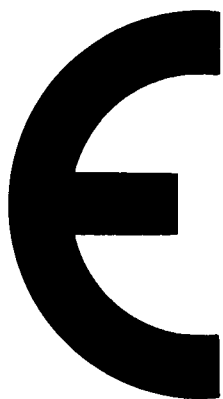


# Bulletin

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## OF THE EUROPEAN COMMUNITIES

Commission



No 5 1985

Volume 18

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# Bulletin

## OF THE EUROPEAN COMMUNITIES

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Secretariat-General  
Brussels

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PART ONE

**SPECIAL FEATURES**

## Bulletin information service

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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. Parliament's action against the Council concerning the common transport policy

## Court gives judgment

1.1.1. On 22 January 1983 Parliament brought an action before the Court of Justice under Article 175 of the EEC Treaty, asking the Court to declare that the Council had infringed the EEC Treaty by failing to introduce a common policy for transport (and in particular to lay down the framework for such a policy in a binding manner) and by failing to reach a decision on 16 Commission proposals which were specified in Parliament's application.<sup>1</sup>

The Commission intervened in the proceedings in support of Parliament's claims, and the Dutch Government intervened in support of the Council's claims. The Dutch Government did state, however, that since the transition period had expired certain transport provisions, read in combination with the general rules of the Treaty, could place direct obligations on the Member States.

1.1.2. Giving judgment<sup>2</sup> on 22 May 1985, the Court held that:

- (i) the Council had, in infringement of the Treaty, failed to ensure freedom to provide services in the field of international transport and to lay down the conditions under which non-resident carriers may operate transport services within a Member State;
- (ii) the remainder of the application was rejected;
- (iii) the parties and the interveners were ordered to bear their own costs.

1.1.3. The Court first ruled on the Council's objection that the action was inadmissible. This was rejected on the grounds that no limitation on the exercise of the power to bring an action for failure to act could be imposed upon one of the institutions of the Communities without affecting the institutional standing conferred upon it by the Treaty and that the President of the Council's reply of 22 November 1982 to the

President of Parliament had merely listed the measures already taken by the Council in the field of transport. Since the reply had neither contested nor admitted the alleged failure to act, nor expressed the Council's intentions on activities to be undertaken, the Council could not be held to have 'defined its position' as required by Article 175 of the Treaty.

On the substance, the Court first analysed the Council's power of discretion in the framing of transport policy. While agreeing that discretion is limited by the requirements arising from the establishment of the common market and in particular by the time limits laid down in the Treaty, the Court said that it was nevertheless for the Council to determine the objectives and means of a common transport policy. Consequently, the absence of a common policy as such did not necessarily constitute a sufficiently clearly defined failure to act for it to be made the subject of proceedings under Article 175.

Recalling that Article 61(1) of the Treaty provides that freedom to provide services in the field of transport is to be governed by the provisions of the Title relating to transport, the Court then pointed out that the application of the principle of freedom to provide services had to be achieved by laying down common rules applicable to international transport and the conditions under which non-resident carriers may operate transport services within a Member State (Article 75(1)(a) and (b)). This being so, the Court held that the Dutch Government's argument that Articles 59 and 60 were directly applicable in the transport sector could not be accepted and that, in view of the requirements spelled out in decisions of the Court concerning freedom to provide services, the Council did not have discretionary power as to the results to be

<sup>1</sup> Case 13/83, OJ C 49, 19.2.1983.

<sup>2</sup> A detailed analysis of the judgment will be published in a forthcoming issue of the Bulletin.

achieved but only regarding the ways and means of achieving them. This led the Court to conclude that the obligations arising out of Article 75(1)(a) and (b), in so far as their purpose is to ensure freedom to provide services, are sufficiently clear-cut for failure to fulfil them to warrant a finding that the Council has failed to act in terms of Article 175.

On Parliament's second claim, regarding the Council's failure to take decisions on the 16 Commission proposals, the Court stated that, to the extent to which the object of the proposals was to promote the achievement of freedom to provide services in the field of transport, the Council's obligation to take action on them already followed from the preceding finding that the Council had failed to act. In so far as the proposals did not fall within that definition, the Court held that their adoption was a matter for the Council's discretion.

*1.1.4.* This judgment is of exceptional significance for the Community, both from an institutional standpoint and from that of the common transport policy. It confirms for the first time Parliament's power to take action in the Court of Justice against the Council and, should the occasion arise, against the Commission if it considers that they are not fulfilling their obligations.

Economically—and specifically with respect to transport—Parliament has scored only a partial victory. Parliament had alleged that the Council had failed to establish a general framework for a common transport policy and to reach a decision on 16 specific Commission proposals. The Court held that it was not for it to determine what a common transport policy should consist of and that the Council had a power of discretion in this area. However, its discretionary power was not absolute: it was obliged to take the measures necessary to establish the freedom to provide services which is explicitly required by the EEC Treaty for the three 'inland' modes (rail, road and inland waterway).

Although the Court judged the Council's 'failure to act' to be only partial, the reper-

cussions of the judgment will probably extend to the whole common transport policy, because some Member States would not accept liberalization of services in the absence of any quantitative control or harmonization of social, technical and competitive conditions. So the Commission will no doubt have to revise its past proposals, notably with a view to strengthening those relating to freedom to provide services so as to bring in complete liberalization of transport services as required by the Court.

*1.1.5.* At the end of its meeting of Transport Ministers on 23 May, the Council made the following statement concerning the Court's ruling:

'The Council took note of the Court judgment. It regarded this judgment as very important and as providing an impetus for progress in the development of the common transport policy.'

Since the judgment was issued on the day before its meeting, the Council confined itself to an initial exchange of views, after which it decided to hold an additional meeting next month to take the necessary action to comply with the judgment.

This meeting will be preceded by detailed preparatory discussions by the Permanent Representatives Committee to identify the decisions to be taken and establish how far preparatory work has advanced. At this June meeting the Council will take whatever decisions it deems necessary to organize its work and ensure that the Court judgment is put into effect as swiftly as possible.'

The Council President, Mr Claudio Signorile, the Italian Minister for Transport, said that this statement constituted a first 'political' response to the Court's judgment. The 'technical' response, concerning the content of the measures to be taken, would be formulated at the Council's next meeting in June.

Mr Clinton Davis, the Member of the Commission with special responsibility for transport, made the following statement:

'This judgment will be a powerful weapon in creating the conditions for faster progress in the transport sector, where the Council of Ministers has quite clearly failed to meet its Treaty obligations.

The Court has found, for example, that: the Council cannot invoke political or technical or economic difficulties as excuses for its inaction; the Council should have ended all its discrimination due to

nationality and/or residence since 1 January 1970 and now has a "reasonable period" in which to implement the Court's judgment; the Court has left open — probably as a sword of Damocles — what conclusions it would draw if the Council remained inactive; the consequence might well be that the Court would itself strike down all nationality or residence discrimination.'

## 2. Agricultural prices and related measures for 1985/86

### Partial agreement in the Council

1.2.1. On 16 May the Council reached agreement on the agricultural prices and related measures for 1985/86 for all products with the exception of cereals and rape. This partial agreement, which was followed on 23 May by the formal adoption of the Regulations concerned,<sup>1</sup> was obtained by consensus with two abstentions. The German delegation abstained because of the decisions taken regarding the milk sector and the Greek delegation abstained because of the treatment of Mediterranean products.

The Federal Republic of Germany opposed the Presidency's last proposal for a compromise on cereals, involving a flat-rate reduction of 1.8%, which Mr Andriessen had supported in order to make it easier to reach a final agreement. Since the German delegation stated that very important interests were at stake for Germany in this field, within the meaning of paragraph I of the 'Luxembourg compromise',<sup>2</sup> the Council agreed to try to reach, within a reasonable time, solutions which were acceptable to all its members. With this in view, it agreed to meet again on 11 and 12 June.

The German delegation did, however, agree to dissociate cereals and rape from the rest of the prices package.

This is the first time that the Federal Republic of Germany has invoked the 'Luxembourg compromise' and, as Mr Jopling, the United Kingdom's Minister for Agriculture, pointed out, it is likely to have effects beyond the Council of Agriculture Ministers.

Mr Andriessen, in a statement to the press, blamed the Council not only for the delays which had occurred but also for the way in which the negotiations had been conducted: 'The Council, by its reluctance to follow the voting procedures laid down in the Treaty, is jeopardizing the operation of the common agricultural policy and the major reforms of the CAP agreed last year. If the Council does not abide by the procedures provided in the Treaty the Community's ability to take decisions in an important sphere of its activity will be paralysed and the difficulties already experienced will become intolerable in the years to come.'

<sup>1</sup> OJ L 137, 27.5.1985.

<sup>2</sup> The paragraph is worded as follows: 'Where, in the case of decisions which may be taken by majority vote on a proposal of the Commission, very important interests of one or more partners are at stake, the Members of the Council will endeavour, within a reasonable time, to reach solutions which can be adopted by all the Members of the Council while respecting their mutual interests and those of the Community, in accordance with Article 2 of the Treaty.'

Mr Adriessen noted three reasons to be satisfied with the agreement reached by the Council:

(i) *prices*: except on cereals, the Council had largely accepted the Commission's proposals; for crop products the decisions were harsh and in some cases there were even price reductions, though sometimes less severe than expected;

(ii) *milk quotas*: the Council had confirmed the 1984 decisions, which meant cutting quotas to the basic level (by 1 million tonnes) and a corresponding reduction in the co-responsibility levy; it had been flexible, however, with regard to the coming marketing year (adjustment of quotas and relaxation of the superlevy arrangements);

(iii) *budgetary aspects*: the Council has, up to now, abided by the objective of avoiding effects on the budget (which applies to the whole of the prices package).

In the case of cereals, the Commission, after first proposing a 3.6% price reduction, agreed to temper the application of the guarantee threshold by reducing this figure to 2% (with adjustment of the monthly increases); eventually it supported the Presidency's final compromise proposal (-1.8%), but to no avail. Mr Adriessen summed up: 'In such negotiations a time is reached when any further change to the Commission's proposals goes beyond what can be regarded as reasonable and desirable in the interest of the Community as a whole. The Commission cannot agree, by altering its own proposals to that extent, to undermine the major reforms which the Council itself has decided to undertake in respect of agricultural policy.'

1.2.2. For the prices and related measures adopted by the Council, see under 'Agriculture' (→ points 2.1.82 to 2.1.90 and Tables 5 and 6).

### 3. A new approach to technical harmonization and standards: Council resolution

1.3.1. On the basis of a communication from the Commission,<sup>1</sup> the Council, meeting on 7 May to discuss the internal market, adopted a resolution on a new approach to technical harmonization and standards.<sup>2</sup>

This is the fruit of a process of reflection which was prompted by the recognition of the fact that, although the work on technical harmonization in the Community has produced very favourable and significant results (so far 180 harmonization directives have been adopted), the methods and procedures involved are in need of updating.

The new approach entails the adoption of 'legislative frameworks' in the form of

directives laying down the essential standardization criteria for major industrial sectors, particularly as regards safety, public health and, possibly, environmental requirements. The European standardization bodies (CEN/Cenelec) will then draw up technical specifications in the form of European standards.

The agreement reached in the Council endorses this approach. It also provides the possibility for existing national standards to

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<sup>1</sup> Bull. EC 1-1985, point 1.3.1 *et seq.*

<sup>2</sup> OJ C 136, 4.6.1985.

perform the function of European standards during the transitional period before such standards are drawn up, thereby facilitating the free movement of goods, provided they are verified and approved by the Commission.

The national authorities will be obliged to recognize that products manufactured in accordance with harmonized standards (or, provisionally, with national standards) are presumed to conform to the 'essential requirements' laid down in the Directive. The manufacturer will be free to produce goods which do not meet these standards, but in that event the burden of proof that his products meet the essential requirements of the Directive will fall upon him.

A standing committee composed of representatives appointed by the Member States and chaired by the Commission will assist the Commission in carrying out this task. The committee will adopt opinions, where necessary, by a qualified majority, and the Commission has accepted a moral obligation to endorse its opinions.

The Commission announced that it has just put in hand the procedures that would culminate in the presentation of specific proposals to the Council in certain priority areas, particularly in the field of mechanical engineering.

The text of the resolution is as follows:

'The Council,

in extension of its conclusions on standardization, approved on 16 July 1984,<sup>1</sup>

(i) emphasizes the urgent need to resolve the present situation as regards technical barriers to trade and dispel the consequent uncertainty for economic operators;

(ii) emphasizes the importance and desirability of the new approach which provides for reference to standards — primarily European standards, but national ones if need be, as a transitional measure — for the purposes of defining the technical characteristics of products, an approach outlined by the Commission in its communication of 31 January 1985,<sup>2</sup> which follows certain guidelines adopted by the European Parliament in its resolution of 16 October 1980<sup>3</sup> and forms part of the extension of the Council's conclusions of 16 July 1984,<sup>1</sup>

(iii) aware that the new approach will have to be accompanied by a policy on the assessment of conformity, calls on the Commission to give this matter priority and to expedite all its work in this area,

(iv) approves the guidelines encapsulated in the list of principles and main elements to be embodied in the main part of the Directives (Annex II to this resolution);

(v) calls on the Commission to submit suitable proposals as soon as possible.'

<sup>1</sup> Bull. EC 7/8-1984, point 2.1.12.

<sup>2</sup> Bull. EC 1-1985, point 1.3.1 *et seq.*

<sup>3</sup> OJ C 291, 10.11.1980.

## 4. Pope John Paul II visits the European Communities

1.4.1. Pope John Paul II visited the Commission on 20 May, during his tour of the Benelux countries. He had accepted the Commission's invitation as a token of the Holy See's interest in European unity and

the Community's relations with the developing countries.

The Pope was greeted at the main entrance to the Commission's headquarters by the President of the Commission, Mr Jacques

Delors, the President of the European Parliament, Mr Pierre Pflimlin, and the President of the Council, Mr Giulio Andreotti.

He was accompanied by the Vatican Secretary of State, Cardinal Casaroli, the Archbishop of Malines-Brussels, Cardinal Danneels, the Apostolic Nuncio and Head of the Holy See's Mission to the Communities, Mgr Pedroni, and other dignitaries.

The Pope went first to the reception room, where Mr Pflimlin presented the members of Parliament's Enlarged Bureau, after which Mr Andreotti presented those members of the Governments of the Member States who were in Brussels for the Council meetings on that day. The Chairman and Vice-Chairmen of the Economic and Social Committee were also presented.

The Pope then proceeded to the Commission's meeting room, where Mr Delors presented the other members of the Commission to him.

In the late afternoon, after a welcome address by Mr Delors, he delivered a message on Europe to an audience of 400 guests.

### **Address by Mr Delors**

1.4.2. 'It is a great honour for me, in the company of Mr Pflimlin, President of the European Parliament, and Mr Andreotti, President of the Council, to welcome Your Holiness to the headquarters of the European Commission.

This is a historic occasion. For the first time ever the European institutions are welcoming the Head of a Church which has had such an influence on the history of our countries, a Church whose fundamental values have contributed, with other spiritual traditions, to Europe's character and greatness.

Your Holiness, the countries making up the Community which welcomes you today would like to believe that they have a shared destiny. This belief, this hope has been forged by centuries of division, strife and fratricidal war.

Forty years of internal peace and 35 years of shared progress may count for little given the traumas Europe has suffered. And each day reminds us of the internal divisions within Europe, of peoples so close to us but cut off from our Community by history. We intend to press ahead with our unique

work of peace and reconciliation, with patience and respect for others. Europe, the continent of Europe, wants to be an area of freedom, reciprocity and solidarity. Europe, the continent of Europe, wants to be the master of its own destiny.

As our century draws to a close, Europe seems to hesitate from time to time, unsure of its strength, its influence and its values in the face of wide-ranging political and technical change. There was a time when Europe claimed to understand and shape the world. Today, having renounced its imperial claims, Europe is in danger of paying too little attention to matters which are the nub of civilization: the duty of the individual, the conditions in which the individual can grow and develop, the place and role of the individual in society, and the reasons for existing and living in society.

And yet, nothing can be more important than the defence of human rights, flouted in every continent in the name of cold and rigid dogma. Nothing can be more urgent than to help pluralist democracies, ever-fragile, ever-insecure, to survive and prosper. We are determined to defend the right of minorities of all kinds to be different, and to promote tolerance and togetherness. Nothing can be more vital than a return to the ethic of responsibility, to respect for oneself and others.

Europe has a duty by virtue of its tradition, its level of advancement and its power. Since its inception, the Community has made a point of asserting its presence on the international scene by making cooperation and solidarity with the Third World a cornerstone of its external policy. The Lomé Convention, associating 66 African, Caribbean and Pacific countries with the Community, is undoubtedly a prime example of this.

Solidarity must be kept alive: today's famine is a salutary reminder of the responsibility which the most fortunate members of society bear towards the most deprived.

These, Your Holiness, are common concerns. But there are others. The European model is based on a concept of the individual which could, if we are not careful, be jeopardized by the controlled proliferation of new technologies, by a Promethean ardour heedless of what is truly great in man. Here too there is a moral challenge to be faced.

We also have a responsibility — and a serious one at that — to our young people who, as you point out in your apostolic letter, are our real wealth. What future can we offer them, what hope, if they are to be excluded or rejected by society? Europe's ambitions will be thwarted until unemployment is radically reduced. Europe must fight this social scourge with intelligence, with solidarity and with

resolve. Economic growth and social development, inspired by a new-found imagination and common values, must provide everyone with an opportunity for personal fulfilment and involvement, reconciling the individual and society.

The face of western Europe has changed over the last 35 years. But Europe may still lack the soul which would make it truly great. Europe is making progress, moving from one milestone to the next, with events like the imminent accession of Spain and Portugal, two countries dear to your Church. It is heartwarming that these young democracies are joining our ranks. It will mark another step along the road to European unification, a step which validates and strengthens the message of freedom, peace and fraternity which Europe must project and symbolize, if it is to be a leaven in the lump, if it is to help man measure up to his destiny.'

## Address by Pope John Paul II

1.4.3. '... You are aware of the kind attention with which my predecessors have followed the efforts to build up the European Community in the wake of the Second World War. During my journeys and the conversations with the guests I receive in Rome, I have had many opportunities myself to express my interest in the contributions to the making of Europe...

Today you are welcoming the successor of the Apostle Peter, who together with Paul was the founder of Christianity in Europe. Our meeting is in the nature of things, for my mission in the world is to bear witness, together with my brethren of the episcopate and all Christian people, to this faith which characterizes the history and culture of this continent more than any other; to bear witness to the faith in which a large number of European men and women recognize the fundamental orientation of their lives. In responding to your invitation, I do not see it as my duty to interfere with your tasks. I am well aware of their complexity and the difficulties they entail. But recognizing in your institutions the effort to unite Europe, it is my wish to reflect upon your continent and its calling.

On the eve of the third millenium, Europe is facing a new stage of its development. Today it is important that it becomes fully aware of its identity and the collective memory of its long and turbulent past. This awareness is needed to safeguard it from undergoing its destiny as a mere matter of chance and to plan the construction of its future in full freedom. This project must ground itself in your historical heritage. And looking upon the past, one must guard oneself from glorifying its highlights and ignoring its patches of darkness. But while

exploring the dark regions one should not ignore the good and sound aspects generated by previous centuries.

Our continent reflects well the paradoxes of man: capable of intelligence, self-control, devotion and holiness, he is also capable of destruction because of his greed and pride. He is aware of his dignity and aspires to virtue, but he also gives in to delinquent behaviour which degrades him. And yet, when we look at the culture and civilization which existed previous to the beginning of the modern period, we can discern their Christian roots. These roots become apparent in a particular concept of man which asserts that the human being has a unique value as the centre of the world, that there is meaning to history, that progress is possible in all fields, that there is still hope to build a world based on justice and solidarity and that it is possible to prevent oneself from being inundated with evil. Faith incessantly confronts him with an ideal. And if he suffers from the conflict between the grandeur of his calling and the infidelity of its realizations, he knows that he is meant to surpass himself incessantly and experiences the blessing of reconciliation.

... His conquests are inspired by a rational optimism that leads him to the negation of every transcendental ideal escaping the mastery of his genius. Different currents of philosophical and ideological thinking discredit any adherence to faith and lead to a suspicion of God. This suspicion, in turn, reflects upon man himself and deprives him of the full knowledge of his reasons for being. The power of man and the dynamism of his history are hypertrophied. As a result, ideologies and political systems emerge which get in the way of man's freedom and which reduce his nobility. The actual negation of many spiritual values leads man to the ignorance of the outlines of ethics as well as to the fulfilment of his absolute wish for emotional satisfaction.

He asks for liberty and evades responsibility; he longs for wealth but cannot get rid of poverty. He claims everybody is equal but too often yields to racial intolerance. Today man is tempted by doubt on the meaning of his life and nihilism despite all he claims for himself and all he can get.

One can rightly say that the two world wars that tortured the continent were the consequence and illustration of the crisis of man that permeates humankind ever since. One is taken aback at the countless deaths caused by those conflicts, the physical and emotional wounds, the massive destruction and the tremendous scope of the mistakes that caused this calamity. Forty years later we are still marked by its scars. For a long time this horrible shock will haunt our memories...

