calculated, and where must it be credited?	Article 177 EEC
Competition		
55/85 — Ideal-Standard GmbH v Commission ²	Annulment of Decision 85/45/EEC (relating to a proceeding under Article 85 of the EEC Treaty) establishing that Ideal-Standard's distribution contract constitutes an infringement of Article 85(1) of the EEC Treaty	Article 173 EEC
State aids		
63/85 — Wirtschaftsvereinigung Eisen- und Stahlindustrie v Commission ²	Proceedings for failure to act on the grounds that the Commission failed to respond to the applicant's letter requesting it to take a decision, pursuant to Article 88 of the ECSC Treaty, against Italy on account of the granting of aids in Italy for scrap used in electric steelworks	Article 35 ECSC
67/85 and 67/85 R — 1. Kwekerij Gebroeders, Van der Kooy BV; 2. J.W. Van Vliet v Commission	Annulment of the Decision of 13 February 1985 (concerning the preferential tariff for natural gas accorded Dutch horticulturists) finding that the financial advantage represented by the preferential tariff is inconsistent with Community law. Application to stay implementation of the Decision until the Court has ruled on the substance of the case	Article 173 EEC and Article 83 of the Rules of Procedure of the Court of Justice
68/85 and 68/85 R — Landbouwschap v Commission	Annulment of the Decision of 13 February 1985 (concerning the preferential tariff for natural gas accorded Dutch horticulturists) finding that the financial advantage represented by the preferential tariff is inconsistent with Community law. Application to stay implementation of the Decision until the Court has ruled on the substance of the case	Article 73 EEC and Article 83 of the Rules of Procedure of the Court of Justice
70/85 and 70/85 R — Kingdom of the Netherlands v Commission	Annulment of the Decision of 13 February 1985 (concerning the preferential tariff for natural gas accorded Dutch horticulturists) finding that the financial represented by the preferential tariff is inconsistent with Community law. Application to stay implementation of the Decision until the Court has ruled on the substance of the case	Article 73 EEC and Article 83 of the Rules of Procedure of the Court of Justice

Case	Subject	Basis
<p>Social security</p> <p>60/85 — M.E.S. van Vermoolen, née Luijten, v Raad van Arbeid</p>	<p>Interpretation of Article 13(2) of Regulation (EEC) No 1408/71 with reference to the exclusive application to a self-employed worker of the law of the Member State in which he pursues a self-employed activity, to the exclusion of the law of the Member State in which he resides</p>	<p>Article 177 EEC</p>
<p>Social policy</p> <p>24/85 — J.M.A. Spijkers v 1. Gebroeders Benedik Abattoir CV; 2. A. Benedik en Zonen BV</p>	<p>Does the sale of buildings together with stock where the vendor's activities have ceased and where there is no transfer of a circle of customers constitute a 'transfer of an undertaking' within the meaning of Article 1(1) of Directive 77/187/EEC?</p>	<p>Article 177 EEC</p>
<p>Free movement of persons</p> <p>297/84 — 1. H. Sahinler; 2. F. Sahinler v Commission</p>	<p>Annulment of the Commission's decision (letter) of 4 October 1984 in reply to a complaint concerning the refusal of the German authorities to allow the wife of a Turkish national to join her husband in Germany</p>	<p>Article 173 EEC</p>
<p>36/85 — F. Bonincontro v Landeshauptstadt Stuttgart</p>	<p>Interpretation of the concept of 'public policy' in view of the refusal of the authorities of a Member State to extend the residence permit of an EEC national on the ground that, through no fault of his own, he is receiving supplementary benefit. Does such a refusal constitute an infringement of Article 7(2) of Regulation (EEC) No 1612/68?</p>	<p>Article 177 EEC</p>
<p>59/85 — State of the Netherlands (Ministry of Justice) v A.F. Reed</p>	<p>Is the refusal of a Member State to grant a residence permit to a national of another Member State having a stable relationship with a worker of that same Member State who is employed and resides in the first-named Member State inconsistent with Articles 7 and 48 of the EEC Treaty? Interpretation of Article 10 of Regulation (EEC) No 1612/68 with reference to the treatment of such a person as a 'spouse'</p>	<p>Article 177 EEC</p>
<p>Infringements</p>	<p>62/85 — Commission v Italy²</p> <p>Adoption of a national legislative provision impeding the importation of foodstuffs</p>	<p>Article 169 EEC</p>
<p>72/85 — Commission v Netherlands</p>	<p>Refusal to comply with the provisions of the Staff Regulations governing the transfer of pension rights</p>	<p>Article 169 EEC</p>

Disputes between the Community and its staff

v Commission

7.3.1985 — 61/85 — Tamara Urhausen (née von Neuhoff von der Ley) v Commission²21.3.1985 — 74/85 and 74/85 R — Jacqueline Remy v Commission³21.3.1985 — 75/85 — Valerie Raganelli v Commission⁴¹ OJ C 99, 19.4.1985.² OJ C 95, 16.4.1985.³ OJ C 107, 30.4.1985.⁴ OJ C 103, 25.4.1985.

2.4.17. Judgments

Date and case	Held
ECSC—Steel	
6. 3. 1985, 25/85 R — Nuovo Campsider v Commission	Application for the adoption of interim measures dismissed
21.3.1985, 66/84 — Ferriere di Borgaro v Commission ¹	1. The amount of the fine imposed on the applicant is reduced 2. For the rest, the application is dismissed
Free movement of goods	
27.3.1985, 73/84 — Denkavit v Land Nordrhein-Westfalen ²	The combined provisions of Council Directive 79/373/EEC on compound feedingstuffs for animals do not prohibit Member States from maintaining veterinary controls on the presence of pathogenic agents
Customs union	
7.3.1985, 6/84 and 30/84 — Nicolet Instrument GmbH v HZA Frankfurt am Main Airport ³	6/84: Commission Decision 82/549/EEC is invalid 30/84: Commission Decision 80/716/EEC is invalid
7.3.1985, 32/84 — Van Gend & Loos NV v Inspecteur der Invoerrechten en Accijnzen ³	The word 'sails' in CCT heading No 62.04 must be interpreted as including sails made of synthetic textile fibres and specifically intended for sailboards when they are imported separately from their supporting structure
21.3.1985, 54/84 — Michael Paul v HZA Emmerich ⁴	The expression 'frontier zone', defined in the first indent of Article 5(5) of Directive 69/169/EEC, as amended by Directive 72/230/EEC, must be interpreted as meaning a circular zone having a radius of 15 km and its centre at the customs crossing
27.3.1985, 4/84 — Johann Wolfgang Goethe Universität v HZA Frankfurt am Main Airport ⁵	Commission Decision 82/83/EEC finding that the apparatus described as 'Quanta Ray Nd:YAG Laboratory Laser system, model DCR — 1 A' may not be imported free of CCT duties is invalid

Date and case	Held
<p>Approximation of laws</p> <p>28.3.1985, 96/84 — Vereniging Slachtpluimvee-Export eV v Rewe-Zentral-Aktiengesellschaft⁵</p>	<p>1. A packer who wishes to affix the Community 'e' sign within the meaning of Council Directive 76/211/EEC and who merely checks the quantity of the product contained in each prepackage must, in order to be able to use the sign, apply the inspection procedures recognized by the national authority responsible for weights and measures either on the basis of general provisions or on the basis of individual decisions</p> <p>2. A packer who demonstrates that he is applying inspection procedures which effectively guarantee the value of the contents of his prepackages may rely on the provisions of Council Directive 76/211/EEC as against a national authority which refuses to recognize those procedures.</p>
<p>Competition</p> <p>13.3.1985, 296 and 318/82 — Kingdom of the Netherlands and Leeuwarder Papierwarenfabriek v Commission⁶</p> <p>20.3.1985, 41/83 — Italy v Commission⁴</p>	<p>Commission Decision 82/653/EEC of 22 July 1982 on aid granted by the Netherlands Government to a paperboard-processing firm is declared void</p> <p>The application is dismissed (annulment of Decision 82/861/EEC concerning proceedings for the implementation of Article 86 of the EEC Treaty)</p>
<p>28.3.1985, 298/83 — Comité des industries cinématographiques des Communautés Européennes (CICCE) v Commission⁵</p>	<p>The application is dismissed (annulment of the decision to take no further action on a complaint)</p>
<p>Social security</p> <p>7.3.1985, 145/84 — H.J.E. Cochet v Bestuur van de Bedrijfsvereniging voor de Gezondheid, Geestelijke en Maatschapelijke Belangen³</p>	<p>Section 2 of Chapter 6 of Title III of Council Regulation (EEC) No 1408/71, and in particular Article 69 thereof, is not applicable to a wholly unemployed frontier worker who, on the termination of his last employment, settles in the territory of the competent Member State, that is to say the State in which he was last employed</p>
<p>27.3.1985, 249/83 — Hoeckx v Social Welfare Centre, Kalmthout⁵</p>	<p>1. A social security benefit which offers a general guarantee of a minimum means of subsistence, such as that provided for by the Belgian Act of 7 August 1974, is not one of the matters covered by Council Regulation (EEC) No 1408/71, as defined in Article 4(1) and (2)</p> <p>2. A social security benefit which offers a general guarantee of a minimum means of subsistence, such as that provided for by the Belgian Act of 7 August 1974, constitutes a social advantage within the meaning of Council Regulation (EEC) No 1612/68</p>

Date and case	Held
<p>27.3.1985, 122/84 — <i>Scrivener v Centre Public d'Aide Sociale de Chastre</i>⁵</p>	<p>Article 7(2) of the Regulation must be interpreted as meaning that the grant of such a social advantage may not be made conditional on the claimant's having resided within the territory of a Member State for a specific period if no such condition is imposed on the Member State's own nationals</p> <p>A social security benefit which offers a general guarantee of a minimum means of subsistence constitutes a social advantage within the meaning of Council Regulation (EEC) No 1612/68</p>
<p>Fisheries</p> <p>21.3.1985, 86 and 87/84 — Criminal proceedings against <i>I. Bout en Zonen</i>⁴</p>	<p>In the present state of Community law, the determination of the method of calculation of the 70 gross register tonnes adopted as a maximum tonnage in Article 14(3) of Council Regulation (EEC) No 171/83, laying down certain technical measures for the conservation of fishery resources, is a matter for the Member States</p>
<p>Transport</p> <p>28.3.1985, 91/84 — <i>Director of Public Prosecutions v S. Hackett Ltd and R.T. Weston</i>⁵ 92/84 — <i>R.C. Tetlow v P.G. Dovey</i>⁵</p>	<p>Article 14a(2) (c) of Council Regulation (EEC) No 543/69, as amended by Council Regulation (EEC) No 515/72 and by Council Regulation (EEC) No 2827/77, must be interpreted to the effect that 'local market' must be understood as meaning the market which, having regard to geographical circumstances, is the nearest to a particular farm and at which it is possible to buy or sell, as the case may be, according to the needs of normal, average-sized farms which may be considered typical of the area in question</p>
<p>Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters</p> <p>7.3.1985, 48/84 — <i>H. Spitzley v Sommer Exploitation SA</i></p>	<p>The court of a Contracting State before which the applicant, without raising any objection, enters an appearance in proceedings relating to a claim for a set-off which is based on a contract or on facts other than that or those on which the claims in his application are founded and in respect of which there is a validly concluded agreement conferring exclusive jurisdiction on the courts of another Contracting State for the purposes of Article 17 of the Convention has jurisdiction by virtue of Article 18 of the Convention</p>

Date and case	Held
<p>Commercial policy</p>	
<p>20.3.1985, 264/82 — Timex Corporation v Council and Commission⁴</p>	<p>1. Article 1 of Council Regulation (EEC) No 1882/82 is declared void 2. The anti-dumping duty imposed by that provision is to be maintained until the competent institutions adopt the measures needed to comply with the judgment</p>
<p>21.3.1985, 172/84 — Celestri & Co. SpA v Ministry of Finance¹</p>	<p>It is unnecessary for the Court to give a ruling on the validity of the communication from the Commission of 29 December 1981 amending the basic prices for certain iron and steel products since that communication was not applicable to products imported in January 1982. According to Article 1(2) of Commission Recommendation 3140/87/ECSC of 20 December 1978, the applicable communication from the Commission was that of 30 December 1978</p>
<p>Infringements</p>	
<p>13.3.1985, 93/84 — Commission v France⁷</p>	<p>By failing to comply within the prescribed period with Commission Decision 83/313/EEC concerning aid to maintain maritime employment granted to fishing undertakings by the French Government, France has failed to fulfil an obligation under the Treaty</p>
<p>14.3.1985, 269/83 — Commission v France⁷</p>	<p>By reserving, pursuant to Article D 21 of the Code des Postes et Télécommunications, the preferential postal tariff to newspapers and periodicals that are either French or printed in France, to the exclusion of newspapers and periodicals of other Member States posted and distributed in France, France has failed to fulfil its obligations under Article 30 of the EEC Treaty</p>
<p>28.3.1985, 215/83 — Commission v Belgium⁵</p>	<p>By failing to adopt within the prescribed period all the measures needed to comply fully with Directive 75/129/EEC on the approximation of the laws of the Member States relating to collective redundancies, Belgium has failed to fulfil its obligations under the EEC Treaty</p>
<p>28.3.1985, 272/83 — Commission v Italy⁵</p>	<p>1. By including among the conditions for the recognition of producer groups, under Council Regulation (EEC) No 1360/78 on producer groups and associations thereof, the obligation for such groups to carry on business as representatives of their members, and by failing, with regard to part of its territory, to adopt the measures necessary for the full implementation of the Regulation, Italy has failed to fulfil its obligations under the EEC Treaty 2. The remainder of the application is dismissed</p>