... I wished to share with you these reflections on the history (at once beautiful and terrible) of our continent because our lives are marked by ruptures which stem from the past; but also because we are endowed with a rich heritage which underpins the vocation of Europe and its task in our time.

We are gathered here at the headquarters of your institutions because very soon after the Second World War a large number of Europeans joined in the conviction that the disparities among men and the oppositions between countries are not ineluctable. It was necessary to ensure peace on the basis of lasting friendship; it was necessary to re-create the conditions for unity. Men who themselves had known suffering have taken the initiative to propose to the countries of Europe to embark on a cooperation more solid than previous alliances, and to form a community. Among its founders we would like to recall the names of Jean Monnet, Robert Schuman, Alcide de Gasperi, Konrad Adenauer, Winston Churchill, and Paul-Henri Spaak. Like so many others, too numerous for me to mention here, their merit lies in the fact that they did not want to resign themselves to a division which prevented the reconstruction of Europe, but on the contrary, dedicated themselves to the development of a cultural and material heritage of astonishing richness and to the retrieval of Europe's dynamism by reviving the positive inspirations of its history.

First of all, the founders of your institutions had an intuition that the sphere of economy lends itself to a common project, not only as a result of the present world situation, but also as a will to avoid events threatening peace in the future. In fact, a cooperation was instituted of which you are the architects. Your complex tasks remain arduous; you often have difficulties in reconciling different points of view before taking action. You still need to attest to a common will and to bring out a communal vision; you feel the need to widen the dialogue between political and economic authorities, the social partners and all those who work towards the common good. In a spirit of togetherness and determination all officials should confront and resolve the harsh economic problems facing mankind. Among the most disquieting problems I would like to mention the problem of unemployment, of the introduction of young people to professional life, of the immense poverty of some in the face of the wealth of many. Allowing mankind to live in dignity is the basic *raison d'être* of economic activity. A clear awareness of this should lead to submitting individual interests to essential objectives. The Second Vatican Council summed up these objectives in the following way: "Excessive economic and social disparity between individuals and peoples of the human race is a source of scandal and militates against social justice, equity,

human dignity, as well as social and international peace." (*Gaudium et spes*.)

In order to establish unity, Europe needs a better coherence. A great project can only succeed when supported by everyone's original contribution to the community. On a continent with strongly marked cultural differences—the variety of European languages clearly points this out—mutual attention and dialogue between the regions constitute a precious enrichment. In the past, Romanesque and later Gothic art for example expressed itself in a context of diversity and common artistic and spiritual inspiration, happily matching the genius of each region with the influences from elsewhere. In the technical and scientific fields exchanges are developing; on a larger scale, all citizens should meet and communicate from childhood on. Their mutual acquaintance, far from impoverishing specific traditions, will expand the human qualities of all. On this level, the borders set by treaties cannot limit the communication of men and nations. Europeans cannot submit themselves to the division of their continent. The countries which for different reasons do not belong to your institutions should be included in the fundamental desire for unity; their specific contributions to the European heritage cannot be ignored.

On the other hand, everyone is aware of the fact that the life of a continent, however rich its culture may be, cannot shut itself off from the contributions of others; think for example of developed civilizations outside the Christian influence; think also of other areas lit up by a culture of European and Christian inspiration, often enriched by contact with other ethnic groups. Communication with others is one of the essential components of a spirit formed by the Christian tradition; it is Europe's duty to live this tradition with fraternal respect for all human beings. It is part of Europe's vocation to develop a sense of universality.

Confronting the challenges of economics and expanding human communication are concerns which lead us to other major problems posed by the present crisis. First of all, as I stated when evoking the past, we find ourselves confronted with the moral and spiritual decline of mankind, particularly visible in your countries. It is as if human beings see life as a game, that is, whenever they are not seized with despair...

The younger generation is disappointed about the world we have put them into. Does our way of life allow them to respect their own human dignity, to discover an ideal, to thrive in a communion of people happy in their dignity? It is the responsibility of all of us to assess what is at stake in these questions. Man has sufficient power over himself to resume his course, to stand up again after a



fall, and to respond to the calling of continually surpassing himself.

When we direct our attention from the life of the individual toward the world as a whole, other perils become apparent. Though all human beings are fundamentally equal, the northern and southern hemispheres are marked by an unequal share of resources, and starvation is rampant. Solidarity is imperative. The Second Vatican Council set forth the following principle: "Every group must take into account the needs and legitimate aspirations of every other group, and still more of the human family as a whole." (*Gaudium et spes.*) The stern words of my predecessor Paul VI, in the Encyclical where he analyses the problems of development, still hold: "The nations of hunger today address a very dramatic appeal to the nations of wealth." (*Populorum progressio*, 26 March 1967.) It is our duty to respond to that appeal. I would like to praise here the efforts of the European Community to establish fairer relations with the poorest countries, particularly in the context of the Lomé Conventions. May Europe never cease to lend an ear to the appeals of those in danger of privation! May Europe have the courage to stress even more the true significance of solidarity! May Europe draw inspiration from a sense of justice!

In the world as a whole, blocs oppose each other and conflicts are tearing whole nations apart. Attempts at hegemony are ample as never before; they are grounded in dehumanizing ideologies. This underlines the responsibilities of nations which have received a great deal, to unite and speak with one voice for peace, to avoid confrontations, to oppose the arms race which stresses

tension and which drains too many resources to the disadvantage of basic needs. In the context of the unity of Europe the Final Act of the Helsinki Conference on security and cooperation in Europe represents a precious milestone on the way to dialogue which remains to be expanded and made more effective. May other initiatives courageously be taken to save peace!

For their part, Christians have a profound desire for humankind to consolidate every agreement based on human respect and to build up peace. By token of their own search for unity they wish to be a living sign of mutual trust, a sign of a step towards the harmony they hope to share in brotherhood.

Being here among you, I would very much like to acknowledge the positive achievements of your institutions. Particularly, I would like to greet the imminent entry into your Community of two countries of famed tradition. And I would like to express the hope that your Community will be able to advance with determination towards the solution of the disquieting problems of our time. May the progress achieved over the last few decades encourage you! May the present challenges stimulate you!

Instructed by its own past, Christianity can tell the world that differences are surmountable, that wounds can be healed, provided that the world today draws inspiration from love and does not kill hope. Today I am repeating the appeal I addressed to Europe from Compostella: "Rediscover your identity! Be yourselves! Discover your origins. Go back to your roots." (9 November 1982.) Ground your future in the truth of men, open your doors to universal solidarity!"

## 5. Signing of the Community-China Cooperation Agreement

1.5.1. On 21 May, two weeks after the 10th anniversary of the opening of diplomatic relations between the Community and China, the new Community-China Cooperation Agreement was signed in Brussels by Mr Zheng Tuobin, Minister for Foreign Economic Relations and Trade, on behalf of China, and by Mr Giulio Andre-

otti, President of the Council, and Mr Willy De Clercq, Member of the Commission with special responsibility for external relations, on behalf of the Community.

The signing ceremony was followed by the second high-level consultative meeting between the Commission and the Chinese

Government.<sup>1</sup> The Chinese delegation was led by Mr Zheng and that of the Commission by Mr De Clercq.

While in Brussels, the Chinese minister, who was paying his first visit to the Community institutions, had separate talks with Mr Lorenzo Natali, standing in for Mr Jacques Delors, who was unable to be present, Mr Karl-Heinz Narjes and Lord Cockfield.

Both the high-level meeting and the discussions with the Members of the Commission provided an opportunity to review cooperation activities and confirm guidelines for future activities.

### Development of Community-China relations

1.5.2. Until 1974 trade relations between China and the Community were governed by bilateral agreements between China and the Member States. In that year the Community took over responsibility for all trade relations with the State-trading countries, and in November 1974 the Community sent China—and the other State-trading countries—a memorandum expressing readiness to conclude a trade agreement. Following negotiations with China, an agreement was signed in Brussels on 3 April 1978<sup>2</sup> and came into force on 1 June of that year. The agreement was a non-preferential trade agreement for five years, automatically renewable each year thereafter.

In 1980 China was included, for the first time, in the list of beneficiaries under the Community's generalized preferences scheme. The range of products for which China has obtained the duty-free access provided for under the scheme has been steadily widened.

In 1979 the Community and China negotiated a Textile Agreement,<sup>3</sup> which was due to expire in 1983. The Additional Protocol initialled on 29 March 1984 incorporated anti-fraud mechanisms in the Agreement and extended it until 1988.<sup>4</sup>

This Agreement provides a framework for the Community's textile and clothing imports from China. In return for greater access to the Community market, the Chinese authorities have undertaken to maintain the present balance in textile trade between the two sides, supply minimum quantities of certain raw materials required by European manufacturers (pure silk, angora, cashmere) and comply with a price clause.

The Community's cooperation activities, which supplement those carried out by each of the Member States, are being expanded and diversified. In the sphere of trade cooperation, the Commission organized an EEC-China trade week in Brussels in April 1981. Encouraged by the success of this event, the Commission and the Chinese authorities have begun preparing another trade week, which is due to be held in Brussels towards the end of the year and will focus on China's provinces. As regards technical assistance, the Commission decided in March 1984 to allocate 3.5 million ECU to a business management training programme in China under the programme of aid to non-associated countries, and five technical assistance and technology transfer projects in agriculture totalling 6 million ECU were also financed.

Scientific and technical cooperation has been represented by Community-China cooperation in the field of energy since 1981. This has mainly involved Community aid for China in the training of staff responsible for planning in the energy sector and two-way exchanges of experts to study specific problems in this field.

Trade between the Community and China has expanded considerably over the past 10 years. Community imports rose from 668 million ECU in 1975 to 3 209 million ECU in 1984, while in the same period exports rose from 1 154 million ECU to 3 511

<sup>1</sup> Bull. EC 10-1984, point 2.2.30.

<sup>2</sup> OJ L 123, 11.5.1978.

<sup>3</sup> Thirteenth General Report, point 503.

<sup>4</sup> Bull. EC 3-1984, point 2.2.13.

million ECU. Nevertheless, trade with China still accounts for less than 1% of the Community's external trade. The Community is China's fourth-biggest supplier with 11% of its foreign trade, behind Japan (25%), Hong Kong (16%) and the United States (13%).

The Community's main imports from China are textiles and clothing, agricultural products and chemicals. Its main exports to China are machinery, steel products and again chemicals.<sup>1</sup>

## Content of the new Cooperation Agreement

1.5.3. The Trade and Economic Cooperation Agreement between the People's Republic of China and the Community replaces the 1978 trade agreement.<sup>2</sup> It is a concrete expression of the two parties' wish to initiate a new phase in their economic and trade relations by increasing and diversifying their trade, on the basis of equality and mutual advantage, and actively developing a form of economic and technical cooperation which corresponds to their mutual interests.

It is a five-year framework agreement for cooperation, automatically renewable on an annual basis. It is an open agreement which does not exclude any form of economic cooperation falling within the Community's sphere of competence. Sectors covered in the initial stage include industry, mining, agriculture, science and technology, energy, transport and communications, environmental protection and cooperation in other countries. Proposed cooperation activities concern notably the exchange of economic information, contacts between businessmen, trade and industry officials and so on, seminars, technical assistance and promotion of investment.

The Community has expressed readiness to continue operations designed to foster economic development in China under its development aid programme, and confirmed that it is willing to look at the possibility of increasing and diversifying these

operations. A Joint Committee is responsible for administering the new Agreement, as was the case under the 1978 agreement. The Committee will also have the task of examining means and new opportunities of developing economic and trade cooperation, and making recommendations.

## Speech by Mr De Clercq

1.5.4. '... Ten years ago, after passing through one of the most critical periods in its several thousand years of history, China once again opened its doors to the outside world.

The Community, immediately following its first enlargement, was playing an increasingly active world role, developing not only internal policies but also its relations with the major part of what is commonly called the "Third World".

Now, on the eve of its third enlargement, which will strengthen its relations with the Spanish- and Portuguese-speaking worlds, the Community is emerging from its period of crisis and henceforth will be in a position to make its voice heard in the great debates and conflicts which exercise the world. At home, it will continue working towards greater integration in the interests of its citizens and those of its partners.

At international level, it intends making the arguments of interdependence prevail over those of conflict. And we are happy to see that a great nation like China has come out resolutely in favour of European integration.

We, for our part, admire the determination of the Chinese people and its leaders, the tremendous efforts they have made and the progress that has been accomplished on the path towards modernization and a continuously rising standard of living. The Community intends to do all it can to contribute to this progress.

I have had the opportunity to see for myself what devotion to work is felt by Chinese peasants, workers, technicians and managers; I do not doubt that your people will be able to achieve the impressive target that it has set itself for the end of the century—the quadrupling of its per capita income. The excellent economic results recorded in 1984 are pointers in the right direction.

During these 10 years, we have learnt to know each other and work together. Scientific, technical

<sup>1</sup> See Eighteenth General Report, p. 271: chart showing Community-China trade.

<sup>2</sup> OJ L 123, 11.5.1978.

and economic links are a key element in modern international relations, and we have jointly built up, day by day, a strong network of relations which are now—I need hardly say—excellent and exemplary.

Initially limited to purely trade matters and occasional contacts, our relations have since been strengthened by cooperation activities which, though still *ad hoc*, have steadily multiplied.

But while our cooperation has already given more than satisfactory results, its potential is far from exhausted. This is why we have created an instrument in the form of this new Agreement which is to constitute a broader and more solid foundation for the development and diversification of our cooperation and give it, of this I am sure, a further impetus.

The Agreement that we are about to sign, then, ushers in the third phase of our relations and institutionalizes a cooperation which will strengthen all the more the links of friendship uniting us.

In recent years, China has become an increasingly significant presence on the world scene, where, quite properly, it intends assuming its rightful role. Therefore, the Community and its Member States naturally want to strengthen and consolidate relations with a China which is making openness to the outside world one of the foundations of its new political and economic policy.

There is a great deal of friendship and understanding between China and Europe; there is no reason why we should not now consolidate this heritage and develop it in the interests not only of our own peoples but those of the whole world.

China and the Community are both seeking the same great objectives: peace, stability and development. No conflict, whether political or economic, divides us. Our views on a great many of the world's problems are identical or similar. Here, too, we have created the means... to develop dialogue and coordination between us still further so that we are better equipped to shoulder the new responsibilities we must bear as a result of the increasingly important roles we are playing in the world economy and on the international scene.'

## 6. EFTA celebrates its 25th anniversary

### EEC-EFTA ministerial meeting

1.6.1. On the occasion of the 25th anniversary of the European Free Trade Association, Mr Jacques Delors, President of the Commission, and Mr Willy De Clercq, the Member with special responsibility for external relations and commercial policy, met EFTA ministers in Vienna on 10 May, with Mr Fred Sinowatz, the Austrian Federal Chancellor, in the chair. Mr Per Kleppe, Secretary-General of EFTA, also attended the meeting.

Those taking part discussed the implementation of the declaration agreed upon by ministers of the EFTA and Community countries and the Commission in Luxembourg on 9 April 1984. They reiterated the goal of creating an open and dynamic economic area comprising the whole of Western

Europe which would benefit all their countries and strengthen their economies. They saw the accession of Portugal, a founding member of EFTA, and of Spain to the Community as a further step in this direction.

To give further impetus to the implementation of the Luxembourg Declaration they agreed on guidelines for the efficient continuation of the multilateral cooperation already started. They felt that concrete progress would be most readily feasible as regards further liberalization of the movement of goods within the Community-EFTA area. They also agreed that steps should be taken towards closer cooperation in research and development because of its crucial importance for improving the international competitiveness of European industries and for strengthening the econ-

omic potential of Western Europe as a whole.

They reiterated their willingness to pursue and intensify their work in numerous other areas and agreed to define shortly further areas where concrete progress should be made. In this context they recognized the urgent need to tackle pollution and other environmental problems.

They recognized the need to achieve monetary stability and sustainable and non-inflationary economic growth, strong enough to reduce unemployment in Europe. They agreed to pursue the exchange of views on an analysis of these problems. With the aim of strengthening the international economy and the development of trade they underlined their willingness to contribute to the improvement of the international financial and monetary system, to fight protectionism and to strengthen the multilateral open world trading system as embodied in GATT and other international organizations.

They agreed to meet regularly to review progress in their cooperation.

### Speech by Mr Delors

'... A year ago last month ministers of the EFTA and Community countries and our predecessors at the Commission met to sign the Luxembourg accord which forms a pendant to the 1972 free-trade agreements, setting out the ambitious goal of a real Europe-wide market to be achieved without either jeopardizing the integration of the Community or calling into question your own future course. Mr De Clercq will be reviewing the agreement and the prospects for its implementation in some detail; for my part, I should like simply to indicate its significance and scope...

The institution we represent is not simply the guardian of the Treaties and the executor of Council decisions; it can also initiate action, and I shall now give you a brief account of our aims, so that we can all consider in political terms what we might achieve together.

For the last few months my colleagues, Mr De Clercq and myself have been trying to clear a way forward for the Community. We formulated a comprehensive proposal to resolve the enlargement problem, and I am convinced that our proposal finally brought matters to a head and made poss-

ible what was a most moving — I would say fraternal — event for us. We have also been trying to put an end to the bickering which has sapped the vitality of Europe in the last three years. How can we go on to build the upper storeys of our European edifice when the builders are standing around among the foundations trading insults? That was the situation we were faced with. Now I believe the way ahead is clear for progress in three essential directions.

First of all, while we have a common market, and have done away with customs barriers proper, there are still many obstacles to the free movement of men and women, goods, capital and services within the Community. We are convinced that without such freedom of movement we can never reap the full benefits of the larger-scale market I mentioned a moment ago. I therefore told the European Parliament that by 1992 we must remove all the obstacles and push harmonization to a maximum in order to make it possible for European firms finally to work together more effectively. It is a question of survival in this changing world; no one is going to make things easy for us and no one owes us a living.

The second area, one which is of particular interest to you, is technology. I know that the press and even some politicians are currently speaking in terms reminiscent of Jules Verne, but seriously, an enormous amount is at stake, great social questions — the mastery of technology — and major ethical and philosophical issues. Still, everyone is now aware, I think, that those who fail to master the new technology will no longer be competitive and efficient producers and will be unable to find jobs for all their people. Not that technology alone can create all the jobs needed, but it enables us to attain the competitive strength which is a prerequisite for a return to full employment. Europe is suffering from a level of unemployment which is self-inflicted in that you, we all of us, have made great efforts to rationalize our industries, and today have the highest productivity of any of the developed countries, but at the price of unemployment. It is essential, therefore, that we find a way of responding to the technological challenge. We also have to bear in mind the formidable impulsion which comes from the United States' SDI programme. At the next European Council, therefore, we hope to propose what for the moment I can only call a general framework for cooperation. But when I was talking just now to the Chancellor I said that as far as I am concerned, even if this is a framework for the Twelve, I intend to call for access to each individual project to be open to EFTA countries so that your firms and governments can be involved in the work, if they wish. In any case, that is my firm intention and I think it

will be possible. This to me is *l'Europe à géométrie variable*.

In the third place, we have the currently much-debated question of the strengthening of European institutions and progress towards political union. I need hardly say that the first two objectives I have just been discussing require institutional improvements to be made. The rest of the question is too involved to deal with here, but like me you will have noticed that in the last 18 months — not, I may say, as a result of any initiative of the Commission's — many of our leaders have been canvassing ideas about moves towards political union, and these have struck a public chord and are being widely discussed, not to say hotly debated...

We are keen to set an example, and one modest example is the success of the European Monetary System, which is now being studied even in the United States; I talked about this, in fact, with the US authorities. Also, as you will know, in reinforcing the system we have now made it possible for the central banks of non-Community countries to hold ECUs. The ECU must be given every chance. There has been a remarkable growth in the use of the ECU for private transactions; we also have to accept certain responsibilities, and if it is correct to say that we are asking the dollar to do too much, the ECU needs to be given some small share in a multi-currency system which would certainly help reduce exchange-rate instability. We also set an example by our multilateral and bilateral development action.

There, Mr Chancellor, Vice-Chancellor, Your Excellencies, you have the course the Community intends to follow both internally, to strengthen its cohesion, and externally. On the external front, the sound and fury of the Bonn Summit must not be allowed to mask the overall consensus we have found in order that the Community can get on with its real tasks. Whenever we can, we will do so in cooperation with our EFTA friends. I am not trying to blur the distinction between the Community on the one hand and the EFTA countries on the other. But if we can build a European market, if we can extend our cooperation in the field of technology or elsewhere, if we can take a common stand in the major international forums, then I think that in our different fashions we can help build a Europe which does not simply hark back to past splendours but has a bright future as well ...'

### Speech by Mr De Clercq

'First let me join the President of the Commission in saying how pleased and proud I am to be present, in my capacity as Member of the Commission with special responsibility for trade, at this

very important occasion. In what I have to say ... I shall be looking ahead to the future, though in a more down-to-earth way, ... since I should like on behalf of the Commission to tell you what concrete progress we have to report...

We are not here simply to offer professions of goodwill, though of course those are in order too. But I believe we are here primarily to demonstrate that the Luxembourg Declaration was not just the conventional rhetoric, nor the swallow which does not make a summer, but a commitment which must be followed by action and results. In this belief we are encouraged by the warm welcome given to the Luxembourg Declaration by business and political spokesmen generally both in the EFTA countries and at home by the European Parliament and the Economic and Social Committee, and also by trade and industry representatives — including Unice, for example. The new Commission therefore decided to take up the challenge immediately, feeling that a year on from the Luxembourg Declaration the time was ripe for action. Its 1985 programme... lays special emphasis on the development of relations between EFTA and the Community, and two days ago we sent a communication to the Council setting out the Commission's ideas on ways of giving effect to our joint declaration...

At the start of our term of office we made it plain, addressing the European Parliament, ... that the Community's outward strength depended on its internal cohesion. When we talk of strength, and outward strength in particular, we are not planning to impose our own point of view on anyone else: the strength we have in mind is one which will give us confidence to seek closer cooperation with our EFTA neighbours. Our recent progress ... reflects the new mood in the Community — a healthy Community is in a better position to work with others, and with yourselves in the first instance. As the President of the Commission has pointed out, our relationship has a sound basis, since the EFTA countries are by far the Community's largest market, while for EFTA the Community is if possible even more crucial, since it takes over 50% of your exports...

Moreover, it is time that the politicians realized what industrialists have long been aware of, namely that our industries are already extensively interlinked and integrated. Politicians cannot trail in the wake of events for ever... It is therefore up to us to create the conditions for closer cooperation on the wider Western European scale while of course preserving our different approaches; Mr Delors made that point, to which you rightly attach great importance.

That is the background to the guidelines the Commission has ... laid before the Council, which are

essentially intended to allow further liberalization of trade between us. Under the free-trade agreements customs duties and quantitative restrictions on manufactured goods were finally removed on 1 January last year, which was a substantial step forward. But much remains to be done. We must tackle the other obstacles to trade: technical barriers, complex customs formalities, and origin rules. As regards administrative red tape at frontiers, the Commission is proposing that specific agreements be concluded and a single administrative document introduced for our trade. We also need to simplify the present rules of origin... Some of this streamlining will be achieved as a result of the new customs nomenclature which is being introduced, and the Commission has now also put up proposals for the definitive adoption of the alternative percentage rules. Our experts are considering further proposals concerning documentation requirements and the use of modern methods of electronic data transmission. Finally, we are now ready to examine the implications of a cumulation system. Cooperation in the field of technical regulations and standards is progressing within specialist European organizations — I am thinking of CEN and Cenelec, and the European Conference of Postal and Telecommunications Administrations, which also deals with information technology — and this should be stepped up. We are prepared to do this, to strengthen the organizations concerned and work more closely together on the formulation of European standards — I use the word European advisedly. Reciprocal recognition of tests is undoubtedly a difficult and complex matter, but that must not prevent us urging our specialists to find the imaginative solutions which are necessary.

The Commission's proposals to the Council are not confined to the three fields I have just mentioned, which ... are to do with the liberalization and facilitation of trade. Our view is that no potential area of cooperation is *prima facie* ruled out, and we are proposing measures in a variety of other fields as well, including liberalization of trade in processed agricultural products in particular, the freeing of government procurement, and increased cooperation on transport, the environment, and economic, monetary and social matters...

A further word on research. As Mr Delors has indicated, the Commission favours increased involvement by EFTA countries in Community R&D programmes, albeit on terms to be decided case by case. We feel it is in our common interest to broaden the scientific and financial basis of our research.

We are hoping for early Council approval of our proposals, which would enable us to get down to

detailed negotiations... We realize that our communication to the Council is an ambitious one, however. Now that the objectives of the free-trade agreements have been attained, we believe we really are about to enter on a whole new phase of cooperation, and a harder one, in which we will be tackling problems which, as we know from our day-to-day experience in the Community, are highly complex. Progress in this direction involves intensive technical work, which will in turn require considerable patience and perseverance and above all a bold, realistic political impetus. Mr Delors and I are here today to affirm the Commission's determination to give effect to the proposals I have just briefly described. Success will depend on sustained effort on all sides, but we take great encouragement from the mood of this meeting, the warm and fraternal welcome we have received and the clear desire on both sides not just for talk but for action...'

### Speech by Mr Fred Sinowatz, Austrian Federal Chancellor

'... On the occasion of my recent visit to Brussels I was reaffirmed in my opinion that cooperation between the European Community and the EFTA countries is characterized by a special European quality which goes beyond the purely economic importance of this relationship. Your reassurances, Mr Delors, Mr De Clercq, that the new Commission of the European Communities will take account of this fact have filled us with great satisfaction. The fact that you have accepted my invitation, and I would like to repeat that, should therefore also be taken as a symbol for strengthened cooperation exceeding existing free-trade agreements...


Gentlemen, from the many areas where cooperation can be envisaged I would like to select one area as an example which is of significance for the future: it is the area of research and development and the need for Europe to catch up with the United States and Japan in the field of technology. If we want to hold our ground in this competition, which is of such importance for Europe, we need a wealth of creative ideas, but also financial funds which would exceed the means of individual countries. But, if Europe wants to hold its ground in such a competition it will have to make a joint effort, which we have been talking about, and we are ready for this. Research and development is meaningful only if the new products can also be marketed under economical conditions. Since the EFTA States are the most important trading partners of the European Community and vice versa the European Community is the most important trading partner of the EFTA States, I think that it is quite apparent that the close interdependence of

our national economies allows for such cooperation.

The participants in the joint conference of ministers in April 1984 have in the Luxembourg Declaration given a new vision to the relationship between the EFTA countries and the European Community and it is the objective to create a joint European economic space. Such a European economic space is already on a very sound foundation in view of the high rate of interlinkage in the field of economy among our national economies in

the EEC and the EFTA States and this new vision should not be blurred by many hesitant ifs and whens; virtues such as (and I am not being pathetic here) virtues such as courage, perseverance and creativity should be the guiding factor in our joint activities. The European public will not judge us by our designs but by our achievements. It is in this spirit that we would want to proceed with the implementation of the objectives contained in the Luxembourg Declaration with determination...'





PART TWO

ACTIVITIES  
IN MAY 1985

# 1. Building the Community

## Economic and monetary policy

### Western Economic Summit

2.1.1. The 11th Western Economic Summit<sup>1</sup> was held in Bonn from 2 to 4 May. The seven Heads of State or Government and the representatives of the Community issued an economic declaration entitled 'Towards sustained growth and higher employment', dealing with the main challenges currently facing their countries (→ points 2.2.19, 3.4.1 and 3.4.2): non-inflationary growth and employment; relations with developing countries, cooperation between the IMF and the World Bank and the plight of African peoples suffering from famine and drought; the multilateral trading system and the international monetary system; environmental policies; and scientific and technological cooperation.

### European Monetary System

#### Strengthening the EMS and the role of the ECU

2.1.2. In accordance with the agreement reached in March by the Committee of Governors of the Central Banks,<sup>2</sup> which was endorsed at the informal meeting of Ministers for Finance in Palermo in April,<sup>3</sup> the Commission transmitted to the Council on 29 May a proposal<sup>4</sup> for amending the Council Regulation of 18 December 1978 relating to the European Monetary System.<sup>5</sup>

The proposal seeks to extend the powers of the European Monetary Cooperation Fund (EMCF) by authorizing it to grant to the monetary authorities of non-member countries and international monetary institutions the status of 'other holders' of ECUs; it lays down the terms and conditions under which ECUs may be acquired, held and used. The EMCF would thus be able

to credit ECUs temporarily to the accounts of such 'other holders'.

### Community borrowings

#### New Community Instrument (NCI IV)

2.1.3. Early in June the Commission transmitted to the Council a proposal for a Decision extending the activities of the New Community Instrument (NCI).<sup>6</sup> This instrument has been a growing success with small and medium-sized businesses, and the total volume of lending established by the Decision of 19 April 1983 (NCI III)<sup>7</sup> will soon be fully used up. The Commission is therefore proposing that the Council approve new borrowings of 1 500 million ECU specifically intended for financing investment by small businesses in industry and the other productive sectors, particularly investment in technological development and innovation. This will apply to investments in the enlarged Community. The loans will also be used—parallel with EIB financings—to fund projects of small businesses in the regions covered by the integrated Mediterranean programmes.

The Commission is also exploring the possibility of using the NCI to help finance major infrastructure projects of Community interest in transport and telecommunications or to meet the requirements of a new European technology initiative. It will bring forward the necessary proposals at the appropriate time.

With regard to operating arrangements, a more precise definition of the Commission's and EIB's respective responsibilities is being studied.

<sup>1</sup> Bull. EC 6-1984, points 2.1.1, 3.4.1 *et seq.*

<sup>2</sup> Bull. EC 3-1985, point 2.1.6.

<sup>3</sup> Bull. EC 4-1985, point 2.1.1.

<sup>4</sup> COM(85) 218 final.

<sup>5</sup> OJ L 379, 30.12.1978.

<sup>6</sup> COM(85) 250.

<sup>7</sup> OJ L 112, 28.4.1983; Bull. EC 4-1983, point 2.1.8.

## Adjustments to Community loan to France

2.1.4. At the request of the French Government, the Commission has negotiated an improvement in the terms of the variable-rate loan of USD 1 800 million floated in June 1983<sup>1</sup> in connection with the Community loan of 4 000 million ECU<sup>2</sup> granted to France under the balance-of-payments support mechanism.<sup>3</sup>

The Commission has also noted France's intention of making an early repayment, on the next due date in August, of USD 650 million of a syndicated loan of USD 1 240 million granted as part of the same Community loan.

These arrangements demonstrate the effectiveness of the Community balance-of-payments support mechanism in promoting economic convergence in the Community.

## Annual report

2.1.5. On 23 May the Commission transmitted to the Council and to Parliament its fifth annual report on the Community's borrowing and lending activities,<sup>4</sup> dealing with 1984.<sup>5</sup>

The report covers all Euratom, NCI, ECSC and EIB operations. In 1984 loans granted from these instruments totalled 7 206 million ECU (9% up on 1983); total borrowing for structural purposes amounted to 6 053 million ECU (down slightly on 1983). Significant features were the growing concentration of loans on the productive sector (40% of the total); the success of global loans for small and medium-sized businesses (two thirds of the funds allocated to the productive sector were in this form); the advance of the ECU, which occupied third position among borrowing currencies in the Community in 1984; action to adapt and develop Community policy.

## Monetary Committee

2.1.6. The Monetary Committee held its 311th meeting in Brussels on 21 May, with

Mr Tietmeyer in the chair. It discussed the long-term development prospects for the European Monetary System.

## Economic Policy Committee

2.1.7. The Economic Policy Committee held its 154th meeting on 23 May, with Mr Byatt in the chair. Mr Pfeiffer, the Member of the Commission with special responsibility for economic affairs, set out the new Commission's ideas on economic policy strategy. The Committee also discussed its chairman's draft report on labour markets and employment.

## Internal market and industrial affairs

### Council

2.1.8. The Council met on 7 May to discuss internal market issues. It adopted a resolution on the new approach to technical harmonization and standards proposed by the Council in January (→ points 1.3.1 and 2.4.11).

It noted the significant progress made recently on the European Economic Interest Grouping<sup>6</sup> and decided to return to the matter at its next meeting with a view to adopting a regulation.

Despite being asked by the most recent European Council to take promptly decisions to ease controls and formalities applicable to nationals of the Member States when crossing intra-Community borders,<sup>7</sup> the Council failed to reach an agree-

<sup>1</sup> Bull. EC 6-1983, point 2.1.8.

<sup>2</sup> Bull. EC 5-1983, point 2.1.3.

<sup>3</sup> OJ L 73, 19.3.1981; Bull. EC 3-1981, point 2.1.2.

<sup>4</sup> COM(85) 213 final.

<sup>5</sup> Fourth report: Bull. EC 7/8-1984, point 2.1.7.

<sup>6</sup> OJ C 14, 15.2.1974; OJ C 103, 28.4.1978.

<sup>7</sup> Bull. EC 12-1984, point 2.1.9.

ment. Discussion focused on the principle of free passage and on whether or not to differentiate between controls at land borders and controls at ports and airports. Nor did the Council settle the question of the appropriate legal instrument (directive or resolution).

No progress was made on the other items on the agenda: freedom of establishment for pharmacists and architects,<sup>1</sup> and self-employed commercial agents.<sup>2</sup> The Council agreed to meet again on 10 June.

### **Easing of controls and formalities applying to nationals of Member States crossing intra-Community borders**

2.1.9. On 7 May the Commission, in response to Parliament's opinion on the matter,<sup>3</sup> amended<sup>4</sup> its proposal for a Directive on the easing of controls and formalities applicable to nationals of the Member States when crossing intra-Community borders.<sup>5</sup>

The proposed amendments are intended in particular to emphasize the point that the Commission's proposal constitutes a step towards the elimination of all controls and formalities on individuals and to clarify certain provisions with a view to facilitating matters for those concerned.

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

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

#### **Midwives**

2.1.10. The Advisory Committee on the Training of Midwives met on 22 and 23 May and heard a progress report from the working party on the training of midwives.

At its November 1984 meeting<sup>6</sup> the Committee has requested the working party to look into the advisability of proposing that the Council should adopt certain amendments to the Directives of 21 January 1980 relating to the freedom of movement of midwives and mutual recognition of diplomas in midwifery.<sup>7</sup>

The Committee then heard statements by members on the situation regarding methods of assessment during and on completion of training and further training in the various Member States.

#### *Removal of technical and administrative barriers to trade*

#### **Industrial products**

2.1.11. On 22 May the Commission sent the Council a proposal<sup>8</sup> for a Directive amending for the second time the Directive of 22 November 1973 on the approximation of the laws of the Member States relating to detergents.<sup>9</sup>

This proposal provides for an extension until 31 December 1990 of the exceptional measures in respect of certain surfactants laid down in Article 2a(1) of the Council Directive of 22 November 1973 relating to the biodegradability of non-ionic surfactants, as amended on 31 March 1982.<sup>10</sup>

2.1.12. On 13 May, in response to Parliament's opinion,<sup>11</sup> the Commission made certain technical amendments<sup>12</sup> to its pro-

<sup>1</sup> OJ C 35, 18.2.1981; OJ C 40, 15.2.1984; Bull. EC 1-1984, point 2.1.4; OJ C 239, 4.10.1967.

<sup>2</sup> OJ C 13, 18.1.1977; OJ C 56, 2.3.1979.

<sup>3</sup> OJ C 122, 20.5.1985; Bull. EC 4-1985, point 2.1.5.

<sup>4</sup> COM(85) 224 final.

<sup>5</sup> OJ C 47, 19.2.1985; Bull. EC 12-1984, point 2.1.9.

<sup>6</sup> Bull. EC 11-1984, point 2.1.7.

<sup>7</sup> OJ L 33, 11.2.1980.

<sup>8</sup> OJ C 139, 7.6.1985; COM(85) 217 final.

<sup>9</sup> OJ L 347, 17.12.1973.

<sup>10</sup> OJ L 109, 22.4.1982.

<sup>11</sup> OJ C 94, 15.4.1984; Bull. EC 3-1985, point 2.1.76.

<sup>12</sup> OJ C 139, 7.6.1985; COM(85) 228 final.

posal for a Directive relating to the permissible sound level and exhaust system of motorcycles.<sup>1</sup>

## Industry

### Steel<sup>2</sup>

#### Market situation

#### Crude steel production

2.1.14. Crude steel production in the Community was 5% higher in April 1985

than in April 1984. The initial figures<sup>3</sup> have been refined and the table below gives an overview of the trend from one year to the next, by Member State.

<sup>1</sup> OJ C 263, 2.10.1984; Bull. EC 9-1984, point 2.1.12.

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

<sup>3</sup> Bull. EC 4-1985, point 2.1.11.

Table 1 — Changes in crude steel production in each Member State in 1984 and 1985

	April 1985	April 1984	% change	'000 tonnes		
				First four months		
				1985	1984	% change
Belgium	931	925	+ 0.6	3 608	3 776	- 4.4
Denmark	34	48	-23.2	147	211	-30.3
FR of Germany	3 337	3 196	+ 4.4	13 466	13 043	+ 3.2
France	1 698	1 528	+11.1	6 600	6 576	+ 0.4
Italy	2 016	1 968	+ 2.4	8 132	8 107	+ 0.3
Luxembourg	354	304	+16.4	1 351	1 355	- 0.3
Netherlands	368	507	-27.4	1 797	1 785	+ 0.7
United Kingdom	1 473	1 247	+18.1	5 291	5 299	- 0.2
Community total	10 211	9 723	+ 5.0	40 392	40 152	+ 0.6

April production figures for the 30 countries which are members of the International Iron and Steel Institute, which account for 97% of world production—excluding the State-trading countries—totalled 37 million tonnes, or 0.3% less than in April 1984.

The increases recorded in the Community (5%), Japan (3.5%), Spain (3%) and Brazil

(2.5%) were offset by decreases of 13.3% in the United States and 8.3% in Canada. And the drop in North America was not limited to April but extended over the first four months of the year (United States 12.5%, Canada 5.7%). The following table shows the trend in those countries which produce over 1 million tonnes a month.

Table 2 — *Changes in crude steel production in countries whose monthly production exceeds 1 million tonnes*

	'000 tonnes					
	April 1985	April 1984	% change	First four months		
				1985	1984	% change
Community	10 211	9 723	+ 5.0	40 392	40 152	+ 0.6
United States	7 076	8 162	- 13.3	27 129	30 993	- 12.5
Canada	1 189	1 298	- 8.3	4 806	5 094	- 5.7
Japan	9 132	8 822	+ 3.5	35 595	34 400	+ 3.5
Spain	1 210	1 175	+ 3.0	4 747	4 603	+ 3.1
Brazil	1 570	1 532	+ 2.5	6 096	5 899	+ 3.3
Rep. of Korea	1 096	1 089	+ 0.6	4 325	4 213	+ 2.7
Total for all IISI countries	37 039	39 149	- 0.3	145 423	147 297	- 1.3

## General objectives for steel

2.1.15. On 15 May the Commission adopted at first reading a memorandum on the general objectives for steel in 1990.<sup>1</sup> The memorandum was sent to the ECSC Consultative Committee for consultation and to Parliament and the Council for information. It will also be sent to the Portuguese and Spanish Governments for consultation.

The Commission's paper predicts continuing stagnation in demand, forcing Community producers to continue their efforts to increase their level of competitiveness. The most optimistic assumption is that Community steel production will remain stable until 1990 at the same level as in 1984 and 1985. This means that, taking account of the restructuring measures which are in progress or have been decided on under the aids code, there will continue to be an overcapacity of at least 20 to 25 million tonnes for the manufacture of hot-rolled

products, based on an 80% rate of utilization of production capacity regarded as the optimum.

The overcapacity expected by 1990 will be divided more or less equally between flat products and long products. Since flat products make up a larger proportion of total production than long products, this is the sector in which there will be the greatest overcapacity, in particular for heavy and light sections, while the situation for wire rod will be fairly stable; the major part of flat product overcapacity will be in reversing-mill plate. The enlargement of the Community to include Spain and Portugal should not change this general situation appreciably.

However, the forecasts made in the new general objectives remain subject to many assumptions concerning trends in demand

<sup>1</sup> COM(85) 208.

and production, in particular exchange-rate variations, overall economic trends, the substitution of higher-quality steels and competing materials, world market trends and the competitive position of Community producers.

In order to confront the new market conditions without being able to rely on public aid, the Community steel industry must be technologically up to date, competitive in its prices and flexible; its role in international trade must be compatible with the essential goal of viability. This means that the concept of the single market must be strengthened and that the coordination of instruments for social and regional redevelopment should be stepped up. Restructuring will entail reductions in capacity, and a major part of production will come from more efficient processes (notably continuous casting) requiring fewer workers than the traditional processes. Most of the job losses forecast by the Commission (80 000 or more between 1984 and 1987) already feature in the restructuring plans submitted by the different undertakings under the aids code.

Mr Narjes has reaffirmed that 31 December 1985 will be the definitive deadline for the cessation of public aid to the Community steel industry. The Commission will, at the earliest opportunity, present proposals for the period after 1985 to enable the industry to make a smooth transition from the five years of having a strictly organized market—quotas, the imposition of price rules, arrangement regarding imports of rolled products—to return to a free market.

The Commission believes that the transition must be made in a reasonable way and that market measures should be taken to ensure, at least for the time being, that supply and demand remain in balance, this being an essential precondition for price discipline. The solutions to be proposed by the Commission and their duration will be examined

in advance in collaboration with industry and government representatives.

As part of the social measures designed to accompany steel companies' restructuring programmes and plans to cut back excess production capacities, as a means of diminishing their impact on employment, the Commission intends to continue and intensify its traditional redeployment schemes and temporary special measures. It will put a proposal to the Council for an extension of the second set of social measures for steel (1983-86)<sup>1</sup> until the end of 1987.

Likewise, it will encourage the creation of new jobs in the steel areas that can be offered to workers who have been made redundant or who would traditionally have sought employment in the steel industry.