Date and case	Held
28.3.1985, 274/83 — Commission v Italy ⁵	<p>1. By enacting Section 10(1), (3) and (5) and Section 13 of Act No 741, Italy has failed to fulfil its obligations under Directive 71/305/EEC</p> <p>2. In addition, by failing to notify the Commission officially of the text of Act No 741, Italy has failed to fulfil its obligations under Article 33 of Directive 71/305/EEC</p>
28.3.1985, 275/83 — Commission v Belgium ⁵	By deducting contributions from statutory pensions for old age, retirement and survivorship payable to Community nationals who reside in another Member State, Belgium has failed to fulfil its obligations under the EEC Treaty
28.3.1985, 2/84 — Commission v Italy ⁵	Italy has failed to fulfil its obligations under Council Directive 75/130/EEC, in particular Article 2 thereof, inasmuch as it requires a transport authorization for road vehicles registered in the Federal Republic of Germany whose destination is Italy and which are transported by rail to Lugano, when that is the nearest suitable rail unloading station to the point of unloading of the goods and the transporter is able to provide evidence of the distance covered by rail in accordance with Article 3 of the Directive
28.3.1985, 100/84 — Commission v United Kingdom ⁵	By not levying customs duties on the importation into its territory of fish caught during joint fishing operations in which vessels flying the British flag took part together with vessels flying the flag of a non-member country, the latter having performed the essential part of the operation of catching the fish and the former having merely raised the nets out of the water, the United Kingdom has failed to fulfil its obligations under Article 4(2)(f) of Council Regulation (EEC) No 802/68 and under Council Regulation (EEC) No 950/68, as amended by Regulation (EEC) No 3000/79

Disputes between the Community and its staff

v Commission

21.3.1985, 263/83¹ — Judgment for the applicant

27.3.1985, 12/84⁵ — Application dismissed

29.3.1985, 74/85 R⁸ — Application dismissed

v Court of Auditors

21.3.1985, 108/84⁵ — Judgment for the applicant

Orders for removal from the Court register

6.3.1985, 340/82⁷ — Commission v France

6.3.1985, 23/85⁷ — Ministère public v Pierre Quintin de Kercadio

20.3.1985, 184 and 185/84⁵ — Commission v France

20.3.1985, 198/84⁵ — Commission v Luxembourg

21.3.1985, 67/80⁵ — FGTB de Bruxelles-Hal-Vilvoorde Asbl v Agence Européenne pour la Coopération (AEC)

¹ OJ C 99, 19.4.1985.

² OJ C 106, 27.4.1985.

³ OJ C 80, 28.3.1985.

⁴ OJ C 96, 17.4.1985.

⁵ OJ C 103, 25.4.1985.

⁶ OJ C 95, 16.4.1985.

⁷ OJ C 86, 4.4.1985.

⁸ OJ C 107, 30.4.1985.

Economic and Social Committee

225th plenary session

2.4.18. The Economic and Social Committee held its 225th plenary session on 27 and 28 March with Mr Gerd Muhr in the chair. The Committee failed to adopt an opinion on the Commission's farm price proposals.¹ The opinion of the Section for Agriculture, as amended at the plenary session, was rejected (42 votes for, 54 against, 9 abstentions), and the Chairman concluded: 'This year, the Committee has been unable to take up a position on farm prices'.

However, the Committee did adopt an own-initiative opinion on priorities in the field of research and a number of opinions—nearly all unanimously—on Commission proposals or communications.

Own-initiative opinions

Scientific and technological activities

2.4.19. In an own-initiative opinion, the Committee assessed the priorities to be set for Community research initiatives in the context of the next revision, for 1985, of the framework programme for Community scientific and technological activities for the period 1984-87.²

The Committee considered that the proposals presented in the framework programme provide a foundation on which

to base a European research, development and demonstration strategy. While it had to be acknowledged that progress had been made towards the programme's goals, it was nevertheless essential for the Council to approve financial indications for the programme without delay.

Opinions on Commission proposals and communications

Taxation

2.4.20. In an opinion adopted by a large majority, the Committee endorsed the proposal for a Council Directive on the harmonization of the laws of the Member States relating to tax arrangements for the carryover of losses of undertakings.³ It welcomed the fact that the Commission was proposing further harmonization of national taxation systems. This would help to strengthen the international competitiveness of the Community economy by improving the tax environment in which companies operate.

Medicinal products

2.4.21. While suggesting several amendments, the Committee adopted (by 73 to 38,

¹ OJ C 67, 14.3.1985; Bull. EC 1-1985, points 1.2.1 to 1.2.7 and 2.1.36.

² OJ C 208, 4.8.1983; Supplement 5/83 — Bull. EC; Bull. EC 6-1983, point 2.1.248.

³ OJ C 253, 20.9.1984; Bull. EC 9-1984, point 2.1.41.

with 9 abstentions) a favourable opinion on the Commission's October 1984 proposals¹ for:

(i) a Council Directive on the approximation of national measures relating to the marketing of high-technology medicinal products, particularly those derived from biotechnology;

(ii) a Council Directive amending the Directive of 20 May 1975 on the approximation of the laws of Member States relating to analytical, pharmaco-toxicological and clinical standards and protocols in respect of the testing of proprietary medicinal products;²

(iii) a Council Directive amending the Directive of 28 September 1981 on the approximation of the laws of the Member States relating to analytical, pharmaco-toxicological and clinical standards and protocols in respect of the testing of veterinary medicinal products;³

(iv) a Council Recommendation on tests for the marketing of proprietary medicinal products;

(v) a Council Directive amending the Directive of 26 January 1965 on the approximation of provisions laid down by law, regulation or administrative action relating to proprietary medicinal products.⁴

Environmental protection

2.4.22. In its opinion on a Commission communication to the Council on environmental protection in the Mediterranean,⁵ the Committee acknowledged the validity of the Community initiative but urged that the measures recommended by the Commission take greater account of the real environmental needs in the Mediterranean and of other aspects, including the rehabilitation of the marine environment, the protection of biotopes and plant species, and the problem of pleasure craft.

Social protection

2.4.23. The Committee endorsed the Commission's proposal⁶ on the application

of social-security schemes to employed persons, to self-employed persons and to members of their families moving within the Community and the procedures for implementing the basic Regulation.⁷

2.4.24. The Committee was in broad agreement, though it did make a certain number of comments, with the draft Council recommendation on social security for volunteer development workers.⁸

Measures for Greece

2.4.25. The Committee adopted an opinion on the proposed Council Regulation introducing specific measures for Greek agriculture and fisheries.⁹ The Committee approved the proposed Regulation, which takes the same line as the recommendations in the various ESC opinions on integrated Mediterranean programmes and the proposed Council Regulations for the wine sector. However, the Committee felt that certain vineyard restructuring schemes should also take into account the possibilities of grafting the recommended vine varieties.

2.4.26. The Committee also approved a proposal on the restructuring of the agricultural surveys system in Greece.¹⁰

Social and economic development of the regions

2.4.27. The Committee expressed its satisfaction with the quality of the second periodic report on the social and economic situation and development of the regions of the Community.¹¹ However, it called on the Member States to cooperate in refining and further harmonizing the data used to calcu-

¹ OJ C 293, 5.11.1984; Bull. EC 10-1984, point 2.1.16.

² OJ L 147, 9.6.1975.

³ OJ L 317, 6.11.1981.

⁴ OJ L 22, 9.2.1965.

⁵ OJ C 133, 21.5.1984; Bull. EC 4-1984, point 2.1.79.

⁶ Bull. EC 1-1985, point 2.1.24.

⁷ OJ L 149, 5.7.1971.

⁸ OJ C 16, 17.1.1985; Bull. EC 12-1984, point 2.1.100.

⁹ OJ C 76, 22.3.1985; Bull. EC 2-1985, point 1.1.2.

¹⁰ OJ C 22, 14.1.1985.

¹¹ Bull. EC 3-1984, point 2.1.89.

late GDP and asked the Commission to investigate whether the unemployment indicator might not be replaced by an employment indicator to reduce the risk of error currently arising from part-time employment and moonlighting. The Committee stressed the point that a number of different indicators introducing qualitative aspects could be used.

Support for technological development

2.4.28. In its opinion on a proposal for a support programme for technological development in the hydrocarbons sector, the Committee agreed that the Community should continue with its programme in this industry. While approving the fact that the proposal covers a five-year period and provides for indicative expenditure of 200 million ECU and a review after four years, the Committee suggested it would be better to have a rolling programme subject to a review every two years.

ECSC Consultative Committee

249th meeting

2.4.29. The ECSC Consultative Committee held its 249th meeting in Luxembourg on 29 March. It examined financial aid by the Commission under Article 55 of the ECSC Treaty for two research programmes, one on coal and the other on iron and steel (→ points 2.1.146 and 2.1.149), the forward programme for steel for the second quarter of 1985 and the report on the market for solid fuels in the Community in 1984 and the outlook for 1985.

Forward programme for steel

2.4.30. Mr Soule, Chairman and rapporteur of the Subcommittee for Markets and Prices, presented the forward programme for steel for the second quarter of 1985 (→ point 2.1.17) and replied to comments by Mr Kutscher, representing the Commission. During the discussion the figure

for Community imports was criticized as being too high and it was suggested that producers in non-member countries might see this as an invitation to export more to the Community. Mr Kutscher pointed out that the steel import restrictions imposed by the United States would lead the exporting countries affected to seek new outlets for their products. For that reason, the figure for Community steel imports from non-member countries could not be considered too high.

It was stressed that unanimity among the Ten would be a key factor in successfully resolving the problems with the United States.

Mr Kutscher reported on the outcome of the Council meeting of Industry Ministers held on 26 and 27 March (→ point 2.1.16). It was stressed that Article 2 of the aids code must be observed at all costs.

The scrap problem was discussed again (→ point 2.1.21), and the Commission was asked to take specific action to counteract the risks facing small businesses.

Solid fuels market

2.4.31. Mr Urbain, rapporteur for the Subcommittee for Markets and Prices, presented the Commission's report on the market for solid fuels in 1984 and the outlook for 1985. It was felt that the report should contain a more long-term assessment, and regret was expressed at the drop in consumption of solid fuels in the Community. A number of ways of improving the report were put forward, in particular a proposal that, in future, a comparison with oil and natural gas should be included.

Certain basic issues were raised several times in the course of the discussion. One speaker referred to the excessive and increasing dependence on energy imports from sometimes unstable regions. The effects on employment in the coal industry were also pointed out. Another speaker stated that considerations of profitability should be only one element in the broader context of an overall Community energy

policy in which coal must play an important part. These anxieties were reflected in a draft Committee resolution on the role of coal in a Community long-term energy policy which was adopted unanimously.

Mr Reichert, replying for the Commission, pointed out that in addition to these short-term forecasts the Commission also published material covering longer periods, such as the study of energy prospects to the year 2000.¹ He also stated that the Commission did not intend to limit mining of Community coal; it was concerned more with preparing scenarios, hypotheses and computerized models to give the Council the necessary basis for discussion. The Commission in fact took the view that new objectives had to be set for energy policy to 1995 of 2000 and would consult the Committee on this.

Lastly, he said that since the current scheme for aids to coalmining would expire at the end of the year, the Commission had to prepare for the future: both the Committee and the Council would be called upon to act under Article 95 in due course.

European Investment Bank

Operations in March

2.4.32. Loans announced by the European Investment Bank in March for investment within the Community totalled 284.1 millions ECU² — 162 million in Italy, 97.6 million in the United Kingdom, 20.5 million in France and 4 million in the Netherlands. Outside the Community the Bank lent 31.4 million ECU for investments in Cyprus and 4.9 million ECU to overseas countries and territories.

Community

Italy

2.4.33. Loans of LIT 222 000 million were granted, including LIT 192 000 million to promote the use of natural gas and

energy-saving schemes: LIT 40 000 million towards the completion of the Italian-Algerian pipeline for the construction of gaslines between Arezzo (Tuscany) and Minerbio (Emilia-Romagna); LIT 23 000 million towards expanding the gas transmission grid in the centre and north of the country; LIT 40 000 million towards equipping the three natural gas storage reservoirs in central and northern Italy (Ripalto and Tresigallo) and the Mezzogiorno (Nuova Cupello); LIT 35 000 million towards the conversion of two exhausted gas fields into storage reservoirs in the Centre-north (Sabioncello) and the Mezzogiorno (San Salvo); and LIT 9 000 million towards the development of two natural gas fields in the Mezzogiorno.