The Commission also intends to bring forward proposals to reinforce its industrial conversion activities by means of subsidized loans and to coordinate other Community measures (notably under the Regional Fund) that help the economic recovery of areas affected by changes in the steel industry.

## Crisis measures

### *Production quotas*

2.1.16. On 22 May the Commission adopted the provisional rates of abatement for establishment of production quotas for rolled steel for the third quarter of 1985 in relation to the reference periods and tonnage which form the basis of the production quota arrangements.<sup>2</sup>

The rates are given in Table 3.

<sup>1</sup> OJ C 119, 4.5.1983; Bull. EC 3-1983, point 2.1.53; Seventeenth General Report, point 308.

<sup>2</sup> OJ L 134, 23.5.1985.

Table 3 — *Provisional rates of abatement for the establishment of production quotas, third quarter 1985*

Product	Production quota (%)	Part of the quota that may be delivered in the common market (%)
Ia Hot-rolled wide strip, including hoop and sheet	45	52
Ib Cold-rolled sheet	41	49
Ic Galvanized sheet	18	24
Id Other coated flat products	+ 22	+ 20
II Reversing-mill plate	45	53
III Heavy sections	48	58
IV Wire rod	35	39
V Reinforcing bars	47	50
VI Merchant bars	41	42

These rates will result in steel production being lower than the quotas fixed for the third quarter of 1984. The following

table compares the tonnages for the third quarter with those for the preceding quarters.

Table 4 — *Comparison of tonnages for the third quarter with those for preceding quarters*

Product category	Production quotas <sup>1</sup>			
	IV/84	I/85	II/85	III/85
Ia Hot-rolled wide strip, including hoop and sheet	4 356	4 070	4 328	3 967
Ib Cold-rolled sheet	3 631	3 576	3 711	3 329
Ic Galvanized sheet	958	905	936	877
Id Other coated flat products	806	818	829	759
II Reversing-mill plate	1 293	1 293	1 300	1 255
III Heavy sections	1 049	1 069	1 122	1 062
IV Wire rod	2 563	3 484	2 570	2 570
V Reinforcing bars	1 741	1 709	1 768	1 737
VI Merchant bars	2 265	2 192	2 199	2 167

'000 tonnes

<sup>1</sup> Not including additions and adjustments.

It emerged from consultations which the Commission held with producers, users and dealers that a slight decrease in steel demand was to be expected compared with the preceding quarter, owing in particular to the summer holidays. Also, the rates were fixed at rather low levels to take account of uncertainties in certain steel-using industries such as car manufacturing. As always, the Commission reserved the right to alter the quotas if need be at the end of the first week of August, depending on market trends.

2.1.17. On 14 May the Commission decided<sup>1</sup> to make more explicit the conditions and criteria for the application of Article 14e of Decision No 2177/83/ECSC, which were laid down in the Decision of 21 December 1984, on the system of monitoring and production quotas for certain products.<sup>2</sup> This is a measure to specify all the quotas to be taken into account.

<sup>1</sup> OJ L 129, 15.5.1985.

<sup>2</sup> OJ L 335, 22.12.1984.



2.1.18. On 21 May the Commission informed the Council that it had decided to withdraw its proposal<sup>1</sup> to change the present system of granting additional quotas as compensation for the rapid implementation of restructuring measures, which was provided in Article 14b of the Commission Decision of 31 January 1984 on the extension of the system of monitoring and production quotas.<sup>2</sup> The proposal had not obtained the qualified majority required for the assent of the Council. Article 14b will thus remain in force until the expiry of the Decision of 31 January 1984, that is until 31 December 1985.

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2.1.19. On 9 May Parliament adopted a resolution on the production and supply of iron ore in the Community (→ point 2.4.9).<sup>3</sup>

### *Information technology and telecommunications*

#### **Telecommunications**

2.1.20. In May the Commission approved several documents relating to telecommunications, and these have been placed on the agenda for discussion at the joint Council meeting of Ministers for Industry and Telecommunications which is due to be held on 3 June.

2.1.21. On 30 May the Commission sent the Council two proposals<sup>4</sup> for Directives relating to:

(i) standardization in the field of information technology and telecommunications, and

(ii) the mutual recognition of type approval for telecommunications terminal equipment. The first proposal concerns the effective initiation of a set of procedures for the coordinated implementation of standardization activities in the field of information technology and telecommunications. It provides for the regular, at least annual, definition of draft standards based

on international standards and of priority standardization requirements. The Commission will draw up appropriate programmes, under which responsibility for the technical activities involved will be assigned to the relevant standards organizations, such as the European Committee for Standardization, the European Committee for Electrotechnical Standardization and the European Conference of Postal and Telecommunications Administrations. These bodies will be assisted by a standing committee of representatives appointed by the Member States.

The second proposal covers the initial phase of the procedures governing the mutual recognition of type approval in respect of telecommunications terminal equipment.

2.1.22. On 30 May the Commission transmitted to the Council a communication asking the governments of the Member States to adopt common standards for direct television transmission via satellite within the next few months, in accordance with the recommendations drawn up jointly by the European Broadcasting Union and the industry.<sup>5</sup> At a time when direct television broadcasting by satellite is about to become operational, it is extremely important that decisions on this matter be taken. In order to improve the world market position of European manufacturers of equipment intended for the general public, it is imperative to avoid re-creating a double-standard (of the PAL-Secam type). In its communication the Commission urges the Member States not to implement other standards, even on a temporary basis.

2.1.23. Also on 30 May the Commission adopted a feasibility study concerning the creation of an intergovernmental videocommunications network linking the national authorities of the Member States and the

<sup>1</sup> Bull. EC 11-1984, point 2.1.15.

<sup>2</sup> OJ L 29, 1.2.1984.

<sup>3</sup> OJ C 141, 10.6.1985.

<sup>4</sup> COM(85) 230 final.

<sup>5</sup> COM(85) 264 final.

Community institutions.<sup>1</sup> On the basis of the study, the Commission calls on the Council to approve the setting-up of an initial videocommunications system (pilot network).

## Industrial innovation and the information market

### Development of a European information market

2.1.24. At a workshop held by the Commission on 6 May experts from the Member States recommended the creation of an informal advisory group on legal issues related to the information market. This 'legal observatory' is expected to start operating in October. Its tasks will be to:

- (i) observe and study existing legal frameworks, newly emerging problems and prospective developments;
- (ii) advise and assist the Commission by identifying fields in which Community initiatives would be desirable;
- (iii) disseminate information on developments in the various Member States and Community initiatives with a view to stimulating coordinated Community-wide action.

### Financing innovation

2.1.25. On 9 and 10 May the European Venture Capital Association (EVCA)<sup>2</sup> held an international conference in Amsterdam on 'The new realities of venture capital in Europe', which was attended by some 200 participants from 17 countries. Representatives of the Commission spoke at the conference, putting forward the Commission's views on the matters under discussion.

EVCA, set up in 1983, receives support from the Community under the plan for the transnational development of the supporting infrastructure for innovation and technology transfer.<sup>3</sup> It is currently conducting a pilot scheme, in conjunction with the

Commission, the aim of which is to set up transnational groups of venture capital undertakings.

### Multilingual projects

2.1.26. The extension of the Systran system of automatic translation to include additional languages is continuing. The system is already used in pilot schemes for the language pairs English-French, French-English, English-Italian and English-German. A French-German facility was introduced in 1984 and French-Dutch was added in May 1985. English-Dutch, English-Spanish and German-English will follow in the course of 1985.

Trials using the system in the Commission's departments are continuing on the basis of a new office automation infrastructure that is gradually being introduced.

## Customs union

### Simplification of customs formalities

#### Community transit

2.1.27. On 3 May the Commission adopted a Regulation<sup>4</sup> making a number of changes to simplify the Community transit arrangements, and amending for the third time Regulation (EEC) No 1664/81 of 23 June 1981.<sup>5</sup> The main simplifications involve the waiving, under certain conditions, of the requirement of a signature on Community transit documents made out using computerized procedures and the extension to road transport of the simplified procedure for the issue of documents certifying the Community status of goods.

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<sup>1</sup> COM(85) 265 final.

<sup>2</sup> Bull. EC 6-1983, point 2.1.46; Bull. EC 11-1983, point 2.1.31.

<sup>3</sup> OJ L 353, 15.12.1983; Bull. EC 10-1983, point 2.1.32.

<sup>4</sup> OJ L 124, 9.5.1985.

<sup>5</sup> OJ L 166, 24.6.1981.

Certain technical adjustments were also made to the transit rules.

## Economic tariff matters

### Suspensions

2.1.28. On 20 May the Council adopted Regulations temporarily suspending CCT duties on:

- (i) certain monolithic integrated circuits falling within subheading ex 85.21 D II;<sup>1</sup>
- (ii) a number of products for use in the construction, maintenance and repair of aircraft;<sup>2</sup>
- (iii) a number of agricultural products.<sup>3</sup>

### Tariff quotas

2.1.29. In May the Council adopted a number of Regulations opening, allocating and providing for the administration of Community tariff quotas in respect of the following:

- (i) 'vinho verde', falling within CCT heading No ex 22.05, originating in Portugal (1985/86);<sup>4</sup>
- (ii) Dão wines, falling within CCT heading No ex 22.05, originating in Portugal (1985/86);<sup>4</sup>
- (iii) sherry, falling within CCT heading No ex 22.05, originating in Spain (1985/86);<sup>4</sup>
- (iv) Málaga wines, falling within CCT heading No ex 22.05, originating in Spain (1985/86);<sup>4</sup>
- (v) Jumilla, Priorato, Rioja and Valdepeñas wines, falling within CCT heading No ex 22.05, originating in Spain (1985/86);<sup>4</sup>
- (vi) certain wines with a designation of origin, falling within CCT subheading ex 22.05 C, originating in Morocco (1985/86);<sup>4</sup>
- (vii) port, falling within CCT heading No ex 22.05, originating in Portugal (1985/86);<sup>4</sup>

(viii) Madeira wines, falling within CCT heading No ex 22.05, originating in Portugal (1985/86);<sup>4</sup>

(ix) Setubal muscatel wines, falling within CCT heading No ex 22.05, originating in Portugal (1985/86);<sup>4</sup>

(x) apricot pulp, falling within CCT subheading ex 20.06 B II c) 1 aa), originating in Turkey;<sup>4</sup>

(xi) cherries, marinated in alcohol and intended for the manufacture of chocolate products, falling within CCT subheading ex 20.06 B I e) 2 bb);<sup>5</sup>

(xii) yarn of poly (p-phenyleneterephthalamide) for use in the manufacture of tyres or of products used in the manufacture of tyres, falling within CCT subheading ex 51.01A;<sup>5</sup>

(xiii) processes applied to certain textile products under the Community outward processing arrangements.

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2.1.30. On 30 May the Economic and Social Committee delivered an opinion on the proposal<sup>6</sup> for a Regulation to amend the Regulation of 21 December 1982 on temporary importation arrangements (→ point 2.4.28).<sup>7</sup>

## Competition

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

#### Permissible forms of cooperation

#### *R&D Regulation applied for the first time*

2.1.31. The Commission applied for the first time its block exemption Regulation

<sup>1</sup> OJ L 134, 23.5.1985.

<sup>2</sup> OJ L 143, 31.5.1985.

<sup>3</sup> OJ L 136, 25.5.1985.

<sup>4</sup> OJ L 150, 8.6.1985.

<sup>5</sup> OJ L 130, 16.5.1985.

<sup>6</sup> OJ C 117, 11.5.1985: Bull. EC 4-1985, point 2.1.27.

<sup>7</sup> OJ L 376, 31.12.1982.

for research and development agreements<sup>1</sup> in authorizing such an agreement between the National Coal Board (NCB), the Central Electricity Generating Board (CEGB), which comes under the National Electricity Council, and National Smokeless Fuels Limited (NSF), an NCB subsidiary. Following a straightforward and rapid examination, it found that the agreement was fully in keeping with the EEC Treaty competition rules and thus contributes to the promotion of research into new techniques, notably in the very important energy sector.

The NCB is responsible for all coal supplies in the United Kingdom, while the CEGB produces virtually all the electricity used in the country. Of total electricity output, 81% is generated using coal supplied for the most part by the NCB. Under the agreement reached between the three undertakings, NSF is to be responsible for perfecting new techniques for *in situ* gasification of coal even though similar research is under way elsewhere, e.g. in Germany.

The NCB will make available to its partners for this purpose its centre at Grimethorpe, which is already at the disposal of the US Department of Energy and Kernforschung GmbH, both working under the wing of the International Energy Agency. The agreement will run for four years and nine months. If the research is successful, the results and the patents acquired by NSF will be assigned to the NCB and the CEGB, which together will decide on the royalties to be paid by third parties for the right to exploit them.

Neither the CEGB nor the Electricity Council, to which it is accountable, produces or markets gas. The NCB and NSF, faced with the expansion of natural-gas production, have all but ceased to produce gas using the conventional coal-based method. The three undertakings are not therefore competing manufacturers within the meaning of the December 1984 Regulation:<sup>1</sup> their market shares accordingly have no bearing on the implementation of the block exemption. Furthermore, the NCB and the CEGB alike have the right to exploit and market patents

and know-how pooled or jointly developed by them.

## Mergers

### *Veba and Hanniel Coal & Mining*

2.1.32. On 14 May the Commission authorized a subsidiary of Veba AG, Stinnes Intercarbon, to acquire Hanniel Coal & Mining GmbH, a subsidiary of Franz Hanniel & Cie, Duisburg. It decided that the proposed acquisition satisfied the tests of Article 66(2) of the ECSC Treaty.

Veba is the second biggest supplier of hard coal products and brown coal briquettes in the wholesale coal trade in Germany. By far the largest firm on that market is Ruhrkohle AG. Some 30 smaller coal wholesalers also carry on business there, with market shares of up to 5% in the Federal Republic as a whole, and in some cases a much bigger share in certain regions. The Commission found that, as a result of the merger, Veba's share would increase by about one tenth and Ruhrkohle's lead would be reduced, while effective competition on the relevant market would still be safeguarded.

With a 37.1% stake, Veba, is Ruhrkohle's biggest shareholder, but this did not stand in the way of the authorization since both firms are keen competitors in the wholesale coal business. The ban on discrimination in the ECSC Treaty and the conditions which the Commission previously imposed on Ruhrkohle regarding its terms of business also ensure that, in its access to Ruhrkohle as a supplier, Veba will enjoy no special advantages whatsoever compared with other direct-buying coal wholesalers.

### *ASW Holdings and Manchester Steel*

2.1.33. On 13 May the Commission authorized Allied Steel & Wire (Holdings) Ltd (ASW Holdings) to acquire the entire share capital of Manchester Steel Ltd (MSL), taking the view that this transaction

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<sup>1</sup> OJ L 53, 22.2.1985; Bull. EC 12-1984, point 2.1.51.

met the requirements of Article 66 of the ECSC Treaty.

ASW Holdings is jointly owned by British Steel Corporation (BSC) and Guest Keen & Nettlefolds (GKN) and is engaged, notably through its subsidiary Allied Steel & Wire Ltd (ASW), Cardiff, in the production of rods and reinforcing bars, ECSC Treaty products. BSC and GKN themselves have permanently halted manufacture of these products. MSL also makes wire rod and reinforcing bars. Its ultimate parent company is Elkem A/S, Oslo, the immediate parent company being Elkem Ltd, Manchester.

To determine the consistency of this merger with competition policy it was necessary to consider the effect of combining ASW and MSL on the common market for wire rod and reinforcing bars. ASW will be the fourth biggest Community wire rod manufacturer. For reinforcing bars, ASW will be in 11th place. Consumers will continue to have a wide choice of suppliers for both these products since there are some 40 wire rod manufacturers and 100 reinforcing bar manufacturers in the Community; moreover, substantial quantities are traded between Member States and imported from other countries. In consequence, the merger will not enable ASW to fix prices or determine its sales policy without taking account of other producers in the market.

## State aids

### General aids

#### *Promoting R&D in information technology*

##### Germany

2.1.34. The Commission has authorized, under Article 93(3) of the EEC Treaty, the introduction by the German Federal Government over the period 1984-88 of a DM 2 430 million aid scheme for the development of information technology financed from the budget of the Ministry of Research

and Technology. Having examined the German authorities' objectives and guidelines, the Commission decided that the assistance tied in as a whole with the Esprit programme.<sup>1</sup> The Government is required, however, to notify significant cases of implementation (i.e. schemes costing in excess of 20 million ECU). The Commission also intends to monitor implementation of the measures planned on the basis of regular reports from the German authorities.

When notifying the scheme, the Federal Government stressed the economic and social importance of information technology. New fields of information technology fall within the future-oriented sectors on which the economic development of the Member States will depend. Production, processing and distribution of information has become a separate, key industry, particularly as regards employment and foreign trade, but in advancing it is confronted with demands for large sums of money to invest in R&D. Such investment usually involves a degree of technological and economic risk too great for an individual firm to bear. The industry is also subject to the pressure of US and Japanese competition and is lagging behind in the technological channels and infrastructures essential to its progress. Lastly, the interactive nature of the various technologies in question (microelectronics, data-processing, communications techniques) justifies the German approach: to promote a series of priority objectives aimed at the overall development of information technology.

### Industry aids

#### *Synthetic fibres*

2.1.35. The Commission reviewed the situation in the synthetic fibres industry, which is subject to a system of monitoring introduced in 1977 and last extended until 19 July 1985. It emerged in particular that

<sup>1</sup> OJ L 67, 9.3.1984; OJ L 31, 24.3.1984; Bull. EC 2-1984, point 1.3.1 *et seq.*

Community production capacity still exceeds requirements.

Despite the closures still to be carried out by the Community industry, further extensive adjustments will be required after the end of 1985, particularly as Community demand for synthetic textiles will be almost stagnant for the next few years. Furthermore, on the basis of this examination the Commission concluded that the current monitoring of acrylic, polyester and polyamide manufacture should be extended to polypropylene fibre and yarn.

Only 70% of Community production capacity for polypropylene fibre and yarn is in fact used, and although their prospective outlets are perhaps slightly better than those for other synthetic fibres and yarns, existing capacity will still remain far in excess of demand for many years.

On 8 May the Commission accordingly decided to extend the monitoring system set up in 1977 for a further two-year period ending on 19 July 1987. It consequently notified the Member States, in accordance with Article 93(1) of the EEC Treaty, that it would — in principle — continue to view in an unfavourable light any proposed assistance by the Member States (whether industry, regional or general assistance) which would increase net production capacity per firm in the synthetic fibres industry (including for that purpose acrylic, polyester, polypropylene and polyamide fibres and yarns).

The Commission also reminded the Member States that they must notify all aid schemes concerning firms in the synthetic fibres industry and that it would continue to give sympathetic consideration to plans to grant assistance for the purpose of solving serious social or regional problems by speeding up or facilitating conversion from synthetic fibre manufacture or by restructuring to reduce capacity.

## Financial institutions and taxation

### Taxation

#### *Indirect taxes*

#### Turnover taxes

2.1.36. Following the opinion delivered by Parliament on 19 April,<sup>1</sup> the Commission amended<sup>2</sup> on 3 May its proposal for a 20th VAT Directive.<sup>3</sup> The Commission's amendments concern the duration of the aid (which is to be limited to the period up to 31 December 1991) and provide for an annual report to be submitted on the measures taken by the Federal Republic of Germany, covering in particular their effect on the Community's own resources.

## Employment, education and social policy

### Employment

#### Standing Committee on Employment

2.1.37. The Standing Committee on Employment held its 29th meeting on 30 May with Mr Gianni de Michelis, the Italian Minister for Labour, in the chair.<sup>4</sup> Discussions focused on the chapters in the Commission programme for 1985<sup>5</sup> concerning economic and social policies, particularly 'Convergence: an economic policy objective and instrument in promoting employment and growth' and 'The Euro-

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<sup>1</sup> OJ C 122, 20.5.1985; Bull. EC 4-1985, point 2.1.46.

<sup>2</sup> OJ C 131, 30.5.1985; COM(85) 209 final.

<sup>3</sup> OJ C 214, 14.8.1984; Bull. EC 7/8-1984, points 2.1.83 and 2.1.117.

<sup>4</sup> Bull. EC 10-1984, point 2.1.52.

<sup>5</sup> Supplement 4/85 — Bull. EC; Bull. EC 3-1985, point 1.3.1 *et seq.*

pean social area' (both in Part Two of the programme).

At the close of the meeting the chairman drew the following conclusions:

'The Committee held a wide-ranging and detailed discussion on the unemployment situation in the Community, giving particular attention to the positive measures which should be undertaken. Concern was expressed that, despite some increase in the rate of economic growth in the Community, this had yet to show itself in terms of employment growth.

The Committee took note of, and endorsed, the Commission's approach as set out in its 1985 programme, in which the policy emphasis was placed on the efforts to be made by creating and exploiting the potential of the European market and expanding economic growth.

In its discussions the Committee also took account of Parliament's resolutions on action to combat unemployment and the document arising from the present European Council meeting in Brussels concerning the economic and social situation.