To help rationalize energy consumption, two global loans totalling LIT 45 000 million were granted to Istituto Bancario San Paolo di Torino to be lent for small and medium-scale industrial, agricultural and infrastructure schemes throughout the country.

In the telecommunications sector, LIT 15 000 million was lent to extend the facilities at a satellite earth station in Abruzzi. The investment will not only help to improve international and national telecommunications but also to consolidate a high-technology enterprise in an assisted area.

Finally, an environmental scheme: LIT 15 000 million was lent to Piedmont for wastewater works in the River Po basin.

United Kingdom

2.4.34. UKL 59.5 million was lent in the United Kingdom, including 30 million for the development of three gas fields in the UK sector of the North Sea. The fields are known as the Esmond complex and are due on stream in the summer, producing 6

¹ Bull. EC 12-1984, point 2.1.211.

² The conversion rates at 31 December 1984 used by the EIB in statistics for the first quarter were 1 ECU = BFR 44.72, DKR 7.99, DM 2.23, DR 91.04, FF 6.83, HFL 2.52, IRL 0.72, LIT 1 371, LFR 44.72, UKL 0.61, USD 0.71.

million cubic metres of gas daily for at least 10 years.

UKL 17 million went towards the construction of a newsprint factory near Wrexham in North Wales. The factory will produce about 180 000 tonnes a year of high-quality newsprint from UK-grown timber and will create 275 jobs in an area of high unemployment.

UKL 10 million went to the South-West Water Authority for sewerage and sewage treatment works in rivers and lakes in the Exeter, Crediton, Tiverton and Seaton areas of south-east Devon. A further UK 2.5 million went towards improving access to Felixstowe, the country's main container port, and Harwich.

France

2.4.35. As part of the effort to improve Member States' energy supplies, a loan of FF 140 million was granted for a new link between the French and Italian high-voltage electricity grids in the form of a 2 000 MW overhead transmission line which will be connected up to the Albertville (Savoy) and Rondissone (Val d'Aosta) transformer stations. The link is costed at some FF 285 million and will make it possible to substitute electricity generated by nuclear or coal-fired power stations for power produced using oil or natural gas. The savings in fuel are estimated at 250 000 tonnes of oil equivalent per annum.

Netherlands

2.4.36. A loan of HFL 10 million was granted to the airline 'Netherlines' for the purchase of four 18-seater aircraft which will be used on interregional routes and

routes uneconomic for larger aircraft and, at a later stage, for services to Denmark, Italy, Germany, France and the United Kingdom.

Outside the Community

Cyprus

2.4.37. Under the second Financial Protocol, the Bank lent 26.5 million ECU for the development of water resources. The loan went towards construction of the Kouris water storage dam designed as part of a scheme to collect water from the southern Troodos mountains and pipe it to the Nicosia, Famagusta, Limasol and Larnaca areas in the south-east. Both communities on the island will benefit from the scheme.

Overseas countries and territories

2.3.38. Under the Council Decision of 16 December 1980¹ which provides for specific assistance for overseas countries and territories having special links with certain Member States, the Bank lent 4 million ECU for the construction of an electricity transmission system to harness the hydroelectric resources of Tahiti, the main island in French Polynesia.

The Bank also lent 0.9 million ECU to improve the reliability of electricity supplies on the Eastern Caribbean island of Montserrat. The project centres on installation of a 1.5 MW medium-speed diesel generating unit, together with associated works and improvement of the transmission network.

¹ OJ L 361, 31.12.1980.



PART THREE
DOCUMENTATION

1. ECU

Values in national currencies of one ECU

29 March ¹	
Belgian franc and Luxembourg franc (convertible)	45.0079
Belgian franc and Luxembourg franc (financial)	45.2261
German mark	2.23658
Dutch guilder	2.52306
Pound sterling	0.584022
Danish krone	7.99418
French franc	6.83117
Italian lira	1 428.77
Irish pound	0.717068
Greek drachma	96.7198
United States dollar	0.727107
Swiss franc	1.89593
Spanish peseta	125.208
Swedish krona	6.48943
Norwegian krone	6.46762
Canadian dollar	0.994319
Portuguese escudo	126.153
Austrian schilling	15.7128
Finnish mark	4.66948
Japanese yen	182.213
Australian dollar	1.03724
New Zealand dollar	1.56032

¹ OJ C 82, 30.3.1985

NB. Explanatory notes on the ECU and 'green' rates can be found in Bull. EC 7/8-1982, points 3.1.1 to 3.1.3, and Bull. EC 10-1984, point 3.1.1.

Representative rates ('green' rates)

Conversion rates into national currencies for the ECU used in connection with the common agricultural policy

March	
National currency	Value in national currency of one ECU
Belgian franc and Luxembourg franc	44.9008 ¹
	46.4118 ²
Danish krone	8.23400 ¹
	8.41499 ²
German mark	2.39792 ³
	2.41047 ⁴
	2.38516 ²
Greek drachma	77.2479 ¹
	90.5281 ²
French franc	6.93793 ⁴
	6.49211 ¹
	7.10590 ⁵
	6.86866 ²
Irish pound	0.725690 ¹
	0.750110 ²
Italian lira	1 341.00 ¹
	1 432.00 ²
Dutch guilder	2.70178 ³
	2.71620 ⁴
	2.68749 ²
Pound sterling	0.618655

¹ For seeds.

² For other products.

³ For cereals and durum wheat.

⁴ For milk and milk products.

⁵ For pigmeat and wine.

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 12-1984

Point 2.1.53

Commission Decision of 19 December 1984 relating to a proceeding under Article 85 of the EEC Treaty (IV/29.725—Wood pulp)

OJ L 85, 26.3.1985

Point 2.1.54

Commission Decision of 19 December 1984 relating to a proceeding under Article 85 of the EEC Treaty (IV/26.870 — Aluminium imports from eastern Europe)

OJ L 92, 30.3.1985

Point 2.1.113

Proposal for a Council Regulation amending Regulation (EEC) No 2617/80 instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the ship-building industry

Proposal for a Council Regulation amending Regulation (EEC) No 219/84 instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the textile and clothing industry

Proposal for a Council Regulation amending Regulation (EEC) No 2619/80 instituting a specific

Community regional development measure contributing to the improvement of the economic and social situation of the border areas of Ireland and Northern Ireland

Proposal for a Council Regulation instituting a specific Community regional development measure contributing to the development of new economic activities in certain zones affected by the implementation of the Community fisheries policy
OJ C 70, 18.3.1985

Bull. EC 1-1985

Point 1.2.1 et seq.

Commission proposals on the fixing of prices for agricultural products and related measures (1985/86)

OJ C 67, 14.3.1985

Point 2.1.30

Proposal for a Council Directive on limit values and quality objectives for discharges of certain dangerous substances included in List I in the Annex to Directive 76/464/EEC

OJ C 70, 18.3.1985

Point 2.1.31

Proposal for a Council Directive amending Directive 75/439/EEC on the disposal of waste oils

OJ C 58, 6.3.1985

Bull. EC 2-1985

Point 2.1.9

Commission Directive of 18 February 1985 adapting to technical progress Council Directive 71/127/EEC on the approximation of the laws of the Member States relating to the rear-view mirrors of motor vehicles

OJ L 90, 29.3.1985

3. Infringement procedures

Initiation of proceedings for failure to implement directives

3.3.1. In March the Commission sent letters of formal notice for failure to incorporate directives into national law (the Commission not having been informed of national implementing measures) in the following five cases:

Internal market and industrial affairs

Council Directive of 22 July 1980¹ amending the Council Directive of 4 June 1973 on the approximation of the laws, regulations and administrative provisions of the Member States relating to the classification, packaging and labelling of dangerous preparations (solvents)² (Belgium, Germany, Luxembourg, Netherlands);

Commission Directive of 10 June 1982³ adapting to technical progress the Council Directive of 4 June 1973 on the approximation of the laws, regulations and administrative provisions of the Member States relating to the classification, packaging and labelling of dangerous preparations (solvents)² (Belgium, Germany, Luxembourg, Netherlands).

Environment, consumer protection and nuclear safety

Council Directive of 21 April 1983⁴ amending the Council Directive of 20 December 1979 on the limitation of noise from subsonic aircraft⁵ (Germany);

Second Commission Directive of 14 May 1982 on the approximation of the laws of the Member States relating to methods of analysis necessary for checking the composition of cosmetic products⁶ (Italy).

Taxation and financial institutions

Council Directive of 30 May 1978 on the coordination of laws, regulations and administrative provisions relating to Community co-insurance⁷ (Belgium, Italy, Netherlands).

Reasoned opinions

3.3.2. The Commission delivered reasoned opinions in the following four cases:

Internal market and industrial affairs

Council Directive of 14 December 1981⁸ supplementing the Council Directives of 16 June

1975,⁹ 27 June 1977,¹⁰ 25 July 1978¹¹ and 18 December 1978¹² concerning the mutual recognition of diplomas, certificates and other evidence of the formal qualifications of doctors, nurses responsible for general care, dental practitioners and veterinary surgeons respectively, with regard to acquired rights (Germany, Ireland, Italy);

Council Directive of 26 January 1982¹³ amending the Council Directive of 16 June 1975 concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in medicine, including measures to facilitate effective exercise of the right of establishment and freedom to provide services, and Directive 75/363/EEC concerning the coordination of provisions laid down by law, regulation or administrative action in respect of activities of doctors⁹ (France, Italy).

Transport

Council Directive of 21 December 1978 concerning minimum requirements for certain tankers entering or leaving Community ports¹⁴ (Netherlands).

Taxation and financial institutions

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 assessment¹⁵ (Italy).

¹ OJ L 229, 30.8.1980.

² OJ L 189, 11.7.1973.

³ OJ L 213, 21.7.1982.

⁴ OJ L 117, 4.5.1983.

⁵ OJ L 18, 24.1.1980.

⁶ OJ L 185, 30.6.1982.

⁷ OJ L 151, 7.6.1978.

⁸ OJ L 385, 31.12.1981.

⁹ OJ L 167, 30.6.1975.

¹⁰ OJ L 176, 15.7.1977.

¹¹ OJ L 233, 24.8.1978.

¹² OJ L 362, 23.2.1978.

¹³ OJ L 43, 15.2.1982.

¹⁴ OJ L 33, 8.2.1979.

¹⁵ OJ L 145, 13.6.1977.

4. Commission memoranda to the European Council

Brussels, 29 and 30 March 1985

3.4.1. The Commission sent three memoranda to the European Council for its meeting in Brussels on 29 and 30 March. They dealt with (i) the economic and social situation in the Community, (ii) strengthening the technological base and competitiveness of Community industry and (iii) a Europe-wide environment policy.

The economic and social situation in the Community

1. Introduction

3.4.2. At its last meeting in Dublin, the European Council underlined the priority given to the problem of unemployment. It considered that the guidelines embodied in the most recent 'Annual Economic Report' should be speedily implemented and asked the Council to take appropriate action.

The European Council asked the Council and the Commission 'to report back to its meeting in March on what measures might be appropriate for the Community or may already have been initiated to assure the objective of a progressive increase in the actual and potential growth rate for the Community to the benefit of employment'.

Such is the object of this working paper.

2. Trends and prospects

There is at present no evidence that the European or world economic recovery is faltering.

2.1. In the Community inflation rates are falling and becoming more convergent. The current balance-of-payments situation has improved. GDP is expected to grow by 2.4% in 1984 and 1985. This figure is slightly higher than that assumed in the last 'Annual Economic Report.'

There has been no radical improvement in the employment situation. While 1985 is likely to see a slight increase in employment over the Community as a whole, unemployment is still at a high level and may even be somewhat higher in 1985 (11.2%) than in 1984 (10.9%). The labour market situation therefore remains highly unsatisfactory. With a continuation of recent trends, and without further measures, it is unlikely to become any more acceptable over the next few years.

2.2 At the world level economic recovery is also continuing. The slowdown in growth in the United States is currently proceeding relatively smoothly (1984: 6.8%; forecast for 1985: 3.5%), although budget policy corrections have not yet been made and leading indicators do not provide a clear picture. From the viewpoint of the European economy, the erratic movements and upward trend of the dollar exchange rate provide cause for concern in the short term, since they could lead to an undesirable rise in European interest rates. The dangers inherent in the continuing and increasing budget and balance-of-payments deficits have in no way diminished. The higher the dollar rises and the longer the delay before deficits are cut, the greater could be the eventual adjustment problems. This provides serious cause for concern as to the growth of the world economy and international trade and as to the operation of exchange and capital markets.

3. Recent economic policy developments

Since the Community's economic strategy, as adopted by the Council of Ministers in the last 'Annual Economic Report', is essentially a medium-term strategy, it is not surprising that there have been no major changes in economic policy in recent months. Monetary policy, underpinned by the EMS exchange-rate mechanism, continues to aim for stability, although the anticipated rise in dollar interest rates has interrupted the downward trend in short-term rates in Europe. If the dollar continues to appreciate, there may be undesirable repercussions for domestic economies in the form of higher interest rates, as has already happened in the United Kingdom.