### Policy principles

The Committee agreed to pursue a more employment-creating pattern of stable, non-inflationary growth by strengthening Europe-wide measures to combat unemployment and create more jobs.

It also recognized that the most serious problem facing the Community countries was that of unemployment, especially youth unemployment.

Unless steps were taken and appropriate measures adopted, there was a serious danger that the phenomenon would worsen in the near future.

The essential remedy for achieving lasting solutions was without doubt to ensure stable and balanced rates of development for the economies of the Member States. But at the same time it was necessary to tackle the imbalances between supply and demand on the labour market resulting from the present structural changes linked, in particular, to the introduction of new technologies. The measures to be taken should furthermore ensure that women were given equal opportunities on the labour market.

The Committee stressed that no policy, measure or initiative could be effective without a genuine social dialogue.

### Features of a special plan for employment

One of the main suggestions was to draw up an experimental plan providing for Community

measures and aid for measures taken by the Member States, which would be coordinated with one another and aimed at encouraging firms to create new jobs for the unemployed—especially the young—and also at creating conditions in which businesses could more easily and more freely be set up, as a complement to the measures already undertaken by the Commission.

In defining this plan, account should be taken of the opportunities afforded by joint use of the aids provided by Community financial instruments for non-inflationary investments (productive investments, infrastructures and energy) and aids designed to facilitate the geographical and occupational mobility of workers, as well as recruitment aids. In addition to the established means of action, in view of the exceptional nature of the problem the possibility of deploying *ad hoc* measures should also be examined.

In defining these steps, a number of points should be borne in mind:

(i) Firstly, the categories of workers to be accorded priority for Community and/or national aid should be identified: in the Chair's view, these categories should, in the first stage, include the long-term young unemployed, young people seeking a first job, or workers made redundant following industrial restructuring, conversion or recovery measures, and mothers raising families single-handed.

(ii) The measures taken should be directed towards sectors which, directly or indirectly, promote the development of employment, particularly the creation of large-scale infrastructures in the areas of transport, telecommunications, environmental protection, new technology, the use of alternative sources of energy, and the implementation of projects aimed at modernizing a country's physical infrastructures, making the most of the cultural heritage and renovating the urban environment.

(iii) Consideration should also be given to the possibility of promoting and supporting measures to develop a spirit of enterprise.

### Specific initiatives

Those concerned had asked the Commission to examine the following initiatives and propose, where appropriate, specific Community measures:

1. Creation of a modern labour market which meets the needs of all the parties concerned while ensuring, in particular, equal opportunities between men and women; to do this, it will be necessary to:

(i) review the effects of legal and contractual arrangements on labour market adaptability in order to evaluate the desired employment and

social protection objectives, while avoiding negative effects on job creation;

(ii) develop the reorganization of working time (by a better distribution of work, including reductions in working time, the form and financing of which are to be negotiated between the two sides of industry) and improve working conditions, especially at firm level, in order to improve efficiency, protect existing jobs and create new jobs;

(iii) the employer's representatives made a point of reaffirming their reservations about the advisability of resorting to reductions in working time;

(iv) provide solidly based training and education as a foundation for vocational training and retraining which will lead to a real chance of finding a job; to combat long-term unemployment in particular, it will be necessary to ensure that workers can receive adequate training in the event of technological changes in production and services, while other workers continue in employment;

2. The promotion of rapid and durable economic growth through increased private and public investment. In particular, investment projects of European interest should be identified and promoted (whether the field of operations is national or transnational in scope) where they offer a high economic and social return, notably in the areas of transport, energy, telecommunications, environmental protection and public services, and possibilities for the enhancement of the cultural heritage.

3. New technologies, if their impact on society is properly controlled, can provide an important means of combating unemployment and creating jobs, provided that the Community can acquire a leading position in the fields of the future and develop new products and services. To that end it is essential, bearing in mind Community policies on the matter, to step up research efforts, organize close collaboration between firms beyond national frontiers, and ensure that both sides of industry are closely associated.

It was stressed that a Community framework involving the appropriate legal, financial, and other features would have to be created to this end. In this context the Committee confirmed the points contained in the Chair's conclusions on new technologies (27th meeting on 10 May 1984), approved by the Council in its conclusions of 4 June 1984. It invited the Commission to pursue its work of identifying, at Community level, the principles common to the legislative and contractual instruments of the Member States concerning information, consultation and negotiations on the introduction of new technologies.

In this respect the employers' representatives referred to the usefulness of informing and, where appropriate, consulting employees in accordance with the practices current in the Member States, at the appropriate level.

4. The preparation of further initiatives to encourage the development and regeneration of the economy and employment, especially in areas suffering from underdevelopment, undergoing major structural change or experiencing particularly high levels of unemployment. The emphasis in such initiatives should be on:

(i) collaboration at local, sectoral and firm level, and between the two sides of industry and the other bodies or agencies concerned, to develop forward-looking labour-market management in line with existing Community guidelines;

(ii) strengthened support for local measures to develop new employment prospects and encourage and aid economically viable initiatives in this sector at local level;

(iii) the development of better-integrated policy approaches to meet the needs of such areas in order to strengthen the employment impact of various measures carried out in the framework of other policies (environment, regional, industrial, agricultural and artisanal).

5. The creation of a large and barrier-free market which will bring greater dynamism to the European economy and provide new employment opportunities. The creation of a European market must go hand in hand with the creation and organization of a European social dimension based on a genuine social dialogue and ensuring continuing adjustment of the social standards proper to a modern economy. The Commission was invited to draw up concrete proposals for Community instruments in this field.

The employers' representatives stressed in this connection that any action in this area should be designed to improve the competitiveness of firms, taking account of different national situations.

### Implementing arrangements

In view of the constraints imposed by the appropriations available under the Community budget, the Commission was asked to explore new methods of financing for the experimental projects, either by means of Community loan instruments or, if appropriate, by means of extraordinary financing from the Community budget.

In particular, the 5% of the resources of the European Social Fund earmarked for innovatory meas-



ures should be more effectively directed towards these objectives.

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Finally, the Committee asked all the parties present to ensure—with respect to their own responsibilities—that all necessary efforts were made in order to achieve the agreed objectives. The Committee decided to make a regular review of progress achieved.'

## Employment and labour market

### *Labour force survey*

2.1.38. On 29 May the Commission laid before the Council a proposal<sup>1</sup> for a Regulation on the organization of a labour force sample survey in the spring of 1986.<sup>2</sup> This survey—which is one of a series carried out every two years from 1973 to 1981 and every year since 1983—proposes to analyse the structure of employment and unemployment, and the occupational and demographic features of employment.

The findings of the surveys, which constitute the sole source of data established in the light of uniform criteria and common definitions, supply the statistical information needed for the execution of social, economic, regional, industrial and agricultural policies.

## Financial instruments

### European Social Fund

2.1.39. On 10 May Parliament adopted two resolutions on procedures for the payment of Social Fund assistance in 1985 in which it particularly requests the Commission to speed up Fund payments to meet the most urgent needs (→ point 2.4.9).<sup>3</sup>

### Measures for ECSC workers

#### *Subsidized housing*

2.1.40. On 14 May the Commission published guidelines<sup>4</sup> for the implementation of the 10th ECSC low-cost housing pro-

gramme (for the period 1984-88).<sup>5</sup> The main goals of the housing loan programme are both sectoral (operations to facilitate restructuring in the coal and steel industries) and social (operations to help prevent the deterioration of industrial areas dominated by coal and steel and seriously affected by their withdrawal or contraction). These loans, granted at an annual interest rate of 1%, make it possible to provide housing for workers transferred to other work locations and maintain and improve dwellings for workers living in areas affected by restructuring measures.

The Commission grants loans in close consultation with the joint regional committees representing both sides of the two industries in order to permit the implementation of these guidelines in a way consistent with differing national or regional conditions. The Commission has already decided to grant a number of global loans to intermediary financial institutions in several Member States (→ point 2.3.12).

## Education and vocational training

### Cooperation in the field of education

2.1.41. The 14th session of the Standing Conference of European Ministers for Education (attended by representatives from 18 countries) took place in Brussels from 7 to 9 May. Its central theme was 'education and training for 16-19 year-olds: problems and prospects'. The Commission contribution to the debate mainly concerned the idea of guaranteed training and/or a first experience of working life—an idea which aroused keen interest in several participants. The other topics of the conference concerned education and equality of opportunity for girls and women, European cooperation on education and music education.

<sup>1</sup> COM(85) 226 final.

<sup>2</sup> OJ L 330, 18.12.1984; Bull. EC 2-1984, point 2.1.84.

<sup>3</sup> OJ C 141, 10.6.1985.

<sup>4</sup> OJ C 119, 14.5.1985.

<sup>5</sup> Bull. EC 12-1984, point 2.1.90.

2.1.42. To further the promotion of correspondence between education systems, the Commission supported the proposal for a congress to launch a European parents' association. This new organization brings parents' associations from all the Member States together for the first time. It thus constitutes a pillar of European cooperation in education, together with the Education Committee (composed of government representatives) and the European Trade Union Committee for Education.

### Cooperation between the universities and industry in response to the new technology

2.1.43. In connection with the preparation of proposals to the Council on cooperation between higher education institutes and industry in the field of training in response to technological and social change, a preparatory meeting of experts took place in Brussels on 6 May, attended by university teachers and representatives of industry. The aim of the meeting was to review current developments in this area of cooperation and consider the value and effectiveness of certain innovative approaches at Community level. This consultation is the first in a series which should enable the Commission to put the finishing touches to its proposals in accordance with its work programme for 1985.<sup>1</sup>

### Vocational training

2.1.44. At its meeting on 21 and 22 May the Advisory Committee on Vocational Training held a wide-ranging discussion on the Commission's working paper on university-industry cooperation in promoting advanced training in response to social and technological change and industrial adjustment in the European Community, to assist the Commission in the formulation of proposals in this field to be laid before the Council later in the year. In addition, a preliminary discussion took place on the follow-up to the Council resolution of 11 July 1983 concerning vocational training policies in the Community in the 1980s,<sup>2</sup>

on which the Commission is required to report to the Council during the course of 1985.

### Teacher training and new technology

2.1.45. A seminar on new technology and teacher training, organized by the Commission in conjunction with the Italian Ministry of Education, was held in Boulogne from 7 to 10 May. This seminar was a follow-up to those held in Marseille<sup>3</sup> and Newcastle-upon-Tyne<sup>4</sup> concerning new information technology and education, also part of the series of meetings provided for by the resolution of September 1983 on the introduction of new information technologies in education.<sup>5</sup>

The main topics of discussion concerned strategies for teacher training, educational aspects of the introduction of information technology in schools, the teacher's role in the transformation of teaching tools, and the content of teacher training (both general and specific). Teams from several Member States demonstrated the use of equipment (either live or using video films) illustrating developments in the incorporation of IT in school systems in their countries.

### Training of inshore fishermen

2.1.46. As part of its fisheries education and training scheme, the Commission presented the Sea Fish Industry Authority (SFIA) with a mobile advisory unit. This is one of the services the SFIA makes available to fishermen in the United Kingdom. The unit is a training centre on wheels, having a full range of audio-visual and computer-based simulation equipment used to reproduce as closely as possible on land the actual

<sup>1</sup> Supplement 4/1985—Bull. EC; Bull. EC 3-1985, point 1.3.1 *et seq.*

<sup>2</sup> OJ C 193, 20.7.1983; Bull. EC 6-1983, points 1.4.1 *et seq.* and 2.1.80.

<sup>3</sup> Bull. EC 12-1983, point 2.1.74.

<sup>4</sup> Bull. EC 7/8-1984, point 2.1.96.

<sup>5</sup> OJ C 256, 25.9.1983; Bull. EC 6-1983, points 2.1.74 and 2.1.82.

conditions of the detection and capture of fish.

## Living and working conditions and social protection

### Industrial relations

2.1.47. A seminar on employment and new technology in the retail trade, organized by the Commission, was held in Brussels on 22 and 23 May. Participants included experts from the retail trade associations, research workers and university teachers, and the aim was to compare viewpoints and thoroughly examine the question of employment in relation to the new technologies, thereby furthering the social dialogue at Community level.

### Equal rights for men and women

2.1.48. On 29 May the Commission adopted a communication for transmission to the Council on Community participation in the World Conference to review and appraise the achievements of the United Nations Decade for Women: Equality, Development and Peace.<sup>1</sup> This will be the basis of the Community's contribution on topics of interest to it, and within its terms of reference, for the Conference, to be held in Nairobi from 13 to 26 July to mark the close of the UN Decade for Women.

2.1.49. On 10 May Parliament adopted a resolution on the World Conference (→ point 2.4.9).<sup>2</sup>

2.1.50. A European symposium on equality between men and women before the law, organized by the Commission and the Inter-University Centre of Comparative Law and the Catholic University of Louvain, was held from 22 to 24 May at Louvain-la-Neuve. Senior judges, lawyers and professors of law attended the symposium, which sought to inform participants, and heighten awareness of this question among those who teach the law or enforce it. Suggestions were made for further action at

Community and national level; the importance of a follow-up to this meeting, for example in the form of national seminars, was emphasized.

### Social integration of immigrants

2.1.51. On 9 May Parliament delivered an opinion (→ point 2.4.6)<sup>2</sup> on the communication from the Commission on guidelines for a Community policy on migration.<sup>3</sup> After a second debate,<sup>4</sup> Parliament came out in favour of participation by immigrants from non-member countries in public life at local and regional level, and against any form of discrimination based on nationality. Given that immigrants of either sex returning to their homeland would augment unemployment there, Parliament pressed for information programmes on the situation for applicants wishing to be repatriated. It urged that appropriate training would be provided for any who persisted in their intention. Parliament recognizes the right of immigrants from non-Community countries to be reunited with their families in all circumstances. Further, it advocated a form of integration other than mere assimilation, and called for the inclusion of the languages and cultures of origin in normal school programmes to satisfy migrants' 'urgent need for culture and the rediscovery of their own origins'. While calling for 'equal rights ... in all respects, with Community citizens', Parliament accepts that a distinction should be drawn between migrant workers of Community origin and those from non-member countries.

2.1.52. The migration guidelines were also the subject of an opinion delivered by the Economic and Social Committee on 19 May (→ point 2.4.21).

<sup>1</sup> COM(85) 256.

<sup>2</sup> OJ C 141, 10.6.1985.

<sup>3</sup> Bull. EC 2-1985, point 1.3.1 *et seq.*

<sup>4</sup> OJ C 122, 20.5.1985; Bull. EC 4-1985, point 2.4.5.

## Social security for migrant workers

2.1.52a. In May Parliament endorsed<sup>1</sup> the Commission's proposal to amend Council Regulations Nos 1408/71 and 574/72.<sup>2</sup>

## Social protection

2.1.53. On 30 May the Commission amended<sup>3</sup> its draft recommendation on social security for volunteer development workers<sup>4</sup> to take account of the changes suggested by Parliament,<sup>5</sup> specifying in particular the high level of qualification required of these volunteers and stating that in the case of incidents of short duration (sickness, accident, etc.) the legislation of the country of origin should continue to apply. Further, the amended text lays more stress on Third World needs in this field.

## Health and safety

### Public health

2.1.54. An informal meeting of Ministers responsible for civil defence was held in Rome on 2 and 3 May with the aim of improving Community-level cooperation to protect people against natural disasters and major accidents. At the end of the meeting the Commission was asked to take appropriate steps to set up a data bank on specialized equipment and personnel so that it would be in a position to coordinate action in case of need; the Commission was also asked to undertake a comparative analysis of national legislation and bilateral agreements in the civil defence field.

2.1.55. An informal meeting of Ministers for Health was held in Venice on 3 and 4 May, at which a consensus was reached on the proposal for an action programme on toxicology,<sup>6</sup> on the objectives behind the introduction of a European emergency health card<sup>7</sup> and on a proposal relating to the protection of dialysis patients.<sup>8</sup>

Another item considered was the eradication of infectious diseases, notably

measles; as a first stage the Commission was asked to evaluate existing vaccination programmes.

As regards the health aspects of drug addiction, the Commission was asked to work out a framework for possible action at Community level with due regard for work being done by other international organizations.

Ministers expressed their concern to reduce public health costs and discussed measures relating to medical staffing requirements.

2.1.56. On 10 May Parliament welcomed<sup>1</sup> the draft resolution on a programme of action of the European Communities on toxicology for health protection,<sup>6</sup> while regretting the lack of detail in framing the programme.

### Health and safety at work

2.1.57. On 29 May the Economic and Social Committee delivered an opinion on occupation-related cancer (→ point 2.4.20).

### Health and safety (Euratom)

2.1.58. On 13 May, in accordance with the provisions of Article 33 of the Euratom Treaty, the Commission delivered a favourable opinion in respect of regulations drafted by Luxembourg on radiation protection and the medical uses of ionizing radiation. The instrument had been prepared pursuant to the Council Directives of 15 July 1980<sup>9</sup> and 3 September 1984,<sup>10</sup> amending the Directives defining the basic standards for the health protection of workers and the general public against the dangers of ionizing radiation, and that of 3

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<sup>1</sup> OJ C 141, 10.6.1985.

<sup>2</sup> OJ C 47, 19.2.1985; Bull. EC 1-1985, point 2.1.24.

<sup>3</sup> COM(85) 260.

<sup>4</sup> OJ C 16, 17.1.1985; Bull. EC 12-1984, point 2.1.100.

<sup>5</sup> OJ C 122, 20.5.1985; Bull. EC 4-1985, point 2.1.60.

<sup>6</sup> OJ C 156, 16.6.1984; Bull. EC 5-1984, point 2.1.86.

<sup>7</sup> OJ C 46, 20.2.1984; Bull. EC 1-1984, point 2.1.48.

<sup>8</sup> OJ C 202, 20.7.1983; Bull. EC 6-1983, point 2.1.93.

<sup>9</sup> OJ L 246, 17.9.1980; Bull. EC 7/8-1980, point 2.1.54.

<sup>10</sup> OJ L 265, 5.10.1984; Bull. EC 9-1984, point 2.1.55.

September 1984 laying down basic measures for the radiation protection of persons undergoing medical examination or treatment.<sup>1</sup>

## Culture

### Council

2.1.59. On 28 May, meeting within the Council for the third time, the Ministers for Culture reaffirmed their intention to cooperate regularly and to develop cultural activities at Community level (→ point 2.4.11). A number of projects were agreed and Community instruments considered.

Ministers passed a resolution on European-produced audio-visual events in non-member countries (→ point 2.1.60).

It was agreed to designate Florence 'European City of Culture' for 1986, Amsterdam for 1987 and Berlin for 1988, and a resolution was passed on the organization of these events (→ point 2.1.61). A resolution on a European sculpture competition was also adopted, with the aim of encouraging young European sculptors and intensifying the exchange of works of sculpture throughout the Community.

A policy debate was held on the proposal for a Regulation on a Community aid scheme for non-documentary cinema and television co-productions.<sup>2</sup>

Ministers heard a communication from the Commission on establishing a Community system for pricing books (→ point 2.1.62) and held an exchange of views on the draft resolution concerning collaboration between libraries in the field of data processing.

Ministers also noted the Commission's intention of collaborating with Italy in preparing a study on establishing a European centre for information on stolen works of art, which could be submitted in time for the next ministerial meeting.

Finally, Ministers expressed their interest in the Luxembourg and Italian plans for transnational cultural itineraries around (i) the Grand Duchy and adjoining areas and (ii) the whole Community, including Spain and Portugal.

### *European-produced audio-visual events in non-member countries*

2.1.60. In accordance with the agreement reached on 22 November 1984 to intensify cultural cooperation in non-member countries, particularly by providing audio-visual material for European Film Weeks, the Ministers with responsibility for cultural affairs meeting within the Council resolved:

- (i) to encourage public and private organizations to put on cultural and commercial film and television festivals;
- (ii) to call upon national institutions with plans to promote their own national productions in non-member countries to allow other Member States to join in;
- (iii) to foster the setting up of sections devoted to European films at international film festivals.

### *European City of Culture*

2.1.61. As Ministers had decided on 22 November 1984,<sup>3</sup> to designate a European City of Culture each year (Athens being selected for 1985), it was agreed to designate Florence for 1986, Amsterdam for 1987 and Berlin for 1988. The French Minister, Mr Jacques Lang, put forward Paris's candidacy for 1989.

With a view to organizing these events, Ministers passed the following resolution:

'The Ministers responsible for cultural affairs in the Member States consider that the European City of Culture event should be the expression of a culture which, in its historical emergence and contemporary development, is characterized by having both common elements and a richness born out of

<sup>1</sup> OJ L 265, 5.10.1984; Bull. EC 9-1984, point 2.1.55.

<sup>2</sup> OJ C 125, 22.5.1985; Bull. EC 4-1985, point 1.3.1 *et seq.*

<sup>3</sup> Bull. EC 11-1984, point 2.1.75.

diversity; the event has been established to help bring the peoples of the European Community countries closer together, but account should be taken of wider European cultural affinities.

The event should open up to the European public particular aspects of the culture of the city, region or country concerned. It may also concentrate on the city a number of cultural contributions from other Community countries, primarily for the benefit of the inhabitants of the particular region. Between these two poles, a wide variety of emphases can be placed and interrelated themes be chosen so as to suit the city concerned and the particular occasion (if any) which has provided a motive for choosing it...'