Budgetary policy remains one of consolidation, although in some countries budget deficits in 1984 turned out to be somewhat larger than hoped for.

The moderate rise in nominal and real wage costs is likely to continue in most Community countries in 1985.

4. Is there any room for an economic policy that would be more beneficial to employment?

The Commission did not propose any adjustment in the economic policy guidelines to the Council of Ministers. This does not mean that it is satisfied with the results achieved.

The task now is to implement the economic strategy rapidly, to develop it further and to emphasize certain features. Further progress must be made on the prices and balance-of-payments fronts in a number of countries. For the Community as a whole, however, employment has first priority. There is therefore a continued need to achieve higher growth than the forecast rate of just under 2.5% on a healthy and sustainable basis, and in particular to bring about more employment-intensive growth with a higher rate of job creation for each percentage point of growth.

The conditions for this have improved:

(i) the smooth functioning of the EMS exchange-rate mechanism has led to a very distinct improvement in the convergence of policies and in the results achieved, notably in terms of inflation and balances of payments;

(ii) moderate wage settlements have improved business profits and strengthened the propensity to invest in many Community countries, even though too many firms still hesitate to make use of their capacity for self-financing because of the weakness of demand;

(iii) the two sides of industry, both employers and unions, seem more open to dialogue. This is at any rate the impression the Commission has gained from the dialogue which it has sought to revive with and between them;

(iv) the awareness has grown among those responsible for economic policy that no Community country can alone solve the problems of employment and employment-intensive growth and at the same time safeguard stability. No Member State can secure a sustainable increase in growth simply by stepping up its exports to other Member States. It should be remembered that 50% of Member States' foreign trade is carried on between them. This underscores the degree of interdependence that exists but also the limits to any plan for underpinning growth in one country by boosting demand in the others. Each country must therefore focus more closely on bolstering its own domestic demand? This therefore is a Community-wide problem.

Use must be made of the economic and political room for manoeuvre created in this way.

(i) Implementation of the Community's economic strategy will be all the more effective the broader the consensus on which it is based.

Hence the importance of the industrial dialogue between the two sides of industry and of negotiations at all levels (e.g. at company level, at industry level, at national level and at Community level). The fields in which progress would seem possible include the introduction of new technologies, the functioning of labour markets as it

affects the distribution of work, and even macroeconomic matters such as reconciling moves to bring costs under control with moves to underpin demand.

(ii) There is broad agreement between Member States' governments on the need further to improve supply conditions in the economy. Since the policies followed are slow in acting, this may hamper their social acceptance. On the other hand, if economic activity were more buoyant, it would be easier to improve supply conditions. Steps should be taken to add a dynamic element to the necessary policy mix of budgetary consolidation, monetary stability and wage-cost moderation. This could be done by aiming for stronger growth in public and private investment. The countries in which the process of consolidating public budgets has already made sufficient headway should make full use of the existing and future room for budgetary manoeuvre as a means of fostering investment. This would be a contribution to economic dynamism and positive adjustment that would be not only in the interests of each individual country but also in the common interest. The Community can itself play a part in the process. For this purpose, consideration could be given to a further development of its borrowing and lending instruments, especially as part of a programme of investment in transport and telecommunications infrastructures commensurate with a large economic area in which internal frontiers have been dismantled. This would contribute to attainment of the key objective of creating a vast internal market.

5. To sum up, the Commission proposes to the European Council that:

(i) it should reaffirm the objective of an appreciable reduction in unemployment within a reasonable period, to be achieved with the help of higher and, in particular, more employment-intensive growth that does not jeopardize monetary stability;

(ii) implementation of the Community's economic policy strategy should be helped by reactivating the industrial dialogue at all levels; as part of the dialogue and, where appropriate, with the Commission's support, employers and unions should draw up, in time for the European Council meeting in December 1985, proposals on how they can contribute to attainment of the joint objectives;

(iii) the Member States and the Commission should examine how each country can ensure that control of expenditure and budget deficits is more closely reconciled with economic dynamism; expenditure that helps to underpin activity and to prepare for the future should be identified, together with the reductions in taxation that would do most to boost investment and create jobs;

(iv) the European Council should lend its support to the Commission's intention of examining the extent to which the Community could itself, through its borrowing and lending operations, assist and foster this overall strategy.

Strengthening the technological base and competitiveness of Community industry

3.4.3. The efforts made by the Member States to restore basic macroeconomic balances have helped to improve the growth rate of the Community's economy, which has also been stimulated by the vigorous recovery in the United States.

Even so, economic growth in the Community remains lower than in the United States and in Japan. One of the most striking reasons for this poor performance is the way in which Community industry as a whole has fallen behind those two countries in most high-technology industries. Although it is not fair to speak of an overall loss of competitiveness or technological gap, there are worrying trends in several branches with a high technological intensity.

In information technology, the Community's trade gap and technological dependence is steadily worsening.

In telecommunications, up to now one of the Community's strong points, there is a serious risk that the technological developments and the installation of the infrastructure needed for the high-capacity networks of the turn of the century will not be put in hand in time or in a sufficiently coordinated fashion.

In biotechnology, on which in the long run the future of our fine chemicals, agriculture and food industries will all depend, the inadequacy of the current basic research effort may well leave us very vulnerable in the future, and this will be difficult to remedy.

In new materials (resins, ceramics and special metals), the most important developments are taking place in the United States and Japan.

Our loss of ground in these advanced technologies is likely to delay their use in traditional industries, with the risk of losing markets and destroying jobs. Also, if the European economies fall back on the widespread use of imported equipment they are likely to handicap their own new-technology industries.

1. It is obvious that no Member State can face up to the challenge of the new technologies on its own: the cost of developing them is too high. What

is more, through the effect of standards, technical regulations, aid to industry and public procurement, national policies in support of technology tend to perpetuate the national character of industrial structures and the fragmentation of the common market. Within the narrow confines of national markets it is impossible for large companies to achieve economies of scale and smaller ones to specialize in specific market slots.

2. It is unwise to embark without due caution on cooperation with US or Japanese multinationals. Excessive technological dependence could leave us in a critical position should limits be placed on the transfer of technology from the USA. When such transfers are inevitable, they must allow European firms to make up lost ground.

In the Commission's view, two main approaches can be adopted to strengthen the technological base and competitiveness of Community industry:

- (i) firstly, improvement of the environment in which companies operate so as to encourage their industrial innovation capacity and commercial enterprise;
- (ii) secondly, better utilization of the Community dimension by States and above all by companies so as to enable firms to develop in a competitive, unified and open market.

On the basis of this diagnosis, the Commission proposes that the European Council select six main objectives:

1. Achieving complete unification of the internal market

The Commission has already expressed its determination to abolish internal frontiers within the Community by 1992 in the interests of the citizens and companies of Europe. This complete unification of the market will be carried out in stages, following a precise timetable. This programme calls for rapid progress—especially for the benefit of the high-technology industries—in the following areas:

- (a) European standardization with a world outlook is essential to put Europeans and their rivals in the outside world on an equal footing and to give users a sufficient degree of security to encourage them to invest in high-technology equipment and services: Community rules on industrial property must create a framework guaranteeing investment in information technology and biotechnology and preventing abuse of dominant positions.
- (b) Public contracts account for a major (and often the most innovating) proportion of demand in these sectors. It is therefore essential to open up access to them. Some types of public contracts

are particularly well suited to the formation of consortia on a European scale provided that effective competition between them is guaranteed. There must be specific procedures giving small and medium firms access to them under equivalent conditions.

(c) Services must also benefit from the unification of the common market, especially when the supply of services contributes to industrial expansion and facilitates industrial operations on a European scale.

(d) Of the proposals designed to create an infrastructure for Community-wide cooperation, the one on the European Economic Interest Grouping is ready for a rapid Council decision, while the proposal on the European company remains the central feature of the Community legal order. Tax measures along similar lines are being examined by the Council and their adoption should not be further delayed.

(e) National forms of aid to industry are a crushing burden on government finance, constrained as it is by growing budget difficulties. An eye must be kept on both the volume of and the rules for granting such aid to ensure that it serves first and foremost to strengthen European competitiveness and does not merely help to perpetuate existing national structures or to distort competition within the Community. The Community will therefore step up its surveillance of such aid.

For its part, the European Council should express its determination to start gradually cutting back State aid to industry so as to save an increasing proportion of resources for the development of technological projects which could not otherwise be carried out in the Community.

2. Adapting the Community's external commercial policy to its objectives in the way of new technologies

The unification of the internal market must be accompanied by an external commercial policy designed to strengthen the competitiveness of European industry: the Community must create the conditions that will gradually put its industry in a position to fight international competition on its own market on equal terms and to gain effective access to its rivals' markets, because the Community has a vital interest in keeping world markets open. If these measures are not taken, European companies may well be unable to maintain their market shares in innovating sectors where consumption is growing fast and our companies have excellent prospects of improving their financial position.

3. Strengthening and making better use of the Community's scientific and technological potential

Although the Community's scientific base is comparable to that of the USA and Japan it is less efficient and is growing less rapidly. The enormous expansion in the Pentagon's R&D programmes—around USD 40 000 million are entered in the 1985/86 budget—will help to increase the American superiority. Community research is handicapped by its national isolation, duplication of effort and inadequate thresholds of efficiency.

The Commission requests the European Council to develop and make better use of the Community's scientific and technological potential.

At past meetings the European Council supported the launching of a Community framework programme for research. This programme now needs to be reviewed, adapted and strengthened for the period 1986-89. The efforts being made and still needed to rationalize the budget and keep Community spending under control should allow an increase of from 3% today to 6% in 1989 in the share of own resources earmarked for research. The European Council should support this approach.

For its part, the Commission will make proposals in the months ahead to introduce a maximum of flexibility into the Community's plans to encourage research. Increased research spending at Community level does not rule out closer cooperation between Member States interested in certain projects in which others do not wish to participate; the Community must be able to support such ventures, especially as the current prospects for technology indicate that its decentralized use can be envisaged.

4. Making better use of human resources

With its shortage of energy and raw-material resources, the Community is obliged to make the best possible use of its human potential, which is its best comparative advantage. Consequently, young people and adults at all levels of skills must be better educated and trained, and their training must be continuously adapted to the changing qualifications required to keep up with developments in jobs and techniques.

(a) The Member States must take steps to raise the level of training of its research scientists and improve the efficiency of their work through a Community action designed to develop European cooperation, mobility between countries and the links between industry and universities. The plan to stimulate scientific and technical cooperation

and exchanges 1985-88 meets these objectives. To strengthen the Community's technological base it is necessary to adapt school systems and further training for adults along similar lines.

(b) A programme designed to promote cooperation between universities and industry so as to improve in both numerical and qualitative terms the training of personnel qualified in the use of new technologies is now being prepared in the Community. The emphasis will be on the need to increase the mobility of students by facilitating study periods or training in firms in a different Community country.

Recognition as a 'Community centre of excellence' for establishments giving additional training or conducting very advanced research in specialized areas would help towards the increased mobility of students and research scientists within the Community. The European Council should express its support for these types of activity, which will promote the European identity in the eyes of the economic and social decision-makers of the future in the Community.

5. Promoting innovation, including database networks, and establishing the information market

Putting innovations into application is one of the weak points of European industry. The transition from the laboratory to the factory and from the factory to the market must be encouraged by greater flexibility and transparency of production structures and more effective rewards for good management performances. The Community can contribute to this.

(a) Innovating firms need a tax policy encouraging risk taking. The Commission intends to propose objectives to be adopted jointly in various areas (company formation, tax arrangements applicable to venture capital, innovation financing (NCI)).

(b) The dissemination of knowledge is vital to the use of government-financed research results and the stimulation of innovation. The Community must play its part. The dissemination of these results should be improved so that companies throughout the Community can benefit from them. The practices adopted for development of the Esprit programme should be extended to other sectors.

(c) In the Community information should be a sector producing value-added and creating jobs, but its great innovation potential will not be exploited to the same extent as in the United States and Japan unless the Community market is unified: there should be complete freedom for the

establishment of databases and the transmission of data across frontiers.

6. Achieving a breakthrough in telecommunications

High-capacity networks will be to the industry and services of tomorrow what the waterways, railways and motorways have been or are to the industry of today. In particular, they will be a source of new services (creating jobs), will improve the overall productivity of our economies and will allow better decentralization of production activities over the whole of the Community territory.

Telecommunications can be to the Community what defence and space are to the United States and consumer electronics is to Japan. The Community has here a significant strategic base. It must act rapidly to bring this base up to a level of technological and industrial capacity that will secure its place on the world market.

Success here presupposes a number of coherent and complementary measures concerning the market (policy of common standards), the stimulation of demand (pilot projects such as videocommunications) and the industrial technology needed to establish the future advanced communications networks and services.

Suitable financing is also required for the infrastructure investment that will not show a return for some time and is in the nature of a public asset.

The RACE programme will be the first stage in the implementation in the Community of future-generation telecommunications services.

A Europe-wide environment policy

3.4.4. 1. The environment in which the citizens of the Community, and of many other parts of the world, live and work is deteriorating, in town and countryside alike. This is the more regrettable since the natural resources and facilities exist for making life better and more livable. Protection and improvement of the environment therefore must be a top Community priority.

2. The European Council acknowledged this need when it decided at its last meeting in Dublin to devote part of the next session to the subject of environmental protection.

3. Urgent action is imperative on several fronts.

(i) Air pollution from the burning of fossil fuels is causing the destruction of forests, the pollution of lakes, the erosion of buildings and of our archi-

lectual heritage, and, sometimes, hazards to human health.

(ii) Marine pollution is reaching alarming proportions in the Mediterranean and some areas of the North Sea. The absorptive capacity of the sea, where pollution discharged to water, air or land finally ends up, could be swamped if action is not taken soon.

(iii) The handling of dangerous chemicals has given rise to serious and tragic accidents in Europe and elsewhere. Though rare, these can be utterly devastating.

(iv) Modern farming methods sometimes cause grave ecological damage, even though agriculture, which has moulded the European landscape over centuries, still offers the best assurance of preserving landscape features.

(v) The scale of environmental deterioration in some parts of the Third World is such that they may well become permanently unable to support life: desertification, tropical deforestation and the loss of wildlife, and hence genetic diversity, are among the worst problems of all.

4. The seriousness of these problems is such that the Commission has given them prominence in the action programme it recently submitted to the European Parliament, in which it states its intention of laying before the Council a number of proposals concerning legislation, scientific and technical research, the orientation of common and

national policies and the use of the financial armoury at the Community's disposal.

5. The Commission would like to see decision-making in this area of policy prompted and influenced by policy guidelines from the European Council. Without going into detail, it asks the European Council to endorse three main guidelines for Community environment policy:

(i) protection of the environment is to be treated as an integral part of economic and social policies both overall (at macroeconomic level) and by individual sector (agricultural policy, industrial policy, energy policy, etc.); the point must be made that an active policy for the protection and improvement of the environment can help economic growth and job creation;

(ii) Member States must recognize the necessity of coherent actions within the Community framework, since piecemeal and isolated action would risk being ineffective and even harmful to the cohesion and continuity of its policies;

(iii) signal the importance the European Council attaches to Community policy for the protection and improvement of the environment by deciding that the year 1987 will be the European Year of the Environment, and by inviting the Commission and Council to make every effort to ensure that the year is marked by major progress in the Community drive for the protection of the environment in Europe and the world.

5. Report from the ad hoc Committee on Institutional Affairs

to the European Council,
Brussels, 29 and 30 March 1985¹

Preface^{2,3}

3.5.1. After the Second World War Europe made a very promising start by setting up, firstly with the European Coal and Steel Community (ECSC) and then with the European Economic Community (EEC), an unprecedented construction which could not be compared with any existing legal entity. The Community—based on the principles of pluralist

democracy and the respect for human rights which constitute essential elements for membership and is one of the constant objectives of its activities throughout the world—answered the complex and deeply felt needs of all our citizens.

Although the Community decided to complete this construction as from the Summits in The Hague in 1969 and Paris in 1972, it is now in a state of crisis and suffers from serious deficiencies.

¹ The Committee's interim report was published in Bull. EC 11-1984, point 3.5.1.

² See Mr Møller's comments in Annex A.

³ See Mr Papanтониou's comments in Annex B.

In addition, however, the Member States have become caught up in differences which have obscured the considerable economic and financial advantages which would be obtained from the realization of the common market and from economic and monetary union.

Furthermore, after 10 years of crisis, Europe, unlike Japan and the United States, has not achieved a growth rate sufficient to reduce the disturbing figure of almost 14 million unemployed.

In this state of affairs Europe is faced with ever more important challenges both in the field of increasing industrial and technological competition from outside and in the struggle to maintain the position of political independence which historically it has held in the world.

Faced with these challenges, Europe must recover faith in itself and launch itself on a new common venture—the establishment of a political entity based on clearly defined priority objectives coupled with the means of achieving them.

The Community has not lost sight of the fact that it represents only a part of Europe. Resolved to advance together, the Member States remain aware of the civilization which they share with the other countries of the continent, in the firm belief that in any progress in building the Community is in keeping with the interests of Europe as a whole.

*

The Committee has placed itself firmly on the political level, and without purporting to draft a new Treaty in legal form, proposes to set out the objectives, policies and institutional reforms which are necessary to restore to Europe the vigour and ambition of its inception.¹

I. A genuine political entity^{2, 3}

It is not enough to draw up a simple catalogue of measures to be taken—even if they are precise and concrete—since such exercises have often been attempted in the past without achieving results. We must now make a qualitative leap and present the various proposals in a global manner, thus demonstrating the common political will of the Member States. At the end of the day that will must be expressed by the formulation of a genuine political entity² among European States: i.e. a European Union:

- with the power to take decisions in the name of all citizens, by a democratic process according to their common interest in political and social development, economic progress and security,⁴ and according to procedures which could vary depending on whether the framework is that of

intergovernmental cooperation, the Community Treaties, or new instruments yet to be agreed;

- in keeping with the personality of each of the constituent States.

II. Priority objectives

A. A homogeneous internal economic area

The aim is to create a homogeneous internal economic area, by bringing about the fully integrated internal market envisaged in the Treaty of Rome as an essential step towards the objective of economic and monetary union called for since 1972, thus allowing Europeans to benefit from the dynamic effects of a single market with immense purchasing power. This would mean more jobs, more prosperity and faster growth and would thus make the Community a reality for its citizens.

(a) *Through the completion of the Treaty*

1. By creating a genuine internal market by the end of the decade on the basis of a precise timetable.

This involves:

- The effective free movement of European citizens;⁵
- a favourable climate for investment and innovation through stable and coherent economic, financial and monetary policies in the Member States and the Community;
- pending the adoption of European standards, the immediate mutual recognition of national standards by establishing the simple principle that all goods lawfully produced and marketed in a Member State must be able to circulate without hindrance throughout the Community;
- more rapid and coordinated customs procedures, including the introduction as planned of a single administrative document by 1987;
- the early introduction of a common transport policy;

¹ Mr Møller felt that the difficulties facing the construction of Europe resulted from a failure to implement the existing Treaties fully and could be remedied by the strict application of the Treaties. He considered that the achievement of European Union, as already foreseen in existing statements, was the objective.

² Reservation entered by Mr Papantoniou, who suggested replacing 'a genuine political entity' by 'a genuine economic and political entity'.

³ Mr Møller considered that the expression 'a genuine political entity' should be replaced by the expression 'European Union'.

⁴ Mr Møller considered that the point security should be limited to the political and economic aspects of security.

⁵ Dealt with by the Committee on a People's Europe.

- the creation at an early date of a genuine common market in financial services, including insurance;¹
 - the opening up of access to public contracts;¹
 - the creation of conditions which will favour cooperation between European undertakings and in particular the elimination of taxation differences that impede the achievement of the Community's objectives;
 - the strengthening of European financial integration, *inter alia* through the free movement of capital and the creation of a European financial market, hand in hand with the strengthening of the European Monetary System.¹
2. Through the increased competitiveness of the European economy.²

European economic life must be made fully competitive through a return to the fundamental principle embodied in the Treaties of promoting efficient producers, involving in particular:

- the removal of all measures distorting competition in the common market, notably through an application of national and Community competition rules, adapted to the new industrial situation, and through strict control of national State aids in compliance with the rules of the Treaties;³
 - introduction of the necessary transparency in nationalized industries in order to safeguard the principles laid down in the Treaties.
3. Through the promotion of economic convergence.^{4,5}

- the promotion of solidarity amongst the Member States aimed at reducing structural imbalances which prevent the convergence of living standards, through the strengthening of specific instruments and a judicious definition of Community policies;
- the effective pursuit of integration and the strengthening of Community institutions that underlies it require positive action to counter the tendencies to inequality and promote the convergence of living standards.⁶

(b) *Through the creation of a technological community*

The growth capacity of Europe, backed up by this genuine internal market, will have to be based, *inter alia*, on wholehearted participation in technological innovation, and must result in the creation of a technological community through, among other things, the introduction of faster decision-making procedures. This process must enable European industry to become a powerful competi-

tor internationally in the field of production and application of the advanced technologies.

This means in particular:

- that industrial enterprises in the Community must have at their disposal common European standards and suitable procedures for advanced-technology products;
- that international cooperation during the development phase must be strengthened;
- that public and semi-public contract procedures in the Community, concerning *inter alia* the supply and use of electronic and communications equipment, must be liberalized;⁷
- that the exchange of services connected to the use of advanced technology must be liberalized;⁷
- that a successful techno-industrial development in the technological community depends upon and must increasingly allow for wider scope for individual creativity and performance;

and, in addition the following specific activities:

- the development of vocational education and training;
- the encouragement of universities and research institutes to orient their activities more towards the commercial sector and to ensure the transfer of the results of their work;
- the coordination of research and development at national and Community level;
- the promotion and support of greater industrial cooperation between European companies, including the launching of transnational projects in key sectors;

¹ Reservation entered by Mr Papanitiou, who considered that the introduction of these policies should take account of the particular situation of national economies.

² In addition Mr Møller stressed that all the measures in the agricultural area which have in recent years been introduced with the intention of renationalizing the common agricultural policy should be dismantled.

³ Reservation entered by Mr Papanitiou, who considered that the application of competition rules of the Treaties should take account of the particular situation of the less-developed economies.

⁴ Reservation by Mr Papanitiou, who argued that the text should stress more explicitly the need to reinforce the policies aiming at economic convergence, and should give a more comprehensive definition of their scope.

⁵ Mr Ruhfus entered a reservation. He argues that economic convergence by its very nature is a convergence of economic policies aiming at the objectives set out in Article 104 of the Treaty establishing the European Economic Community. It will thus help to improve living conditions in the individual Member States. On this basis, positive action is required to counter tendencies to inequality and to reduce structural imbalances in the Community.

Mr Van Eekelen concurs with the argument of Mr Ruhfus.

⁶ Reservation by Mr Herman, who wishes to see the text of the second paragraph replaced by a call for greater coherence between the economic policies of the Member States, which is a better guarantee of a reduction in the differences in living standards.

⁷ Reservation entered by Mr Papanitiou who considered that the introduction of these policies should take account of the particular situation of national economies.

- the furthering of undistorted international exchange of technology and advanced technological products through an active common commercial policy in conformity with GATT obligations.

(c) *By the strengthening of the European Monetary System (EMS)*

The European Monetary System, which was created and set up pending restoration of the conditions for the gradual achievement of economic and monetary union, is one of the achievements of the Community during the last decade. It has enabled the unity of the common market to be preserved, reasonable exchange rates to be maintained and the foundations for the Community's monetary identity to be laid.

The time has come, however, to forge ahead towards monetary integration through:

- the closer coordination of economic, budgetary and monetary policies with the aim of true convergence of economic performance;
- the liberalization of capital movements and the removal of exchange controls;¹
- the strengthening of the European monetary and financial market to make it attractive and capable of supporting the growth and investment effort;
- the participation of all the Member States both in the EMS and in the exchange-rate mechanism, provided that the necessary economic and monetary conditions are met;
- the increased but non-inflationary use of the ECU in transactions between central banks whether they are members of the system or not;
- the elimination consistent with monetary stability of obstacles to the use of the ECU in private transactions;
- the promotion of the ECU as an international reserve currency; the coordination of exchange policies with regard to third currencies and in particular the dollar and the strengthening of the role of the European Monetary Cooperation Fund (EMCF) by stages depending on the progress made in the use of the ECU.²

Through these measures as a whole it will be possible for the EMS to progress towards the second institutional phase envisaged in the decision of the European Council in Bremen in 1978.

(d) *Through mobilization of the necessary resources*³

Intensifying the efforts already undertaken, framing new policies and delegating new tasks to the Community will often, but not always, entail

additional expenditure which will necessitate transfers of resources. Such resources should be made available in the context of a clearly identifiable Community financing system firmly based on the own resource principle. This system, that would come under review at reasonable intervals, should endow the Community with a stable revenue base for a sufficiently long period.

Actual transfers of resources will only be feasible if they are subject to strict budgetary control and if in most cases this is reflected in savings in the Member States.

B. Promotion of the common values of civilization

The contemplated European Union will not rest on an economic community alone. The logic of integration has already led Member States to cooperate in fields other than economic ones and will continue to lead them still further along that path. The accentuation of this essential process will give a European dimension to all aspects of collective life in our countries.

To that end a number of measures must be undertaken, whenever possible in close cooperation with European countries which are not members of the Community and with the Council of Europe, which makes a valuable contribution especially with regard to the promotion of human rights and the common cultural identity.

These measures are:

1. *Measures to protect the environment*

Pollution in most of its forms does not recognize frontiers and poses an increasing danger to the environment and the health of people both within the Community and outside. High priority must be given to the protection of the environment and the improvement of working conditions and safety at work.