### *Book pricing*

2.1.62. On 24 May the Commission sent the Council a communication on the establishment of a Community system for pricing books.<sup>1</sup> After a detailed discussion, a general consensus emerged on the ideas in the Commission's paper.

Books do raise special problems because of their dual nature. They are both an industrial product, and like other industrial products the subject of economic activity, and a cultural product, as a means of expression and a medium of literary creation, of thought and of research. So retail price maintenance schemes exist in one form or another in most Member States. But, in the Community, the fact that the book market is organized at a purely national level gives rise to serious difficulties. The disparities between the national schemes may be responsible for instances of failure to comply with the pricing rules in each of them as a result of import or re-import transactions. The question therefore arises whether a Community book price scheme could overcome these difficulties and at the same time fulfil the requirements of the Treaty. Two types of solution can be envisaged. If it were decided to regulate prices at retail level, provision would be made for the mandatory or optional fixing by the publisher of the retail price to be charged by booksellers throughout the Community for a clearly defined period. If, however, the rules were to apply to the prices publishers charge their direct buyers, a publisher would be required

to sell a given book to all his customers throughout the Community in principle at the same price.

Whatever system may be adopted, certain types of book could be exempted and more flexible arrangements could be made for certain markets.

### **Tax measures in the cultural sector**

2.1.63. Culture and 'cultural industries' are probably one of the rare fields of economic life where there is likely to be steady and continual growth, and supply from Community sources will have increasing difficulty in meeting an ever-expanding demand. A flexible and balanced taxation system, geared to these special circumstances, will therefore have an important role to play in the years ahead.

The Commission therefore believes that there is a need for a comprehensive appraisal of taxation in the cultural sphere, and that this should be based on the four objectives of Community action in the cultural sector: free movement of cultural goods, improving the living and working conditions of cultural workers, widening the audience, preserving the architectural heritage. It was with that in mind that on 7 May the Commission sent the Council and the Ministers responsible for cultural affairs meeting within the Council a draft resolution on the adoption of taxation measures in the cultural sector.<sup>2</sup>

The Commission's proposals would ensure:

- (i) for cultural workers: a system for spreading their incomes over several tax years in applying income taxes;
- (ii) for cultural foundations: appropriate tax exemption for those approved by Member States;
- (iii) for patronage: appropriate tax reliefs on donations and bequests to approved cultural bodies or institutions, and tax reliefs for patronage where a cash donation or

<sup>1</sup> COM(85) 258 final.

<sup>2</sup> COM(85) 194 final.

bequest is made to an approved body or person in a Member State other than that in which the patron is resident;

(iv) for succession duty: the system whereby succession duty can be settled through the surrender of works of art approved by the competent authorities;

(v) for the private architectural heritage: an abatement on the value of buildings forming part of that heritage which are subject to 'cultural servitudes' arising either from legislation relating to listed buildings or from the fact that they are open to the public, where that value serves as a basis for calculating such taxes as land tax, transfer duty, and so on;

(vi) for cultural investments: a system which does not impose tax disadvantages on cultural investments, and in particular will eliminate possible tax obstacles to the development of cinema and television co-productions;

(vii) for widening the audience: that the Member States will not discourage demand for cultural goods and services by applying high rates of VAT or of other taxes.

## Regional policy

### Financial instruments

#### *European Regional Development Fund*

##### Eighth and ninth annual reports

2.1.64. On 6 May Parliament adopted a resolution (→ point 2.4.9)<sup>1</sup> on the Commission's eighth<sup>2</sup> and ninth<sup>3</sup> annual reports (covering 1983 and 1984 respectively) on the activities of the European Regional Development Fund.

Noting that the two reports revealed no narrowing of regional disparities, Parliament considered that, to help firms to invest in the regions, Community instruments—and in particular the ERDF—

should be used to create or improve the necessary infrastructure and to increase the skills of the labour force in the least-favoured regions. It put forward a substantial number of financial and operational proposals to that effect.

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2.1.65. Early in June the Commission transmitted to the Council a proposal for a Regulation<sup>4</sup> enabling the Council to act on the proposals for four specific regional development measures<sup>5</sup> laid before it in December 1984 that were intended to complete the second series of specific measures<sup>6</sup> adopted by it in January 1984.

As the new ERDF Regulation which came into force on 1 January<sup>7</sup> no longer distinguishes between a 'quota' and a 'non-quota' section but provides for a system of 'ranges', it is necessary to provide a proper legal basis for these four measures in the situation created by the new Regulation. The Commission therefore proposes an extension until the end of 1985 of the period within which specific Community measures ('non-quota' measures) can be instituted on the basis of the Commission proposals presented before the new Regulation came into force.

2.1.66. At its May session the Economic and Social Committee delivered an opinion (→ point 2.4.22) on the new proposal for a Council Regulation instituting integrated Mediterranean programmes.<sup>8</sup>

## Environment and consumers

### Environment

#### Protection of the Mediterranean

2.1.67. On 10 May Parliament adopted a resolution<sup>1</sup> setting out its views on the

<sup>1</sup> OJ C 141, 10.6.1985.

<sup>2</sup> Bull. EC 9-1983, point 2.1.59.

<sup>3</sup> Bull. EC 10-1984, point 2.1.61.

<sup>4</sup> OJ C 143, 12.6.1985; COM(85) 243 final.

<sup>5</sup> Bull. EC 12-1984, point 2.1.113.

<sup>6</sup> OJ L 27, 31.1.1984; Bull. EC 1-1984, point 2.1.54.

<sup>7</sup> OJ L 169, 28.6.1984; EC 6-1984, points 1.3.1 to 1.3.11.

<sup>8</sup> Bull. EC 4-1985, point 2.1.67.

Commission communication to the Council of April 1984 on the protection of the environment in the Mediterranean basin.<sup>1</sup> Although stressing that the specific measures proposed were not an adequate response to the serious problems involved, Parliament approved the Commission's initiative and endorsed the objectives put forward, which fitted into a comprehensive strategy covering the various aspects of environmental protection (water, air, nature, etc.).

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

#### **Freshwater and marine pollution**

##### *Convention for the Protection of the Rhine*

2.1.68. On 15 May the Commission asked the Council for authorization to negotiate, on behalf of the Community, the Convention for the Protection of the Rhine against Thermal Pollution.<sup>2</sup> This new instrument has been drafted by the parties to the Convention for the Protection of the Rhine against Chemical Pollution, which was concluded by the Community in 1977.<sup>3</sup> It is designed to prevent the adverse impact that excessive heating-up of the Rhine would have on the living conditions of the flora and fauna and on the river's ecological equilibrium.

##### *Paris Convention*

2.1.69. On 30 May the Commission asked the Council<sup>4</sup> for authorization to negotiate, on behalf of the Community, the adoption of programmes and measures on mercury and cadmium discharges and on the banning of polychlorinated biphenyls and polychlorinated terphenyls under the Paris Convention for the prevention of marine pollution from land-based sources. The decisions taken during these negotiations will have to be compatible with existing Community legislation and not have any

repercussions for Member States which have not signed the Convention.

2.1.70. With the help and participation of the Commission, the European Institute for Water organized two seminars in Brussels from 20 to 24 May on systems of water management in Europe and the application of Community directives relating to water.

These seminars brought together the people in charge of water services, senior officials responsible for the application of national regulations and representatives from various economic sectors, such as agriculture and industry, both from the Member States and from Spain and Portugal. These meetings, the first of a series designed to evaluate the socio-economic, financial and technological impact of the application of Community directives, are aimed at encouraging contact between the people who draft legislation at national or Community level and those responsible for practical application.

2.1.71. At its May session (→ points 2.4.26 and 2.4.27) the Economic and Social Committee delivered two favourable opinions on the Commission's January proposal<sup>5</sup> to apply the Directive of 4 May 1976 on pollution caused by certain dangerous substances discharged into the aquatic environment<sup>6</sup> and the March proposal<sup>7</sup> designed to establish a Community information system for the control and reduction of pollution caused by oil discharged at sea.

#### **Noise**

2.1.72. To take account of the opinion delivered by Parliament<sup>8</sup> the Commission sent to the Council on 13 May an amended version<sup>9</sup> of its proposal of 12 September

<sup>1</sup> OJ C 133, 21.5.1984; Bull. EC 4-1984, point 2.1.79.

<sup>2</sup> COM(85) 227 final.

<sup>3</sup> OJ L 240, 19.9.1977.

<sup>4</sup> COM(85) 281 final.

<sup>5</sup> OJ C 70, 18.3.1985; Bull. EC 1-1985, point 2.1.30.

<sup>6</sup> OJ L 129, 18.5.1976.

<sup>7</sup> OJ C 112, 7.5.1985; Bull. EC 3-1985, point 2.1.68.

<sup>8</sup> OJ C 94, 15.4.1985; Bull. EC 3-1985, point 2.1.76.

<sup>9</sup> COM(85) 228 final.



1984<sup>1</sup> for reducing the maximum permissible sound level of motorcycles as laid down in the Directive of 23 November 1978.<sup>2</sup>

## Chemicals

2.1.73. On 7 May Parliament endorsed<sup>3</sup> a proposal transmitted by the Commission to the Council on 3 October 1984<sup>4</sup> relating to restrictions on the marketing and use of certain dangerous substances and preparations (ban on polychlorinated biphenyls and polychlorinated terphenyls, second directive).

### *Protection and rational use of the environment and natural resources*

## Environment

### *Coastal areas*

2.1.74. From 6 to 9 May a working seminar, organized by the Council of Europe with the help and support of the Commission, was held in Cuxhaven, Germany, on the development and planning of coastal regions. The work centred on the entire European coastline, but special attention was paid to the Waddensee as an example of an area where the conflict between protection and economic development requires urgent attention.

Over and above discussions of principle, this seminar enabled participants to take a practical approach to finding solutions that combine economic development, which is a particularly acute problem in this area, with the necessary protection of a biotope which is a resource that the Commission intends to play its full role in safeguarding. The Commission also underlined that the approach adopted to find a solution should provide a close link between the environment and the economy. In this context certain bases for solutions were found, including greater cooperation in the creation of a 'European international park' that would

facilitate joint management of the Waddensee.

## Fauna and flora

### *Washington Convention (Cites)*

2.1.75. The Commission represented the Community as an observer at the Fifth Conference of the Contracting Parties to the Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora (Cites), which was held in Buenos Aires from 22 April to 3 May. The participants decided in particular to set up export quotas for trade in ivory and crocodile skins, with the Community playing a significant part. These measures are designed to obtain a fair balance between the needs of conservation and the economic interests of African countries.

The participants also rejected certain proposals to cover trade in ranch-bred turtles.

In preparation for this Conference the Commission had presented to the Council on 3 April a paper setting out the joint positions to be adopted by the Member States.<sup>5</sup>

2.1.76. At its session of 29 and 30 May the Economic and Social Committee delivered a favourable opinion (→ point 2.4.25) on the amendment to the Regulation of 3 December 1982<sup>6</sup> relating to implementation of the Cites in the Community, which the Commission had put to the Council on 26 March.<sup>7</sup>

### *Whales*

2.1.77. In May Parliament adopted a resolution (→ point 2.4.9)<sup>3</sup> on the need for a Community response to the failure of certain members of the International Whaling

<sup>1</sup> OJ C 263, 2.10.1984; Bull. EC 9-1984, point 2.1.72.

<sup>2</sup> OJ L 349, 13.12.1978.

<sup>3</sup> OJ C 141, 10.6.1985.

<sup>4</sup> Bull. EC 10-1984, point 2.1.83.

<sup>5</sup> COM(85) 152 final.

<sup>6</sup> OJ L 384, 31.12.1982; Bull. EC 12-1982, point 2.1.105.

<sup>7</sup> OJ C 112, 7.5.1985; Bull. EC 3-1985, point 2.1.78.

Commission to abide by the IWC decision to end commercial whaling.

## Consumers

### Council

2.1.78. A further Council meeting on consumer protection was held on 21 May under the chairmanship of Mr Sanese, State Secretary in the Italian Ministry of Industry, Trade and Craft Trades. There were four items on the agenda: product liability<sup>1</sup> (to which Ministers devoted most of the meeting), doorstep selling,<sup>2</sup> the Community accident information system<sup>3</sup> and consumer credit.<sup>4</sup> Although certain advances were made, some of them considerable, the Council was unable to finalize any decisions. It confirmed its intention to deal with consumer credit at Community level and asked the Commission to revise its proposal.

### *Physical protection*

2.1.79. The Economic and Social Committee issued its opinion in May (→ point 2.4.27) on a proposal sent to the Council by the Commission in January regarding the setting up of a Community information system for accidents in which consumer products are involved.<sup>3</sup>

## Agriculture

### Council

2.1.80. The Agriculture Ministers met twice, from 2 to 5 May and from 13 to 16 May, devoting their deliberations entirely to agricultural prices and related measures for 1985/86.

The Presidency invested considerable effort in each phase of the negotiations, with the energetic support of the Commission, to arrive at a compromise acceptable to all Member States.

Agreement was finally reached on 16 May on the complete package with the exception of cereals and rapeseed (→ points 1.2.1 and 2.1.82 to 2.1.90).

\*

2.1.81. The informal meeting of Agriculture Ministers held in Siena on 28 May served to open the review of the future of the common agricultural policy which the Commission initiated at the time it presented its price proposals for 1985/86.<sup>5</sup>

At the end of the meeting, the President's office issued the following conclusions.

'The Ministers for Agriculture took note with special interest of the views advanced by Mr Pandolfi (President) regarding the need to define perspectives for the common agricultural policy.

These considerations, together with a report from Mr Andriessen (Vice-President of the Commission), formed the basis for a wide-ranging discussion. Ministers concluded that the initiative taken by the Commission several months ago to set in train a policy review on the medium-term and long-term perspectives for the CAP should enable the Community to develop an overall strategy.

In this connection, Ministers took note of the six main topics identified by the Commission<sup>6</sup> with a view to drawing up a set of options by the end of June 1985 which would be discussed with relevant sections of the private sector and within the institutions of the Community.

Ministers gave their full support to this initiative and called on the Commission to provide the Council with the results of this policy review in a suitable form so that, towards the end of the year, the Council could discuss future prospects in detail.

Ministers expressed in this way their determination to define a framework for the development of Community agriculture in the years to come and

<sup>1</sup> OJ C 241, 14.10.1976; OJ C 271, 26.10.1979.

<sup>2</sup> OJ C 22, 29.1.1977; Eleventh General Report, point 302; OJ C 127, 1.6.1978.

<sup>3</sup> OJ C 117, 11.5.1985; Bull. EC 12-1984, point 2.1.137.

<sup>4</sup> OJ C 80, 27.3.1979; Bull. EC 2-1979, point 2.1.51; OJ C 1983, 10.7.1984; Bull. EC 6-1984, point 2.1.86.

<sup>5</sup> Bull. EC 1-1985, point 1.2.7.

<sup>6</sup> Agriculture and society; new uses for agricultural products; alternative production; agriculture and the environment; external trade; cereals.

for the consolidation of the CAP on a sound basis with due regard to the aims set out in the EEC Treaty, particularly Article 39.<sup>1</sup>

### Agricultural prices and related measures for 1985/86

2.1.82. In May the Council adopted the agricultural prices and related measures for 1985/86<sup>1</sup> with the exception of cereals and rapeseed.

The Commission had presented its proposals in January,<sup>2</sup> and Parliament had given its opinion in March.<sup>3</sup> In May Parliament passed a resolution calling on the Council finally to adopt the proposals (→ point 2.4.9).<sup>4</sup>

#### Related measures

##### Milk and milk products

2.1.83. The quota system in the form in which it was originally adopted (with a reduction of 1 000 000 tonnes in 1985/86 against the previous milk year) has been reaffirmed. The Community reserve of 335 000 tonnes established last year, to be shared by Ireland, Luxembourg and the United Kingdom, is to be repeated in the next milk year. The Council has also decided to allot Ireland an extra quota of 58 000 tonnes in 1984/85 and in 1985/86.

In addition, the Council has decided to continue in the next milk year the arrangements allowing quotas to be transferred within regions and from one region to another. Similar arrangements for altering direct sales quotas are also provided for. However, any transfers made may not affect the overall quota available.

The superlevy will be collected and final accounts cleared at the end of the relevant 12-month period only; reporting on the operation of the scheme, currently on a quarterly basis, will in future be allowed at six-month intervals.

Member States will be able to apply revenue from the superlevy, up to the total amount collected but not exceeding the volume of the national quota, to financing outgoer schemes for dairy farmers in their countries.

Member States operating formula A (quotas individual producers) may give official recognition to groups of producers and associations of such groups. Any levy imposed on such groups or associations once the sum total of their individual

quotas is exceeded will be payable at 100% of the target price of milk.

The Council has further decided to authorize national aid schemes to support the marketing of butter up to the end of the 1987/88 milk year.

The rate of the 'normal' co-responsibility levy in the milk year from April 1985 to March 1986 has been reduced from 3% to 2%.

##### Beef/veal

2.1.84. The following have been rolled forward until 6 April 1986:

- (i) variable slaughter premiums in the United Kingdom;
- (ii) calf premiums in Greece, Italy, Ireland and Northern Ireland, the amount to be met by the EAGGF being 9 ECU; Italy has been authorized to grant a national supplement provided the total expenditure is not higher than in the 1984/85 marketing year.

##### Sheepmeat

2.1.85. The Council has decided that the marketing year will begin on the first Monday of January and end the day before this date the year after. As a transitional arrangement, the 1985 marketing year will begin on 27 May 1985 and end on 5 January 1986. The Commission has agreed to present, and the Council to adopt, special measures affecting the premiums granted in the sheepmeat and goatmeat sector:

- (i) from the 1986 marketing year premiums are to be granted for she-goats, subject to geographical restrictions, and ewes of certain mountain sheep breeds;
- (ii) variable slaughter premiums for ewes will not be paid from 1 October 1985 unless a satisfactory solution is found to alleviate the negative impact of these premiums on the markets of other Member States.

##### Fruit and vegetables

2.1.86. Processing aid for lemons will continue to be paid in 1985/86 under the rules applying in 1984/85. Some amendments have been introduced to harmonize the terms on which financial com-

<sup>1</sup> OJ L 137, 27.5.1985.

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

<sup>3</sup> OJ C 94, 15.4.1985; Bull. EC 3-1985, point 2.4.9.

<sup>4</sup> OJ C 141, 10.6.1985.

pensation is paid to processors throughout the Community.

The Council has also approved a Regulation on Community-level monitoring of quality standards and the recording of prices on representative markets and of the prices of imports.

With regard to processed tomatoes, the Council has determined both the volume of fresh tomatoes eligible for aid and the quotas for France, Italy and Greece. The Commission has also undertaken to increase these amounts if marketing outlets for the products become apparent.

### Starch

2.1.87. The Commission has agreed to present a proposal as soon as possible on a new sugar production scheme, and the Council has undertaken to consider it as well as proposals on industrial uses of starch, sugar and isoglucose with a view to adopting them all at the same time.

### Overall policy

2.1.88. The Commission will take all necessary measures in the management of agricultural mar-

kets so that no supplementary and amending budget will be necessary for 1985.

### Agrimonetary measures

2.1.89. The Council approved the following adjustments as regards negative MCAs:

FF: doing away altogether with the monetary gap for milk, as is already the case for pigmeat and wine

reduction as far as the neutral margin for the other products

DR: doing away altogether with the monetary gap on the basis of the position recorded for the week from 8 to 14 May

LIT: doing away altogether with the monetary gap on the basis of the position recorded for the week from 8 to 14 May.

These adjustments result in the following rates applicable at the beginning of the marketing year:

Table 5 — Rates applicable at the beginning of the marketing year

	Products	New representative rate	New MCA	Effect on prices (%)
FF	milk	7.10590	0	+ 2.4
	pigmeat and wine	7.10590 (unchanged)	0	0
	other	7.00089	0	+ 1.9
DR	all	102.345	0	+ 13.1
LIT	all	1482.00	0	+ 3.5

The rate of 1 ECU = DKR 8.41499, which was to enter into force on 1 July 1986 in the seeds sector, will now enter into force on 1 July 1985. From that date and in this sector: 1 ECU = BFR 46.4118.

The Council undertakes to abolish the neutral margin for any remaining negative MCAs not later than when the prices for the 1986/87 marketing year are fixed.

Moreover, the Council decided to delete Article 4(1) of Regulation (EEC) No 974/71. It agreed to adopt the consolidated agrimonetary Regulation already before it, incorporating this deletion, by 1 July 1985.

The Council took note of the Commission's intention to calculate MCAs for common wheat and derived products on the basis of the intervention price from the 1985/86 marketing year.