¹ Reservation entered by Mr Papanitiou, who considered that the introduction of these policies should take account of the particular situation of national economies.

² Reservation entered by Mr Ruhfus. He emphasized that, for the ECU to become an international reserve currency, some major requisites are still lacking at present. A strengthening of the role of the EMCF is primarily dependent on further progress in the convergence of economic policies and on its consolidation through institutional development.

³ Mr Møller considered that the increase in the VAT ceiling agreed by the European Council at Fontainebleau would scarcely be sufficient for the promotion of new policies.

The size of additional resources must be determined by the need to continue existing common policies and to develop new ones, in particular with regard to research and technology.

2. *Gradual achievement of a European social area*

An integrated internal economic area must be based not only on industrial, economic and monetary policies, but also on social policy. In this field, the Union will have to remain true to the objectives which the Community set itself from its inception and will have to have the necessary powers and means to act whenever social policy measures are required at European level.

Progressive introduction of a European social area, as the logical follow-on from an economically integrated, dynamic and competitive Community with the will to achieve full and better employment, entails:

- definition of frameworks for action, particularly in the basic fields listed in Article 118 of the Treaty, either by harmonization, by the adoption of joint decisions or by any other appropriate measures;
- pursuance of a social policy that reflects the medium-term social action programme and the changing economic and social needs of the Community;
- development of the dialogue between employers and employees at European level, which could result, where they judge it desirable, in contractual relations between them.

3. *Gradual establishment of a homogeneous judicial area*

This means:

- increasing protection of fundamental freedoms and rights as they derive from common basic principles and the European Convention on Human Rights. The Court of Justice has played an essential role in this context and will do so even more in the future;
- increased harmonization or approximation of national laws in all the fields covered by the European Union, insofar as these are consistent with the objectives of the Union;
- envisaging, in certain areas of intergovernmental cooperation, agreements between Member States which would, in cases where unanimous agreement could not be reached, apply among those States having ratified them if the latter constitute a strong majority;
- a campaign against large-scale crime and terrorism by increasing cooperation between Member States;
- further codification of Community law.

4. *The promotion of common cultural values*

European culture is one of the strongest links between the States and peoples of Europe. It is part of the European identity. The promotion of the European cultural identity should be a comprehensive expression of the cultural variety and each nation's individual values which form an integral part of it.

The promotion of common cultural values and the European cultural identity requires:

- the safeguarding of the European cultural heritage,
- support for cultural creation,
- measures to overcome language barriers,
- the development of new media in a European-wide context,
- the elimination of obstacles to the free circulation of cultural goods and communication,
- an improvement in the level of knowledge about all the peoples of the Community in all their diversity and their different contributions to European culture,¹
- the intensification of exchange programmes.

The European Foundation and the European University Institute should be associated with these actions. Cooperation with third countries and in wider international context should also be encouraged. The practical realization of cultural cooperation requires a coherent organizational framework.

C. *The search for an external identity*²

Europe's external identity can be achieved only gradually within the framework of common action and European political cooperation (EPC) in accordance with the rules applicable to each of these. It is increasingly evident that interaction between these two frameworks is both necessary and useful. They must therefore be more closely aligned. The objective of European political cooperation must remain the systematic formulation

¹ Mr Ferri feels that minority cultures should be expressly mentioned here, as their protection is an achievement of democratic pluralism in its modern form.

² Mr Møller entered a general reservation on all of this section. He considered that, instead of structural changes, it is necessary to have a new pragmatic development of European political cooperation on the existing base, which has already shown itself to be effective to further this development. Particularly in relation to security, it should be confined to political and economic aspects.

and implementation of a common external policy.¹

Similarly in the case of security, although a fundamental aim of European Union is indeed the cohesiveness and solidarity of the countries of Europe within the larger European and Western framework, it will only be possible to achieve that aim by paying special attention to the existing Alliances on the one hand, and the differing individual situations on the other, including the situations of the two nuclear powers which are members and of certain Member States facing specific problems in this field.

(a) *External policy*

It should first of all be noted that common policies, which have an external dimension, are provided for in the Treaties and already exist, along with external policies such as the development policy and the commercial policy.

In particular, Community policy must be intensified, without prejudice to the traditional actions of the Members States.

On the diplomatic front several measures could be considered initially which might allow progress to be made towards finding a common voice.²

1. The strengthening of political cooperation structures by:

- the creation of a permanent political cooperation secretariat to enable successive presidencies to ensure greater continuity and cohesiveness of action; the secretariat would to a large extent use the back-up facilities of the Council and should help to strengthen the cohesion between political cooperation and the external policies of the Community;
- the regular organization of EPC working meetings at the Community's places of work, while meetings of ministers should also be arranged in the Member States' capitals.

2. The improvement of political cooperation through:

- an explicit undertaking by the Member States to promote EPC by agreeing to a formalization of the commitments to a prior consultation procedure;
- seeking a consensus in keeping with the majority opinion with a view to the prompt adoption of common positions and to facilitating joint measures;
- adopting common positions in multilateral and inter-regional relations, particularly at the United Nations.

3. Member States and the Community should examine on a case-by-case basis the desirability of common representation at international institutions, especially in the UN framework and in the countries where only a few Member States are represented.

4. Codification of EPC rules and practices.

(b) *Security and defence*³

The aim is to encourage greater awareness on the part of the Member States of the common interests of the future European Union in matters of security. The relevant Member States will make the fullest contribution both to the maintenance of adequate defences and political solidarity, and to the pursuit of security at the lowest possible level of forces through the negotiation of balanced and verifiable measures of arms control and disarmament.

In any event, this question will have to take account of:

(1) the frameworks which already exist (and of which not all partners in the European Community are members), such as the Atlantic Alliance, the framework for and basis of our security, and Western European Union, the strengthening of which, now under way, would enrich the Alliance with its own contribution;⁴

(2) the differing capabilities and responsibilities and the distinctive situations of the Community Member States;

(3) the existence of interests and objectives which Member States, while respecting their individual situations as regards defence and security, recognize as common, in particular the need for the Atlantic Alliance to maintain adequate military strength in Europe for effective deterrence and defence, in order to preserve peace and protect democratic values.⁵

Accordingly, the following measures are proposed:

¹ Reservation entered by Mr Papantoniou, who suggested replacing the last sentence by: 'The objective of European political cooperation must remain the systematic search for common positions in external affairs'.

² Reservation entered by Mr Papantoniou on points 1, 2, 3 and 4 of the section on external policy. He argued in favour of preserving the informal character of present EPC arrangements and stressed the importance of consensus in the search for common positions.

³ Mr Dooge did not agree to the inclusion of the section on security and defence.

⁴ Reservation entered by Mr Papantoniou, who suggested replacing point 1 by 'the frameworks which already exist (and of which not all partners in the European Community are members), such as the Atlantic Alliance and the Western European Union'.

⁵ Reservation entered by Mr Papantoniou, who proposed the deletion of 'for the Atlantic Alliance'.

(i) Developing and strengthening consultation on security problems as part of political cooperation. Such consultation could involve in particular:

- discussion of the nature of external threats to the security of the Union;
- discussion of the way in which Member States' security interests may be affected by the international context, in particular by developments in weapons technology and strategic doctrines, changes in relations between the great powers and the progress of negotiations on disarmament and arms control;
- an effort to harmonize, whenever possible, the stances to be taken by Member States on the major problems posed by the preservation of peace in Europe.

(ii) The stepping-up of efforts to draw up and adopt common standards for weapons systems and equipment, taking account of the work being done in the relevant bodies.

Particular attention is to be paid by Member States to:

- rationalizing their military equipment research and development;
- support for production capacity for high-technology equipment which can strengthen Europe's defensive capabilities.

(iii) A commitment by Member States to design, develop and produce such systems and equipment jointly.

(iv) The will on the part of the Member States to create the technological and industrial conditions necessary for their security.

III. The means: efficient and democratic institutions¹

European Union—like the Community today—needs institutions which are entirely at the service of the common interest. Their functioning and behaviour must clearly reflect the original nature of their purpose, within the framework of their specific powers. It is of primary importance that the institutions should comply with and apply the rules of the Treaties.

The trend towards the European Council's becoming simply another body dealing with the day-to-day business of the Community must be reversed. Heads of State or Government should play a strategic role and give direction and political impetus to the Community. For this purpose two European Council meetings a year should suffice.

A. Easier decision-making in the Council,

which means primarily changes in practice and certain adjustments to existing rules:

- less bureaucracy within the institutions, as national authorities have, through their experts, gained too much ground over the last 10 years; in particular, the authority of the Permanent Representatives over the various working parties must be strengthened in order to improve the preparation of the Council's decisions and to focus its discussions on the most important matters;
- the growing number of areas of Community activity has led over the years to the Council meeting in a multiplicity of special compositions. The Council must remain a single institution in which a pre-eminent role of coordination and guidance must be preserved for the ministers with general responsibilities (the 'General Affairs' Council);
- the rules and procedures governing the Council should be rigorously applied in the interests of its own efficiency and internal cohesion;
- concerning principles of voting:

(a) The majority of the Committee favour the adoption of the new general principle that decisions must be taken by a qualified or simple majority. Unanimity will still be required in certain exceptional cases, which will have to be distinctly fewer in number in relation to the present Treaties, the list of such cases being restrictive.

In a spirit of a return to the Treaties, the Presidency must call a vote if the Commission or three Member States so request. The vote must be taken within 30 days.^{2,3,4}

(b) The minority of the Committee considered that more use will need to be made, especially in the context of the enlarged Community, of the majority voting provisions laid down in the Treaties. Once a reasonable time has been devoted to

¹ Reservation entered by Mr Møller on this chapter. Mr Møller considers that the problems faced by the Community are not due to failure or imperfections of the institutions of the Community system. On the contrary, it may be said that the gradual deviation and derogations from these fundamental principles together with a lack of political will to take decisions are the root of many of the problems of today. The balance between the institutions should accordingly be re-established by respecting the distribution of competences between them as laid down in the Treaties.

² This proposal is supported by Mr Faure, Mr Ferri, Mr Herman, Mr Ripa di Meana, Mr Ruffus and Mr Van Eekelen. Mr Dondelinger accepted this because he considered that this text distanced itself least from the present situation.

³ Mr Dooge, though in agreement with the principle underlying this text, felt unable to support the text because, though not excluding the pleading in exceptional circumstances of a vital interest, it did not include any explicit reference to the protection of vital national interests in exceptional circumstances.

⁴ Mr Herman underlines the considerable progress which distinguishes these proposals from the solutions envisaged in the interim report of the Committee in the matter of voting and the veto.

the search for consensus, the Presidency should call for a vote.

Where the Treaties require decisions to be taken by unanimity, Member States should also make greater use of the possibility of abstention in accordance with Articles 148(3) (EEC), 118 (EAEC) and 28 (ECSC).

When a Member State considers that its very important interests are at stake, the discussion should continue until unanimous agreement is reached.¹

- in order to ensure the implementation of certain decisions, the use in exceptional circumstances of the method of differentiated Community rules, provided such differentiation is limited in time, is based solely on economic and social considerations and respects the principle of budget unity.²

B. A strengthened Commission

The Commission guarantees autonomous representation of the common interest. Wedded to the general interest whose guarantor it is, the Commission cannot be identified with individual national interests.

If it is to carry out fully the tasks entrusted to it, which make it the lynchpin of the Community, its powers must be increased, in particular through greater delegation of executive responsibility in the context of Community policies.

In the first place, its autonomy must be confirmed so that it can be completely independent in the performance of its duties in accordance with the obligation specifically imposed upon it and on each of its Members individually.

To this end it is proposed that the President of the Commission be designated by the European Council.

The other Members of the college shall be appointed by common accord of the governments of the Member States, acting on a proposal from the President-designate.³

The Commission must not include more than one national from any Member State.⁴

At the beginning of its term of office the Commission should receive a vote of investiture on the basis of its programme.⁵

Similarly, the Commission must now be acknowledged as an organ with full powers of initiative, implementation and administration.

C. The European Parliament as a guarantor of democracy in the European system⁶

A Parliament elected by universal suffrage cannot, if the principles of democracy are logically applied, continue to be restricted to a consultative role or to having cognizance of only a minor part of Community expenditure. That dooms it to oblivion or overstatement, and more often than not to both.

An enhanced role will be sought for it in three areas:

(a) by effective participation in legislative power, the scope of which will be specifically defined, in the form of joint decision-making with the Council; to this end the Commission proposal will be discussed first of all by the European Parliament: the Council will deliberate on the text adopted by the European Parliament; in the event of disagreement, a conciliation procedure will be initiated on the basis of a proposal of the Commission; the Commission will retain its power of initiative throughout the legislative procedure;⁷

(b) by increasing its supervision of the various policies of the Union and its political control over the Commission and over cooperation in the external policy field; the association and accession agreements negotiated by the Union will also be

¹ This proposal is supported by Mr Møller, Mr Papantoniou and Mr Rifkind. Mr Rifkind also considers that, in order to prevent abuse, a member of the Council insisting that discussion should continue in this way should, through a special procedure of the Council, explain fully and formally why his government considers that a very important interest is at stake.

² Reservation entered by Mr Møller.

³ Mr Rifkind considers that the other members of the college should be nominated by Member States, after consultation with the President-designate, and appointed by common accord of the governments of the Member States.

⁴ Mr Ruhfus entered a reservation on this point. He argued that such a change would not improve the supranational character of the Commission and would considerably change the internal balance, which has proved its worth ever since the establishment of the Community.

⁵ Reservation by Mr Papantoniou, who suggested replacing the text of the four preceding paragraphs by the following text: 'To this end it is proposed that the President of the Commission be designated unanimously by the European Council, and be consulted by the governments of the Member States prior to the nomination of the Commissioners. The Commission should be composed of one member per Member State'.

⁶ Mr Rifkind entered a reservation on this section. He considers that the European Parliament should be encouraged, within its Treaty powers, to make a more effective contribution to Community decision-making. The Parliament should make more use of its right to put forward proposals for Community action. The Council should follow up resolutions with the Parliament, or explain its reasons for not doing so. There should be improvement and extension of the conciliation procedure, in particular by more effective consultation between the Council and the Parliament at earlier stages of the consideration of proposals.

⁷ Reservation by Mr Papantoniou. He did not agree with joint decision-making between Parliament and Council in the legislative area and argued in favour of improving the conciliation procedure and extending its field of application.

submitted to the European Parliament for approval;¹

(c) by giving it responsibility in decisions on revenue as the coping-stone of the establishment of a new basic institutional balance;

- conciliation between Parliament and the Council would take place at the moment when the frame of reference on the basis of multiannual planning is defined;

- decisions governing the development of own resources will be taken jointly by the Council and Parliament so that the latter may be able to have a hand in the balancing of expenditure by revenue.

These developments should go hand in hand with increased representativeness of Parliament itself through the standardization of voting procedures to elect its members.

D. Court of Justice

The binding nature of the law of the Union gives the Court of Justice of the European Communities an essential role to play in progress towards European Union. The Court ensures compliance with the rights, obligations and powers laid down in the Treaties. The Court must be consolidated in its role of supreme arbiter in all matters coming under the Treaties, including the protection of the basic rights of individuals guaranteed under the Community legal order. To this end, the Court:

- must be relieved in an appropriate manner of responsibilities incumbent upon it as regards disputes between officials and the institutions;

- must be given jurisdiction for the interpretation of agreements concluded within the ambit of the Treaties as far as possible by means of a standard clause.

IV. The method²

The Committee proposes that a conference of the representatives of the governments of the Member States should be convened in the near future to negotiate a draft European Union Treaty based on the *acquis communautaire*, the present document and the Stuttgart Solemn Declaration on European Union and guided by the spirit and method of the draft Treaty voted by the European Parliament:

- the parties to the conference will be the Member States;

- Spain and Portugal will be invited to attend as full members on the assumption that the Treaties of accession have been signed prior to the opening of the conference;

- the European Commission will participate in the negotiations;

- the European Parliament will be closely associated with the conference. Its outcome will be submitted to the European Parliament.

The very decision of the Heads of State or Government to convene such a conference would have great symbolic value and would represent the initial act of European Union.

Annex A

Comments by Mr Møller

I am not convinced that the overall approach in the report is the right one. I agree that the Community needs a new impetus, but, in my opinion, the following is required.

The decision-making process should be more efficient. The distribution of powers between the institutions, as laid down in the Treaties, must be respected. The blurring of the powers should stop and be replaced by the clear logic of the Treaties.

The fundamental aim of the Treaty, the bringing about of an efficient production structure, must be re-established, and distorting factors which prevent the attainment of this aim must be rejected. The gradual introduction of quota systems, production thresholds, etc., pose a danger to this principle.

New common policies should be developed to supplement the common agricultural policy. The Community must have further financial means at its disposal for these policies.

Our consultations within the framework of European political cooperation must be intensified and strengthened so that areas of common interest can be identified and agreement can be reached on an increasing number of common positions.

New activities must be developed at European level, and participation in these should not be limited to the present members of the Community.

¹ Reservation entered by Mr Papantoniou, who suggested deleting the last sentence of (b).

² Mr Papantoniou and Mr Rifkind consider that the recommendations in this report should be the subject of consultations between the governments before the June European Council, so that decisions can be taken by the Heads of Government at that meeting. Mr Møller shared their view, but pointed out that according to the Committee's terms of reference it was not its task to put forward recommendations on the conclusions which the European Council might draw from the report.

*Annex B***Comments by Mr Papantoniou**

The report rightly identifies the main challenges facing Europe at present. However, the approach followed, while containing many useful elements, does not pay sufficient attention to some important points. The overall gains from economic integration are not only unevenly distributed, but may also disguise losses for the less-prosperous regions. The creation, therefore, of an integrated market and a technological community needs to be supplemented by a very substantial effort to strengthen the Community's cohesion by promoting regional development and the convergence of living standards.

In the external field, the improvement of political cooperation and the promotion of solidarity in security matters should take fully into account the particular situation and problems of each Member State, and the need for consensus in the search for common positions.

Finally, institutional reform should reflect the existence of significant possibilities for improved decision-making within the framework of the Treaties, and recognize the necessity of protecting vital national interests when invoked by Member States.

Members of the ad hoc Committee on Institutional Affairs

Mr James Dooge (Chair)
Representative of Dr Garret FitzGerald, Prime Minister of Ireland

Mr Jean Dondelinger
Representative of Mr Jacques Santer, Prime Minister of Luxembourg

Mr Maurice Faure
Representative of Mr François Mitterrand, President of France

Mr Mauro Ferri
Representative of Mr Bettino Craxi, Prime Minister of Italy

Mr Fernand Herman
Representative of Mr Wilfried Martens, Prime Minister of Belgium

Mr Otto Møller
Representative of Mr Poul Schulter, Prime Minister of Denmark

Mr Ioannis Papantoniou
Representative of Mr Andreas Papandreou, Prime Minister of Greece

Mr Malcolm Rifkind
Representative of Mrs Margaret Thatcher, Prime Minister of the United Kingdom

Mr Carlo Ripa di Meana
Representative of Mr Jacques Delors, President of the Commission

Mr Jürgen Ruhfus
Representative of Mr Helmut Kohl, Federal Chancellor of the Federal Republic of Germany

Mr Willem van Eekelen
Representative of Mr Ruud Lubbers, Prime Minister of the Netherlands

6. Report from the ad hoc Committee on a People's Europe

To the European Council, Brussels, 29 and 30 March 1985¹

Introduction

3.6.1. 1. This report deals with some important topics relating to the 'people's Europe':

- (i) freedom of movement for Community citizens,
- (ii) freedom of movement of goods, including transport services,

¹ Point 1.2.7.

(iii) administrative formalities for border-area traffic,

(iv) wider opportunities for employment and residence.

In dealing with these topics the Committee has been guided by certain principles which are relevant to its task as a whole.

2. The aim of the Committee is to propose arrangements which will be of direct relevance to Community citizens and which will visibly offer them tangible benefits in their everyday lives. Emphasis is laid on arrangements which have a realistic chance of being implemented in the relatively short term. The goal should be an easing of rules and practices which cause irritation to Community citizens. This is of great importance in making the Community more credible in the eyes of its citizens.

3. Steps forward are not always a question of adopting new rules and regulations. Progress in the view of citizens is often best obtained by implementing decisions already adopted and by their administration in real-life situations. This can be far more important than formal progress made by the introduction of new uniform rules of little or no consequence for the Community citizen in his everyday life. This consideration is relevant to the institutions of the Community in fulfilling their responsibilities under the Treaties, but also for the Member States themselves by suppressing unnecessary formalities and by taking into account the Community dimension both in their legislation and in their administrative practices.

A. Easing of rules and practices which cause irritation to Community citizens and undermine the credibility of the Community

4. The problems the Committee deals with in this chapter relate essentially to the freedom of movement of citizens and of their personal goods within the Community. The text of the Fontainebleau mandate called for a study of measures which could be taken to bring about 'the abolition of all police and customs formalities for people crossing intra-Community frontiers'.

5. The European Council should confirm this position at the same time as it takes the decisions on immediate measures which are set out below. This is a necessary corollary of the programme for the completion of the internal market which has received, rightly, the highest priority. With its manifold ramifications, however, this will require time. Abolishing all formalities would presuppose

amongst other things some reasonable degree of fiscal harmonization (especially excise duties), the transfer of taxing points from borders to the interior of each Member State, the gradual application of a common policy on third country citizens and closer cooperation between the police and judicial services of the Member States. For the full and integral implementation of a 'Europe without frontiers' ('Europe sans frontières'), Mr Delors, President of the European Commission, has recently proposed 1992 as the target year. It is indeed a very complex programme on which work has to continue without delay. But in the mean time the measures which are summarized below could and should be decided upon now.

A.1. Freedom of movement for Community citizens

6. The simplest case concerns land frontiers between two Member States. The case of seaports and airports, although not different in principle, is often more complicated in practice because it also involves more traffic with third country citizens. Therefore, one should not look for identical solutions on every detail immediately; but all efforts should be undertaken without delay to facilitate frontier traffic for the citizens of Europe, taking into account the special situation of countries without common Community frontiers. Care should be taken that progress already obtained in individual cases should not be set back by the introduction of rules of general application. The European Commission has recently presented a draft directive to the Council covering all different aspects of these questions in a comprehensive way, which the Commission considers should be applied by 1 July 1985.

7. The specific recommendations of the Committee, on freedom of movement for Community citizens, are as follows:

7.1. Immediate action

Without waiting for the adoption of a directive by the Council, the European Council should decide now that Member States should take all possible practical steps on the road towards the more comprehensive solution, such as:

(i) at the land frontiers between two Member States, they should proceed in the three months after the meeting of the European Council to the simplification of control of individual citizens of Member States of the European Community on road frontier posts preferably by direct observation of vehicles travelling at low speed and of which the windscreens have been provided, as appropri-

ate, with a green label showing a white E (indicating that the occupants are in conformity with the rules of the border police and the fiscal and currency rules) with the possibility of more thorough investigation at random ('spot checks') or in special situations;¹

(ii) examination of the possibility and need for gradually combining control posts at land frontiers and controls at them where this has not yet been done;

(iii) at seaports and airports, the Member States should introduce, as soon as and wherever feasible, practical arrangements in control zones enabling a division of police and customs activities for, on the one hand, citizens of Member States of the Community and, on the other hand, citizens of third countries, with a view to facilitating as much as possible the passage of citizens of Member States by simplified controls, and possibly abolishing systematic controls on the departure of Community citizens;

(iv) the uniform European passport, the introduction of which has long been accepted by the European Council, should be a very important means of facilitating remaining frontier controls.

7.2. Longer-term measures

President Delors has proposed a 'Europe sans frontières' by 1992. In order to achieve this objective the European Council should approve a precise timetable² for the completion of the single market and decide to put in hand now work on problems related to the effective cooperation between authorities responsible for the fight against crime, as well as to the definition and gradual application of a common policy concerning the entry, movement and expulsion³ of foreigners, visa policy and the transfer of control of persons to the external frontiers of the Community, and agreements with third countries on expanded cooperation in frontier passage.

7.3. Tourism

The European Council should invite the Community institutions and the competent authorities to give special attention to issues relating to tourism, which is of particular importance to the people of the Community, such as:

(i) extending the efforts towards a more rational staggering of holiday periods across the national borders on the basis of a regional analysis of holiday traffic;

(ii) improved information and protection for tourists, including appropriate procedures for assistance and complaints;

(iii) road safety (1986 has been proclaimed 'Road Safety Year');

(iv) encouragement of radio and TV broadcasts of news, weather and tourist information in languages of other Community States.

Where appropriate, these aspects should be dealt with in cooperation with the Council of Europe, its member countries and, possibly, other third countries.

A.2. Freedom of movement of goods including transport services

8. This part of the Committee's work covers a good number of specific rules and practices which have already been the subject of repeated and lengthy discussions but limited action within the Community. These matters may not seem very important in themselves but the combined effect on the citizen both as a traveller for business and traveller for pleasure can be disproportionate to their material importance. Changes for the better should receive a favourable welcome.

9. On these questions, as on others, the Committee considers that the right way forward is by a combination of longer-term objectives and some specific improvements here and now. Achieving a European Community in which goods and money can be freely moved by the citizen, whether as a trader, professional man, worker or tourist, is a big challenge but should be achievable within a definite time scale.

10. First, we need to widen the understanding of the advantages not just of a common market without tariff barriers but of a smooth-running single market in which the full benefits of lower costs of transport and travel (and associated services such as insurance) can be realized for the benefit of the Community citizen as consumer. The priority lies in those areas where goods or services have an obvious extra-national dimension (e.g. air, road and rail transport and telecommunications). The Committee also draws the attention of the European Council to the importance of

¹ Such a system of general application should not be applied where it would set back progress already obtained as stated above (para. 6).