Table 6 — Prices (in ECU) for individual agricultural products  
(excluding cereals and rapeseed)

Product and type of price or amount (period of application)	1984/85		1985/86 Decisions	
	Amount (ECU/t)	Increase (%)	Amount (ECU/t)	Increase (%)
1	2	3	4	5
Rice (1.9.1985-31.8.1986)				
• Target price — husked rice	539.49	3.1	548.37	1.6
• Intervention price — paddy rice	314.19	2.5	314.19	0.0
Sugar (1.7.1985-30.6.1986)				
• Basic price for sugarbeet	40.89	0	40.89	0.0
• Intervention price for white sugar	534.70	0	541.80	1.3
Olive oil (1.11.1985-31.10.1986)				
• Production target price	3 162.3	— 1.0	3 225.6	2.0
• Intervention price	2 276.2	— 1.0	2 276.2	0.0
• Production aid <sup>b</sup>	695.6	— 1.0	709.5	2.0
Rapeseed (1.7.1985-30.6.1986)				
• Target price	472.6	— 2.0	—	—
• Intervention price	429.2	— 2.0	—	—
Sunflower seed (1.8.1985-31.7.1986)				
• Target price	582.2	— 1.0 <sup>1</sup>	573.5	— 1.5
• Intervention price	532.7	— 1.0 <sup>1</sup>	524.7	— 1.5
Soya beans (1.9.1985-31.8.1986)				
• Guide price	570.1	1.5	575.8	1.0
• Minimum price	501.7	1.5	506.7	1.0
Dried fodder				
• Fixed-rate aid (25.5.1985-31.3.1986)	8.41	— 1.0	8.49	1.0
• Guide price (25.5.1985-31.3.1986)	177.15	— 1.0	178.92	1.0
Peas and field beans (1.7.1985-30.6.1986)				
• Activating price	512.4	— 1.0	506.4	— 1.2
• Guide price	331.1	— 1.0	324.8	— 1.9
• Minimum price — peas	289.0	— 1.0	283.5	— 1.9
— field beans	289.0	— 1.0	273.5	— 5.4
Lupins (1.7.1985-30.6.1986)				
• Activating price	478.2	—	482.5	0.9
• Minimum price	317.9	—	317.9	0.0
Flax (1.8.1985-31.7.1986)				
• Guide price (seed)	548.6	0.5	554.1	1.0
• Fixed-rate aid (fibre) (per ha) <sup>c</sup>	351.57	— 1.0	355.09	1.0

Table 6 (continued)

Product and type of price or amount (period of application)	1984/85		1985/86 Decisions	
	Amount (ECU/t)	Increase (%)	Amount (ECU/t)	Increase (%)
1	2	3	4	5
Hemp (1.8.1985-31.7.1986) • Fixed-rate aid (per ha) <sup>d</sup>	319.29	- 1.0	322.48	1.0
Silkworms (1.4.1985-31.3.1986) • Aid per box of silkseed <sup>e</sup>	107.59	1.5	108.67	1.0
Cotton (1.9.1985-31.8.1986) • Guide price • Minimum price	941.4 894.4	1.5 1.5	960.2 912.3	2.0 2.0
Milk <sup>2</sup> (27.5.1985-31.3.1986) • Target price	274.3	0.0	278.4	1.5
Butter <sup>2</sup> • Intervention price	3 197.0	- 10.6	3 132.0	- 2.0
Skimmed-milk powder <sup>2</sup> • Intervention price	1 658.8	10.9	1 740.4	4.9
Grana padano cheese 30-60 days <sup>2</sup> • Intervention price	3 817.5	5.7	3 889.3	1.9
Grana padano cheese 6 months <sup>2</sup> • Intervention price	4 727.5	7.6	4 803.3	1.6
Parmigiano-Reggiano 6 months <sup>2</sup> • Intervention price	5 216.1	8.6	5 291.9	1.5
Beef/veal (27.5.1985-1.4.1986) • Guide price for adult bovines • Intervention price for adult bovines	2 050.2 1 845.2	- 1.0 - 1.0	2 050.2 1 845.2	0.0 0.0
Sheepmeat <sup>3</sup> (27.5.1985-5.1.1986) • Basic price (carcase weight)	4 280.4	- 1.0	4 280.4	0.0
Pigmeat (1.11.1985-31.10.1986) • Basic price (carcase weight)	2 033.3	- 1.0	2 033.3	0.0
Fruit and vegetables (1985/86) • Basic price <sup>f</sup>		- 1 to + 2		- 3 to + 1
Table wine (1.9.1985-31.8.1986) • Guide price Type RI • Guide price Type RII • Guide price Type RIII • Guide price Type AI • Guide price Type AII • Guide price Type AIII	3.42 3.42 53.30 3.17 71.02 81.11	- 1.0 - 1.0 - 1.0 - 1.0 - 1.0 - 1.0	3.42 3.42 53.30 3.17 71.02 81.11	0.0 0.0 0.0 0.0 0.0 0.0

Table 6 (continued)

Product and type of price or amount (period of application)	1984/85		1985/86 Decisions	
	Amount (ECU/t)	Increase (%)	Amount (ECU/t)	Increase (%)
1	2	3	4	5
Raw tobacco • Norm price* • Premiums*	1985 harvest			
		- 3 to + 2		- 2,5 to 0
		- 3 to + 2		- 4,0 to + 1
Seeds <sup>4</sup>				0

<sup>1</sup> Having regard to the proposal that the standard quality be altered from an oil content of 40% to an oil content of 42%.

<sup>2</sup> The adjustments for milk and milk products take account of a revaluation of the components of milk. The fat: protein ratio becomes 48.22:51.78.

<sup>3</sup> It was decided that the basic price be increased (by 1%) for the 1986 marketing year, with effect from 6 January 1986. This price would thus be set for 1986 at 4 323.2 ECU/t (carcase weight).

<sup>4</sup> It is proposed that the aids remain unchanged for 1986/87 and 1987/88.

## Notes

Where appropriate, account has been taken of the triggering of the guarantee threshold. Prices for Greece are shown only where they differ from the common prices (CP).

<sup>a</sup> *Durum wheat*: No decision.

<sup>b</sup> *Olive oil*: For Greece the production aid is 550.4 ECU/t for 1984/85 and will be 709.5 ECU/t in 1985/86, an increase of 28.9%.

<sup>c</sup> *Flax*: For Greece the fixed-rate aid is 277.72 ECU/t for 1984/85 and will be 355.04 ECU/t in 1985/86, an increase of 27.8%.

<sup>d</sup> *Hemp*: For Greece the fixed-rate aid is 252.22 ECU/t for 1984/85 and will be 322.40 ECU/t in 1985/86, an increase of 27.8%.

<sup>e</sup> *Silkworms*: For Greece the aid is 95.80 ECU/box of silkworm for 1984/85 and will be 108.67 ECU/box in 1985/86, an increase of 13.4%.

<sup>f</sup> Products listed in Annex II to Council Regulation (EEC) No 1035/72 of 18 May 1972 (% increase and periods of application):

	1984/85	1985/86	Greece 1985/86	
Cauliflowers	2.0	1.0	CP	27.5.1985 to 30.4.1986
Tomatoes	- 1.0	- 3.0	3.6	11.6.1985 to 30.11.1985
Peaches	0.5	- 1.5	4.0	1.6.1985 to 30.9.1985
Lemons	0.5	- 3.0	CP	1.6.1985 to 31.5.1986
Pears	0.5	0.0	CP	1.7.1985 to 30.4.1986
Table grapes	2.0	0.0	CP	1.8.1985 to 31.10.1985
Apples	0.5	0.0	CP	1.8.1985 to 31.5.1986
Mandarins	0.5	- 3.0	0.8 CP	16.11.1985 to 28.2.1986
Sweet oranges	0.5	- 3.0	3.7 CP	1.12.1985 to 31.5.1986
Apricots	- 1.0	- 1.5	CP	1.6.1985 to 31.7.1985
Aubergines	2.0	1.0	CP	1.7.1985 to 31.10.1985

\* Increases in 1985/86 in norm prices and premiums for tobacco varieties:

Variety	Norm price**	Premium
Forchheimer Havanna, Beneventano, Mavra, Tsebelia	- 2.5 %	- 4 %
Badischer Geudertheimer, Kentucky, Paraguay, Nijkerk, Missionero, Round-Tip, Xanti-Yaka, Perustitza, Erzegovina, Kaba Koulak (non-classic)	- 1 %	- 1 %
Badischer Burley, Virgin D, Bright, Burley I, Burley GR, Maryland, Virginia GR, Basmas Katerini, Kaba Koulak (classic), Zichomyrodata, Myrodata Agrinion	0 %	1 %

\*\* The figures for Greek varieties are further increased by the incorporation of the fourth 25% of national aid.

## Economic aspects of the common agricultural policy

### Agrimonetary measures

2.1.90. In conjunction with the fixing of new prices for 1985/86 the Council adopted a Commission proposal to devalue the representative rates of the French franc, the Greek drachma and the Italian lira with effect from the start of the 1985/86 marketing year. The details of these adjustments are shown in Table 7.

In the wake of these changes to representative rates, the Commission introduced an amendment<sup>1</sup> to Regulation (EEC) No 1054/78<sup>2</sup> and also modified monetary compensatory amounts in the Member States concerned. At the same time the Commission updated the MCAs applying in all sectors except milk and milk products and beef/veal in Greece and Italy, and adjusted United Kingdom MCAs, in the light of movements in these three currencies on the exchange markets.

Table 7 — Agrimonetary decisions 1985/86

	Products	Present position			Dismantling (percentage points)	New position <sup>3</sup>				
		Green rate	Monetary gap			Green rate	Monetary gap		Re/Devaluation (%)	Impact on prices (%)
			real	appl.			real	appl.		
France	Milk	6.93793	- 2.421	- 1.0	2.421	7.10590	0.0	0	- 2.364	+ 2.421
	Beef/veal	6.86866	- 3.454	- 2.0	1.954	7.00089	0.0	0	- 1.889	+ 1.925
	Pigmeat/wine	7.10590	0.0	0	—	—	0.0	0	—	—
	Other	6.86866	- 3.454	- 2.0	1.954	7.00089	- 1.500	0	- 1.889	+ 1.925
Italy <sup>1</sup>	All <sup>2</sup>	1 432.00	- 3.503	- 2.3	3.503	1 482.00	0.0	0	- 3.374	+ 3.492
Greece <sup>1</sup>	All <sup>2</sup>	90.5281	- 13.059	- 11.3	13.059	102.345	0.0	0	- 11.546	+ 13.053

<sup>1</sup> Reference period: 8 to 14 May 1985.

<sup>2</sup> For wine, the MCA in Italy is 0 and in Greece - 7,8 because of the neutral margin of 5 points in this sector. To avoid a variation in green rates between sectors, the dismantling will apply to wine as well.

<sup>3</sup> Comes into effect at the start of the 1985/86 marketing year.

## Market organizations

### Wine

2.1.91. The reports made by the Member States to the Commission showed that, on expiry of the time limit set for submission of contracts and declarations in connection with the operation for the 'support' distillation of table wine which was opened on 6 March,<sup>3</sup> the quantities set out in those documents exceeded by roughly 62% the total quantity of two and a half million hectolitres considered sufficient to stabilize the market. On 24 May the Commission therefore decided to reduce the quantities entered in each contract and declaration proportionately.<sup>4</sup>

On 15 May the Commission issued, for the 1984/85 wine year, the list of research and

development projects on new uses for products of the wine sector which it intends to encourage in order to promote methods other than distillation for the disposal of table wine surpluses.

### Milk and milk products

2.1.92. Following the Council's price decisions for the 1985/86 milk year the Commission adopted the following measures:<sup>5</sup>

<sup>1</sup> OJ L 138, 27.5.1985.

<sup>2</sup> OJ L 134, 22.5.1978.

<sup>3</sup> OJ L 67, 7.3.1985; OJ L 97, 4.4.1985; Bull. EC 3-1985, point 2.1.90.

<sup>4</sup> OJ L 136, 25.5.1985.

<sup>5</sup> OJ L 139, 27.5.1985.



(i) reduction of the amount of aid granted in respect of butter sold to non-profit-making bodies and institutions and butter sold to the armed forces from 157.0 to 150.5 ECU/100 kg, in line with the decrease in the intervention price for butter;

(ii) increase of 6.5 ECU/100 kg in the price of butter sold for export under Regulations (EEC) Nos 2268/84 and 2278/84, in line with the reduction in the intervention price;

(iii) adaptation of minimum import prices for certain cheeses qualifying for a special levy;

(iv) adjustment of refunds fixed in advance, in line with the change in intervention prices for butter and skimmed-milk powder.

The Commission has still to adapt the co-responsibility levy and the aids granted in respect of the following products: skimmed-milk powder to be used as feed for calves; skimmed-milk powder and liquid skimmed milk for pigs and poultry; liquid skimmed milk for the manufacture of casein and caseinates; milk and milk products for distribution in schools.

In order to ensure the efficient management of the butter market, which is suffering from limited outlets and large stocks, the Commission intends to bring forward the deadline for payments in respect of butter bought in by the intervention agencies under Regulation (EEC) No 685/69.

In view of the improvement in stock levels, which allows certain savings to be made in this sector, the Commission announced its intention to suspend special sales of skimmed-milk powder for use as feed for pigs and poultry under Regulations (EEC) Nos 368/77 and 443/77.

### *Fruit and vegetables*

2.1.93. On 31 May the Commission adopted a Regulation to include aubergines and apricots in the field of application of Regulation (EEC) No 1805/78 of 28 July 1978,<sup>1</sup> which defines the products and the conditions subject to which producers' organizations may decide not to place on

sale products which comply with quality standards but do not satisfy the marketing rules which the organizations have adopted in order to limit the volume of supply to the market.

The Commission also adopted a Regulation altering for lemons and 'Beurré Hardy' pears the conversion factors laid down in Regulation No 1203/73 of 4 May 1973<sup>2</sup> for calculating withdrawal prices.

### *Processed fruit and vegetables*

2.1.94. On 23 May the Council adopted a Regulation laying down temporary measures relating to the production aid for products processed from tomatoes.<sup>3</sup> Production of the latter has increased considerably during the last two marketing years to the extent that the guarantee thresholds have been substantially exceeded. Under these circumstances there was clearly a need to introduce more restrictive measures for the 1985/86, 1986/87 and 1987/88 marketing years so as to ensure that processing aid is granted each year solely in respect of those quantities which do not exceed the overall guarantee threshold.

The Council also adopted a Regulation concerning the application of a guarantee threshold for currants for 1985/86.<sup>3</sup>

The guarantee threshold for currants has been exceeded in all three years from 1982 to 1984. The aim of this Regulation is to limit the impact of a similar situation in 1985/86 in view of the rise in the prices for dried grapes on the world market during the current marketing year. The reduction to be applied to the minimum price paid to producers of currants has been fixed at 3%.

### *Flax seed*

2.1.95. On 7 May the Commission determined the average world market price and

<sup>1</sup> OJ L 205, 29.7.1978.

<sup>2</sup> OJ L 123, 10.5.1973.

<sup>3</sup> OJ L 137, 27.5.1985.

an indicative yield for flax seed for 1984/85.<sup>1</sup> A price of 38.277 ECU/100 kg was set, which represents the arithmetic mean of the prices recorded on the world market each week during the representative period for the marketing of Community flax seed. The indicative yield, which serves as a basis for granting the aid, varies according to the characteristics of the flax produced and the area where it is produced.

## Agricultural legislation

### Competition

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

#### Germany

*Baden-Württemberg:* Measures following the damage caused to forests by natural disasters.

#### Denmark

Bill on government guarantees and interest subsidies for young farmers.

2.1.97. The Commission decided to terminate the Article 93(2) procedure with regard to the following aids:

#### Italy

*Sicily:* Bill amending Regional Act No 16 of 2 March 1981 and other legislation relating to agriculture. The measures in question (subsidies for deliveries of grapes to cooperatives and for collection of grapes, medium-term management loans, and subsidies for the processing and marketing of fruit and vegetables) have been rescinded in response to a judgment given by the Court of Justice.

Regional Bill No 200 relating to subsidized credit facilities for the horticultural and citrus fruit sectors for 1981 and 1982.

Regional Bill No 191 laying down measures in favour of cooperatives, consortia and groups of citrus fruit producers.

*Calabria:* Regional Bill concerning exports of horticultural products, oils and wines. This is a scheme to promote marketing and exports by means of a subsidy partly covering the costs of transport to frontier posts.

#### France

Aids in favour of wine producers in difficulty in the Cognac region. These aids are intended to improve the cash situation for a limited period so as to cover part of the financial cost of borrowing. The Commission has decided to terminate the procedure since the French authorities have stated that the aids will be granted according to selective criteria held to be consistent with the common market.

## Fisheries

### Resources

#### *Internal aspects*

#### National measures

#### *Measures to give effect to Community rules*

2.1.98. The Commission took note of the following national measures, stating that it might at any time review their compatibility with Community law and the common fisheries policy:

(i) on 30 April a draft United Kingdom measure contained in the Undersized Crabs Order 1984 designed to give effect to a Commission decision of 10 July 1984 on the incompatibility of the Immature Crabs and Lobster Order 1984 with Article 19 of Regu-

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<sup>1</sup> OJ L 123, 8.5.1985.

lation (EEC) No 171/83 of 25 January 1983;<sup>1</sup>

(ii) on 29 May a United Kingdom order giving effect to certain provisions of the Regulations of 4 December 1984<sup>2</sup> and 9 December 1984<sup>3</sup> on the fishing activities of Swedish, Norwegian, Faeroese and Spanish vessels in United Kingdom waters.

### *External aspects*

#### **Bilateral relations**

2.1.99. The Fisheries Agreement between the Community and the Republic of Seychelles, implemented provisionally since January 1984,<sup>4</sup> was signed on 23 May in Brussels by the Seychelles Minister for National Development (who has responsibility for fisheries), Mr Jacques Hodoul, and on behalf of the Community by Mr Mario Fioret, President of the Council, and Mr Frans Andriessen, Vice-President of the Commission.

The two sides met in the form of a Joint Committee, as provided in the Agreement, and discussed various matters including the considerable volume of catches by the Community fleet in the Seychelles EEZ in 1984, the enlistment of Seychellois sailors on Community vessels and participation by the Community in a Seychellois scientific programme.

The implications of Portuguese and Spanish accession for the existing fishing agreements, in particular that with the Seychelles, were also dealt with.

2.1.100. On 2 May the Council adopted a Regulation on the conclusion of an agreement in the form of an exchange of letters between the European Economic Community, on the one hand, and the Government of Denmark and the Home Government of the Faeroe Islands, on the other, concerning salmon fishing in Faeroese waters.<sup>5</sup>

#### **Multilateral relations**

2.1.101. Consultations with Norway and Sweden on 1985 sprat fishing arrangements

for the Skagerrak and Kattegat were held on 22 May in Göteborg.

## **Markets and structures**

### *Structures*

2.1.102. The Commission decided to raise no objection to the following State aid measures:

(i) the implementation subject to certain conditions of an Italian national plan for sea fishing and for aquaculture in marine or brackish waters for the period 1984-86 (budget LIT 177 700 million);

(ii) the granting by the French Government of national aid for investments in artisanal fishing (vessels and onshore facilities) in the overseas departments;

(iii) an Italian bill on operational loans to the fishing industry, the budget for such reduced-rate credits being LIT 12 000 million for the period 1984-86; the Commission stated that it reserved the right to reconsider these working capital loans when under Article 93(1) of the EEC Treaty it carries out a horizontal examination of all such aids in the Member States.

## **Transport**

### **Council**

2.1.103. At its meeting on transport on 23 May the Council mainly searched for bases for compromises which could be translated into concrete measures at the next meeting on 24 June. This applied in particular to the proposal to amend the social legislation relating to road transport.<sup>6</sup> However, the Council was unable to adopt the procedures

<sup>1</sup> OJ L 24, 27.1.1983.

<sup>2</sup> OJ L 318, 7.12.1984.

<sup>3</sup> OJ L 1, 1.1.1985.

<sup>4</sup> Bull. EC 1-1984, point 2.1.94.

<sup>5</sup> OJ L 122, 7.5.1985.

<sup>6</sup> OJ C 100, 12.4.1984; Bull. EC 3-1984, point 2.1.168.

and criteria for the selection of infrastructure projects contained in the Commission's communication on the broad outlines of a medium-term transport infrastructure policy.<sup>1</sup> The Council also failed to adopt a position on the Commission communication entitled 'Progress towards a common transport policy—Maritime transport'.<sup>2</sup>

In addition, in view of the April memorandum from the Austrian Government, the Council finalized new directives for negotiations between the Community and Austria.<sup>3</sup>

Another item on the agenda was the judgment given by the Court of Justice in Case 13/85 (action brought by Parliament for a declaration that the Council had failed to act on the common transport policy) (→ point 1.1.5).

However, since the judgment was delivered only one day before the meeting, the Council confined itself to a brief exchange of views, while reaffirming its willingness to further the development of the transport policy; what measures will need to be taken to comply with the judgment will be studied at the 24 June meeting. A draft master plan for the common transport policy, proposed by Italy in its capacity as President of the Council in keeping with the conclusions of the 1984 European Councils concerning the transport sector,<sup>4</sup> will also be re-examined then in the light of the Court's judgment.