² This matter is also dealt with in the report of the Dooge Committee.

³ Mr Kranidiotis argued that such a policy should be formulated within the framework of and according to Article 235 of the EEC Treaty. At any event this policy should take into consideration the special circumstances prevailing in each Member State.

removing as soon as possible restrictions on transport services in accordance with Article 75 of the Treaty of Rome, whereby the Council is obliged to implement a free transport market within the Community. Cheaper and improved transport services would both assist economic development and would help to bring the citizens of the Community closer together.

11. Secondly, the individual citizen's situation should be eased by making some immediate and specific improvements.

12. A common feature is that an individual, having already paid tax on goods purchased in a Member State, has difficulty or incurs extra charges on travelling with his goods to another Member State. Hence, an increase in allowances in real terms would be a long-term objective related to progress on fiscal harmonization. The Committee is not proposing changes in duty-free shops or other duty-free arrangements, which are generally popular with travellers. It considers, however, that the treatment and the administrative hassle relating to the movement of tax-paid goods within the Community could be significantly eased, without giving rise to artificial trade flows. To avoid such artificial flows, existing arrangements to distinguish between ordinary travelling and border trade arising from substantial differences in the level of taxation, especially excise duty rates, between Member States will have to be maintained for a certain period.

13. In the light of these general considerations the specific recommendations of the Committee on movement of travellers' goods and related issues are:

Allowances and postal consignments

13.1. The adult traveller's personal allowance for tax-paid items should be increased by 25% to 350 ECU from 1 July 1985, with an increase to 90 ECU for the child's allowance. These new allowances would indeed be similar to the original real value of the allowances as established in the late 1960s. This decision would make it possible to relieve the Council of repeated discussions of these matters on its current agenda; but provision should be made to review these figures at regular intervals, e.g. every two years, preferably by simplified procedure in order to avoid at least a fall in their real value over time. Genuine difficulties arising for particular Member States from their special situations should be met by a derogation¹ for a certain time, taking account of differences in rates of taxation and excise duty.

13.2. The tax-paid allowance for still wine should be increased by 25% to 5 litres (which would cover a standard case of 6 bottles).

13.3. The limit for tax exemption on small postal consignments should be increased to 100 ECU from 1 July 1985. A provision should be made to review this figure at regular intervals, e.g. every two years, preferably by simplified procedure in order at least to maintain its value in real terms. The appropriate authorities in Member States should be invited to remove customs clearance fees levied on the despatch or reception of small parcels.

13.4. Administrative hassle, delays and taxes levied on newspapers and books sent to individuals are a strong irritant for citizens, particularly in border areas, and should receive due attention from the Council.

Road transport

In order to alleviate present border controls:

13.5. Passenger transport travelling across frontiers within the Community should be taxed for the whole of its journey by reference to its point of departure and the tax rate applicable in that Member State.² This solution should be adopted as soon as possible.

13.6. There should be no additional charge on the fuel in the standard tanks (up to 600 litres) of passenger buses crossing intra-Community frontiers from 1 July 1985. Similar problems would need to be resolved in the future for lorries.

Avoiding double taxation

13.7. Practical effect should now be given to the avoidance of double taxation on personal goods in line with the jurisprudence of the Court of Justice of the European Communities.

13.8. The Commission should be invited to submit proposals on the simplification of the administrative arrangements for movements of goods on changes of residence between Member States, and on the temporary import of private motor vehicles.

¹ Greece currently has a transitional derogation.

² Special provisions will be needed for countries not yet having introduced VAT.

Currency controls

13.9. The formalities of currency controls at the frontiers of those Member States which operate them should be simplified to the maximum.

14. The adoption of the specific measures above should be seen against the longer-term objectives, namely:

- (i) greater recognition of the potential benefits for Community citizens of a real and efficiently operating single market for passenger transport and travel;
- (ii) the achievement of freer movement for a citizen's goods and money within the Community in the perspective of the realization of economic and monetary union;
- (iii) priority for achieving sufficient harmonization of national arrangements to reduce or remove problems at intra-Community frontiers for transport services and communications.

A.3. Administrative formalities for border area traffic

15. By nature of the Community's geographical structure, border areas occupy a large part of its surface area. The problems set out under A.1 and A.2 acquire additional importance when viewed in the context of border area traffic. What for other citizens is an occasional or intermittent nuisance has the nature of a serious daily problem for the inhabitants of border areas. The European Council should instruct the relevant authorities to have special consideration, when reviewing the implementation of the recommendations under A.1 and A.2 above, for the special and urgent aspect of these questions in border areas. Problems deserving to be mentioned specifically are:

- (i) the number of frontier posts at the disposal of border area residents and their hours of opening, and
- (ii) facilities for across-the-border help in case of emergencies and accidents.

B. Community citizen's rights

B.1. Wider opportunities for employment and residence

Freedom of movement in working life

16. The main problems in the field of freedom of movement for workers have been dealt with by

legal instruments of the European institutions. The questions of the social security of migrant workers and of the inclusion of their families also appear to have in the main been resolved satisfactorily.

17. Certain difficulties still do exist as regards the tax treatment of such employees who reside in one Member State and receive an income as employed workers in another Member State (most of these cases concern workers in border areas). By taxation of these incomes in the State of activity, as is international practice, employees may suffer disadvantages stemming from the fact that most States have different systems for taxing residents and non-residents. These problems have been eased by a number of bilateral agreements and treaties to avoid double taxation. Still there are many cases in which the employees in question complain of disadvantages in taxation.

18. On a longer time scale, a comprehensive Community solution (the Commission has put forward a proposal which was blocked for a long time but on which discussions have recently been resumed) should be found for the taxation problems set forth above. The Community institutions are requested to intensify their efforts to this end. In the mean time, the European Council should set as the immediate aim the removal of taxation problems which could impede freedom of movement, by way of national legislation or by bilateral agreements between Member States. The Commission should undertake to inform Member States on cases which have been brought to its attention and to advise on appropriate solutions.

Right of establishment

19. In some branches of the liberal professions the mutual recognition of diplomas or other examinations and/or formal requirements for the purpose of establishment and for the freedom to provide services has been reached (e.g. doctors, dentists, veterinary surgeons). In other branches the mutual recognition still encounters considerable difficulties. This depends, on the one hand, on the variety of higher education diplomas (e.g. architects, engineers), and on the other hand also on the variety of branches of training which have arisen in the individual Member States (e.g. lawyers, chartered accountants, tax consultants). For many years there have been inconclusive discussions on proposals for these branches, which would lead to an equivalence of diplomas in all Member States by way of harmonization of training courses, diplomas and rules for access to professional life.

20. The Committee considers that although a certain degree of adaptation may be desirable in

specific cases, a full-scale harmonization is not a practical way of implementing the objectives of the Treaty of Rome in the field of the right of establishment. The European Council should decide that the general approach¹ should be based on a mutual recognition of diplomas or other examinations without prior harmonization. This seems the only possible way of achieving a general system for ensuring the equivalence of diplomas in line with the conclusions of the Fontainebeau European Council. It would facilitate the conclusion of the series of proposals already before the Council for an excessive period of time. Taking into account the fact that the specific levels of training in the Community countries are of high standard, this new approach would introduce the principle of mutual trust and build on the assumption that certificates awarded in the Member States are basically comparable. The Community institutions should fix the objective and introduce successively a scheme leading to a recognition procedure for the various areas. This concept should cover the professional activities of self-employed persons as well as of employees, because numerous occupations for which a university degree and/or another examination is indispensable may be practised either way.

If particular difficulties were to arise in certain areas owing to major structural differences between training courses, something more may be needed and it should normally suffice for the individual citizen wishing to benefit from freedom of movement for the purpose of establishment to provide evidence of up to 2-3 years' professional experience.

Professional qualifications

21. Problems arise as regards valid employment in other Community countries for those employees whose professional qualifications are recognized in their country of origin but not in the host country. The European Council should invite the Community institutions:

(i) to intensify their efforts towards greater transparency of evidence of professional qualifications, building on the Commission proposal on the equivalence of professional qualifications already under examination,

(ii) to consider the introduction of a European vocational training pass for craftsmen and workers with special qualifications. This would enable the individual employee to prove his professional qualifications in all Community countries.

Right of residence

22. The Committee is convinced that the right of a citizen of a Member State of the Community to

reside in any other Member State of his free choice is an essential element of the right to freedom of movement. Discussions within the European institutions since 1979 did not lead to final agreement, because in particular the debate on evidence of sufficient resources to live on as a condition for unhindered residence failed to produce a solution. Such evidence seems indispensable to avoid migration motivated only by economic considerations, because in particular the European social security systems have not been harmonized. Citizens wanting to reside in a country other than their own should not become an unreasonable burden on the public purse in the host country. Where it is evident that such a citizen would incur a certain level of expenditure, it seems reasonable for the host country to take into account whether he is able to meet such expenditure.

The European Council should pave the way for a swift conclusion of the current discussions by taking a political decision of principle on a general right of residence for all citizens of the Community. This right would of course be subject to requirements of public order and security, in conformity with the principles of Article 56(1) of the Treaty of Rome. A practical solution to the abovementioned problems should be found by linking admission to exercise the right of residence with the precondition that evidence of adequate resources at the level of social assistance in the host country and of adequate provisions in case of illness is provided.

Conclusion

23. The Committee on a People's Europe invites the European Council to ensure that the Community institutions and the Member States adopt the measures necessary to implement the recommendations contained in this report. The Committee notes that implementation of many of the proposed provisions depends on decisions to be taken by the Council of Ministers; it is for this reason that the European Council is asked to request the Council to report back for its meeting in Milan on the progress made.

Members of the ad hoc Committee on a People's Europe

Mr Pietro Adonnino (Chair)
Representative of Mr Bettino Craxi, Prime Minister of Italy

¹ Mr Kranidiotis argued that this approach does not preclude the possibility of applying the relevant provisions of the EEC Treaty wherever this is advisable.

Mr T. Mailand Christensen
Representative of Mr Poul Schluter, Prime Minister of Denmark

Mr Max Gallo
Representative of Mr François Mitterrand, President of France

Mr Albert Hansen
Representative of Mr Jacques Santer, Prime Minister of Luxembourg

Mr Yannis Kranidiotis
Representative of Mr Andreas Papandreou, Prime Minister of Greece

Mr Hans Neusel
Representative of Mr Helmut Kohl, Federal Chancellor of the Federal Republic of Germany

Mr Éamon Ó Tuathail
Representative of Dr Garret FitzGerald, Prime Minister of Ireland

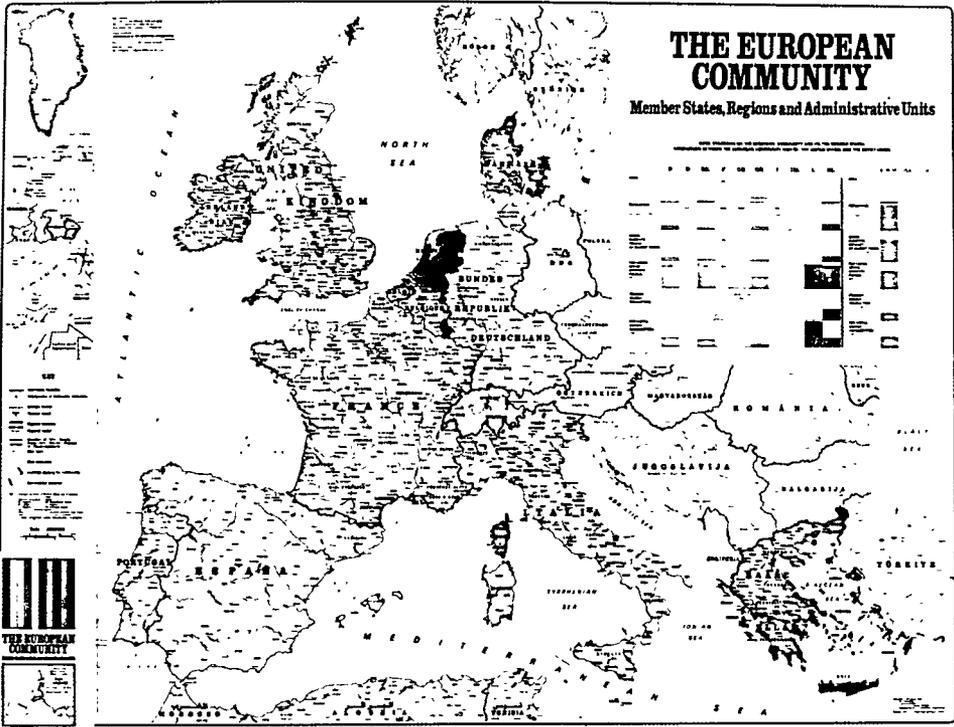
Mr Carlo Ripa di Meana
Representative of Mr Jacques Delors, President of the Commission

Mr Prosper Thuysbaert
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Mr Edmund Wellenstein
Representative of Mr Ruud Lubbers, Prime Minister of the Netherlands

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