## Inland transport

### Road transport

#### Technical aspects

##### Road safety

2.1.104. On 22 May the Commission transmitted to the Council a communication<sup>5</sup> entitled '1986 Road Safety Year in the Community' which records the points made by national road safety experts,<sup>6</sup> outlines proposals for a general publicity cam-

paign to be undertaken jointly by the Community and the Member States and announces plans for specific measures on certain aspects of road safety.

This document makes more specific the ideas put forward in the Commission's December 1984 communication.<sup>7</sup>

## Multimodal transport

2.1.105. On 22 May the Commission sent the Council a proposal<sup>8</sup> for the amendment of the Council Directive of 17 February 1975 on the establishment of common rules for certain types of combined carriage of goods between Member States.<sup>9</sup>

The measures proposed, which are part of ongoing activities for promoting combined transport, consist of: freeing the combined road/inland waterway transport of lorries, trailers, semi-trailers, swap bodies and containers ('ro-ro' or roll-on, roll-off transport) from all quota and authorization arrangements; enlarging the zone in which combined road/inland waterway transport is freed from all quota and authorization arrangements from 50 km to 150 km; promoting the use of combined transport by own-account operators by authorizing the recipient firm (where the semi-trailer or trailer belongs to the forwarding firm) or the forwarding firm (where it belongs to the recipient firm) to haul the trailer or semi-trailer on a terminal or initial section; allowing initial or terminal road haulage in the context of combined transport on days or during periods when long-distance road transport is prohibited.

<sup>1</sup> Bull. EC 12-1984, point 2.1.199.

<sup>2</sup> Supplement 5/85—Bull. EC; Bull. EC 4-1985, point 1.2.1 *et seq.*

<sup>3</sup> Bull. EC 12-1983, point 2.1.204; Bull. EC 10-1984, point 2.1.129; Bull. EC 11-1984, point 2.1.135.

<sup>4</sup> Bull. EC 3-1984, point 1.1.1; Bull. EC 6-1984, point 1.1; Bull. EC 12-1984, point 1.2.1.

<sup>5</sup> COM(85) 239 final.

<sup>6</sup> Bull. EC 2-1985, point 2.1.114.

<sup>7</sup> COM(85) 704.

<sup>8</sup> OJ C 139, 7.6.1985; COM(85) 211 final.

<sup>9</sup> OJ L 48, 22.2.1975.

## Energy

### Formulating and implementing a Community energy policy

#### New Community energy objectives

2.1.106. On 31 May the Commission sent the Council a communication, accompanied by a draft resolution, on the new Community energy objectives for 1995.<sup>1</sup> The Commission's communication is based on earlier studies—particularly the review of the Member States' energy policies in 1984,<sup>2</sup> the Community's illustrative nuclear programme (PINC)<sup>3</sup> and the results of the Commission's study on energy market prospects to the year 2000.<sup>4</sup> In view of the energy situation in Spain and Portugal, the guidelines which have emerged should not be affected by their accession to the Community.

As its purpose is to ensure that the Community's economic and social growth is based on a stable and effective energy economy, Community energy policy must in the first place be guided by certain objectives, termed 'horizontal' by the Commission, which are common to all energy sectors. These objectives, seven in number, are development of external relations in this field through a coordinated Community approach; greater integration of the common energy market; improved security of supply; realistic energy prices; consideration of environmental factors; support for less-favoured regions; and promotion of innovation in technology.

At sector level the Commission proposes six objectives: the efficient use of energy; less dependence on imported oil; maintaining or increasing the proportion of natural gas in the energy balance; maintaining and increasing the present share of solid fuels in the Community market; increasing the proportion of nuclear electricity and decreasing the proportion generated with oil and natural gas; tripling the contribution

of new and renewable sources of energy as substitutes for conventional fuels.

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2.1.107. A Commission delegation led by Mr Mosar, Member of the Commission with special responsibility for energy, attended the third Arab Energy Conference, which was held in Algiers from 4 to 9 May. Mr Mosar addressed the Conference on the Community's experience in energy cooperation with developing countries. He took the opportunity to talk to several Arab Energy Ministers and the Algerian authorities. These contacts confirmed that the Arab world wishes to cooperate internationally on energy, particularly with the Community.

The Commission was the only non-Arab political organization invited. This was also the first time that, at the invitation of Oapec, a Member of the Commission took an active part in one of these conferences, which have been held every three years since 1979 (the first in Abu Dhabi in March 1979, the second at Doha, Qatar, in March 1982).

2.1.108. The Commission has just published the first issue of *Energy in Europe*, a review devoted to the Community's energy policy.<sup>5</sup> One of the main purposes of this new publication, which is to appear three times a year, is to highlight the major energy problems exercising the Community institutions. It will also include a regular analysis of the short-term energy outlook (with an 18-month time horizon), using a new forecasting model prepared under the research and development programme.

2.1.109. During its May session (→ point 2.4.29) the Economic and Social Committee gave an opinion on the Commission's communication concerning the Community's illustrative nuclear programme.<sup>3</sup>

<sup>1</sup> COM(85) 245 final.

<sup>2</sup> Bull. EC 2-1984, point 2.1.152.

<sup>3</sup> Bull. EC 11-1984, point 2.1.144.

<sup>4</sup> Bull. EC 12-1984, point 2.1.211.

<sup>5</sup> Bull. EC 12-1984, point 2.1.215.

## Research and development

### Community R&D policy

#### Coordination of national policies

2.1.110. During its meeting in Florence on 9 and 10 May the Scientific and Technical Research Committee expressed the wish that the Community should reply to the French proposal for the Eureka project. With regard to the preparation of the R&D programme on raw materials and advanced materials, it hoped that a fair balance could be established between these two sectors.

The Committee endorsed the Commission's proposal regarding the definition phase of the Community's R&D programme on advanced telecommunications technologies (RACE).<sup>1</sup>

### Sectoral R&D activities

#### Industry

##### Brite programme

2.1.111. In response to the first call for proposals, the Brite research programme<sup>2</sup> has received proposals for 566 projects, with an average of four partners involved in each project.

The proposals have come from all the Member States, the cost of individual projects varying over a wide range and averaging 1.5 million ECU per project.

This favourable reaction bears witness to the interest of industry, research establishments and the universities in closer cross-border cooperation within the Community and shows that precompetitive technologies such as lasers, new joining techniques, ways of improving the reliability of new materials and the new production methods for flexible materials (especially textiles) are recognized as essential to the competitiveness of Europe's industry.

### Telecommunications

2.1.112. In May the Economic and Social Committee endorsed (→ point 2.4.23) the Commission's proposal concerning the definition phase of the Community R&D programme in the field of advanced telecommunications technologies (RACE).<sup>1</sup>

#### Technical research on steel

2.1.113. On 13 May the Commission decided, pursuant to Article 55(2)(c) of the ECSC Treaty, to grant 6 372 100 ECU for seven pilot demonstration projects in the steel industry.

##### Project for inspection of steel components

2.1.114. The Commission has launched<sup>3</sup> a collaborative action in support of the project for inspection of steel components (PISC).

PISC is an OECD project, with the Ispra Establishment of the JRC managing it and acting as reference laboratory.

The project provides for two types of activity aimed at the assessment of non-destructive testing techniques (performance and reliability) applied to structural components of reactors and special steel blocks.

Participation in the project is by research contract and is open to all national organizations in the Community, their financial contribution being limited to 50% of the total cost of the research. The total Community contribution envisaged for the whole of this work is 250 000 ECU. The closing date for the submission of proposals is 1 July 1985.

#### Biotechnology

2.1.115. A review of research in progress and the results so far obtained by way of

<sup>1</sup> Bull. EC 3-1985, point 2.1.147.

<sup>2</sup> Basic research in industrial technologies for Europe: OJ C 27, 29.1.1985; Bull. EC 1-1985, point 2.1.73; OJ C 66, 14.3.1985; Bull. EC 3-1985, point 2.1.148.

<sup>3</sup> OJ C 128, 25.5.1985.

shared-cost contracts under the multiannual research and training programme in the field of biomolecular engineering (1982-86)<sup>1</sup> were recently published in condensed form in the 1984 annual report.<sup>2</sup>

Sixty-three transnational cooperation agreements have been formalized since the beginning of the programme and a total of 103 laboratories have or will have participated, thanks to a total budget appropriation of 15 million ECU, in the two phases of the programme in the following five areas:

- (i) development of second-generation bioreactors for eliminating toxic substances and for industrial applications, including agri-food applications, and other complementary research;
- (ii) biomolecular-engineering methods aimed at improving the production of substances of importance to animal breeding (vaccines, hormones) and to the agri-food industries;
- (iii) optimum use of vegetable products, in particular lignocellulose;
- (iv) use of genetic engineering for improving plants and micro-organisms which play an important role in agriculture;
- (v) development of methods for detecting contamination and evaluating the potential risks from applications of genetic engineering in agriculture and industry.

## Environment

2.1.116. A major contribution to the study of the problem of acid rain, which is causing serious environmental damage by the destruction of forests in Europe, is currently being made by the Ispra Establishment of the Joint Research Centre under the Tully project, which is under way this year in Baden-Württemberg, Germany.

The aim of this project is to create a model of the acid rain phenomenon and to elucidate the following two problems by means of appropriate measuring facilities:

- (i) ascertaining whether the identified pollutant-dispersal pathways—primarily that of sulphur dioxide (SO<sub>2</sub>)—result directly from known sources (e.g. coal-fired power stations);
- (ii) determining the respective contributions to the total SO<sub>2</sub> mass balance from sources within the *Land* and from sources in the neighbouring territories.

It is to this end that the JRC has organized the greater part of the airborne sensing campaign covering the entire region of Baden-Württemberg and arranged for the application of tracer techniques for studying the medium-range dispersal of pollutants. Since March it has thus been able to measure the total SO<sub>2</sub> burden along the western border of Baden-Württemberg.

## Health and safety

### Research into the social aspects of steel

2.1.117. On 6 May, having received the Council's assent and the ECSC Consultative Committee's opinion, the Commission decided, pursuant to Article 55 of the ECSC Treaty, to promote a fifth research programme on ergonomics in the coal and steel industries, the total cost of which is estimated at 15 million ECU for a period of five years starting in 1985, and to authorize dissemination of the memorandum describing the programme.<sup>3</sup> Since the appropriations allocated to the fourth programme (1980-84)<sup>4</sup> have been used up, funding of a fifth programme seems all the more necessary in view of the fact that requirements relating to working conditions and protection of the environment against water, air and noise pollution increase as technology develops, with new manufacturing methods, new research to meet the need to save energy and raw materials, and so on.

<sup>1</sup> OJ L 375, 30.12.1981.

<sup>2</sup> 1984 annual report (Vol. 1), 795 pp., EUR 9601 (DE/EN/FR), Office for Official Publications, Luxembourg.

<sup>3</sup> OJ C 161, 1.7.1980; Bull. EC 12-1984, point 2.1.222.

<sup>4</sup> Fourteenth General Report, point 496.

## 2. Enlargement and external relations

### Enlargement and bilateral relations with applicant countries

2.2.1. On 20 May the Council noted the last questions still under discussion with regard to the accession of Portugal and Spain, and the progress of work on the drafting of the Accession Treaty, which is to be signed in Lisbon and Madrid on 12 June.

2.2.2. On 8 May Parliament, which had been consulted by the Council for the first time in accordance with point 2.3.7 of the Solemn Declaration on European Union signed in Stuttgart,<sup>1</sup> delivered an opinion on enlargement.<sup>2</sup> It welcomed the fact that the Council had honoured its undertaking to consult Parliament before the accession agreements were signed, welcomed the conclusion of the negotiations, appreciated the efforts made by all those involved to reach agreement, and hoped that accession would benefit the new Member States and strengthen the Community internally and externally. Parliament recognized that real difficulties would inevitably arise. It expected the Community to fulfil the commitment it had given to Mediterranean non-member countries.

Parliament's opinion also referred to the institutional aspect: it approved the provisions concerning the enlarged Community's institutions and organs (number of members of Parliament, weighting of votes) and urged that the new Member States hold direct elections promptly to ensure their representation in Parliament.

Lastly, Parliament called on the contracting States to sign the Treaty of Accession and initiate the ratification procedure without delay.

2.2.3. On 10 May Parliament adopted a resolution on economic and trade relations between the Community and the Mediterranean countries in the context of enlargement (→ point 2.4.9).<sup>2</sup>

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2.2.4. The Portuguese and Spanish delegations sent to the Community in mid-May the conclusions reached by their respective governments on the detailed provisions concerning relations between the two countries during the transitional period following accession. These provisions, which represent the results of the negotiations between the two applicant countries conducted since February 1985, concern customs union (industrial products), fisheries and agriculture. The Commission endorsed these conclusions, so that they could be included in the instruments of accession.

### Portugal

2.2.5. The 32nd, 33rd and 34th deputy-level meetings of the Conference between the Community and Portugal were held in Brussels on 7, 24 and 31 May respectively. At these meetings the matters still outstanding were settled, i.e. ECSC, patents and taxation, and also tariff arrangements for infant industries and the Protocol on imports into Portugal of motor vehicles. The Member States also examined certain matters raised by Portugal concerning agriculture, fisheries and own resources.

### Pre-accession aid

2.2.6. On 13 May, under the Agreement, in force since 1 January 1981 on pre-accession aid for Portugal,<sup>3</sup> the Commission and the Portuguese Government signed a financing agreement on the construction of a refrigeration and storage plant in the port of Madalena (island of Pico) in the autonomous region of the Azores (Community contribution 373 000 ECU).

This project ties in with the objectives of the Agreement, namely to encourage more balanced regional and social development,

<sup>1</sup> Bull. EC 6-1983, point 1.6.1.

<sup>2</sup> OJ C 141, 10.6.1985.

<sup>3</sup> Fifteenth General Report, point 624.



notably through better use of the country's natural resources. The sums allocated to date, in the form of grants, total some 79.4 million ECU, out of the 100 million ECU earmarked under the Agreement for this type of aid.

2.2.6a. In May Parliament endorsed<sup>1</sup> a proposal for a Regulation on the application of the Agreement between the Community and Portugal concerning the implementation of specific financial aid for improving agricultural and fisheries structures in Portugal.<sup>2</sup>

## Spain

2.2.7. In May a number of meetings were held at political and technical level, at which discussions continued on the points still outstanding.

The Community conveyed to the Spanish delegation its position on agriculture (prices and aids), wine, the Canary Islands and matters still outstanding as regards Ceuta and Melilla.

The Spanish delegation presented a statement on relations between Spain and Portugal.

2.2.8. On 27 May Mr Claude Cheysson, the Member of the Commission with special responsibility for Mediterranean policy, paid a visit to Madrid, where he had talks with Mr Morán, the Foreign Minister, Mr Marín, the Minister for European Affairs, and Mr Boyer, the Minister for Finance and Economic Affairs. The talks focused on problems connected with the Mediterranean and Latin America.

As regards the Mediterranean, Mr Cheysson stressed the special responsibility of both the Community and Spain for maintaining political and social stability in the area, and consequently the need to maintain traditional trade flows, especially of citrus fruit, from countries like Morocco and Israel to the Community. This meant, in fact, that arrangements equivalent to those

applied to Community products should be extended to products from those countries.

The Spanish side agreed with the objectives, but stressed that it was a politically sensitive issue and therefore advised a cautious approach.

On Latin America, Mr Cheysson expressed his concern regarding the economic and political stability of the continent (high level of indebtedness, social unrest in Argentina and Brazil). He explained the content of the Commission's proposals for Central America, praised the constructive role played by Spain at the San José Conference in Costa Rica last year, and stressed the important part that Spain would be expected to play in the Community as regards Latin American affairs. The Spanish side expressed deep disappointment at the treatment offered by the Community for certain traditional Latin American exports to Spain (coffee, cocoa, black tobacco). So far, the discussions in the Council on even limited tariff quotas for these products have been inconclusive.

## Commercial policy

### Export promotion

2.2.9. The Commission organized a follow-up trade mission in three member countries of the Association of South-East Asian Nations (Thailand, Malaysia and Singapore). A group of 10 European businessmen, who had previously taken part in the first European Community mission to these countries last December, were thus able to strengthen and broaden their contacts with business concerns in the area.<sup>3</sup>

<sup>1</sup> OJ C 141, 10.6.1985.

<sup>2</sup> OJ C 86, 4.4.1985; Bull. EC 2-1985, point 2.2.3.

<sup>3</sup> Bull. EC 12-1984, point 2.2.30.

## Implementing the common commercial policy

### Commercial policy instruments

#### Easing of restrictive measures

2.2.10. Under the Council Regulation of 14 November 1983 on import arrangements for products originating in State-trading countries, not liberalized at Community level,<sup>1</sup> the Commission took the following measures:

(i) opening of quotas

*France—German Democratic Republic:* domestic articles, of porcelain or China.

*Italy—Poland:* synthetic organic dyestuffs.<sup>2</sup>

*Italy—People's Republic of China:* hand-embroidered silk woven table linen,<sup>2</sup> hand-embroidered silk woven bedspreads,<sup>2</sup> women's hand-embroidered silk woven nightdresses,<sup>2</sup> hand-embroidered flax woven shirt-blouses.<sup>2</sup>

#### Trade protection

2.2.11. The trade protection measures taken in May are shown in Table 8.

Table 8 — *Trade protection measures, May 1985*

Council	Commission
<p><i>Anti-dumping proceedings</i></p> <p><i>Change of definitive anti-dumping duty on imports of:</i></p> <ul style="list-style-type: none"> <li>certain ball-bearings originating in Japan</li> </ul> <p>OJ L 129, 15.5.1985. (definitive anti-dumping duty: OJ L 193, 21.7.1984)</p>	<p><i>Anti-dumping proceedings</i></p> <p><i>Acceptance of application for refund of definitive anti-dumping duties collected on imports of:</i></p> <ul style="list-style-type: none"> <li>certain acrylic fibres originating in the United States of America</li> </ul> <p>OJ L 125, 11.5.1985 (definitive anti-dumping duty: OJ L 14, 3.5.1980)</p> <p><i>Notice of reopening of an anti-dumping proceeding concerning imports of:</i></p> <ul style="list-style-type: none"> <li>housed bearing units originating in Japan</li> </ul> <p>OJ C 132, 31.5.1985 (acceptance of undertakings: OJ C 129, 3.6.1978)</p> <p><i>Notice of initiation of an anti-dumping proceeding concerning imports of:</i></p> <ul style="list-style-type: none"> <li>stainless steel household cooking ware originating in South Korea</li> </ul> <p>OJ C 126, 23.5.1985</p>

#### Import and export arrangements

2.2.12. On 30 May the Commission sent the Council a proposal<sup>3</sup> to amend the Council Regulations of 5 February 1982<sup>4</sup> and 30 June 1982<sup>5</sup> on common rules for imports. This proposal seeks to adapt the existing rules in the light of experience and progress made towards uniformity of the common commercial policy; it also envis-

ages a strengthening of the flow of information between the Commission and the Member States with regard to certain measures taken at national level.

<sup>1</sup> OJ L 346, 8.12.1983.

<sup>2</sup> OJ C 130, 29.5.1985.

<sup>3</sup> COM(85) 231 final.

<sup>4</sup> OJ L 35, 9.2.1982.

<sup>5</sup> OJ L 195, 5.7.1982.

## Export credits

2.2.13. On 14 May the Council decided to amend its Decision of 4 April 1978 on the application of certain guidelines in the field of officially supported export credits.<sup>1</sup> The purpose of the changes is to give effect in the Community to the measures aimed at greater transparency and discipline in the area of tied aid credits agreed at the OECD ministerial meeting on 11 and 12 April.<sup>2</sup> The measures involve an increase from 20% to 25% in the minimum permissible grant element for tied aid credits and a reinforcement of notification procedures.

## Sectoral commercial policy measures

### Iron and steel products

#### 1985 arrangements

2.2.14. All the negotiations on the 1985 arrangements have been completed. During May the arrangement with Spain was signed.<sup>3</sup>

#### Arrangements with non-member countries

2.2.15. On 15 May the Commission published a new communication<sup>4</sup> changing the basic import prices for certain steel products.<sup>5</sup> This change in the basic price established in November 1982<sup>6</sup> will have immediate effect. It takes into account the exchange-rate fluctuations that have occurred since the last revision of exchange rates in February 1984.<sup>5</sup> The publication of the basic price is in accordance with Commission Decision No 2177/84/ECSC of 27 July 1984 on protection against dumped or subsidized imports from countries not members of the ECSC.<sup>7</sup>

### Textiles

#### Agreements and arrangements with non-member countries

2.2.16. The International Apparel Federation held its General Assembly in Kyoto

on 16 May. Officials from the Commission, the United States and Japan were among the participants. This provided an opportunity for an exchange of views on the current state of international trade in textiles and the future textiles trade regime. The Commission representatives gave an account of the situation in the Community's textile and clothing industries and made a statement on the current preparations for the forthcoming multilateral talks on the future of the Multifibre Arrangement.

#### MFA countries

2.2.17. The second round of high-level consultations with China was held in Beijing on 20 and 21 May, during which a number of management problems were examined (→ point 1.5.1 *et seq.*).

2.2.18. On 20 May Mr De Clercq, the Member of the Commission with special responsibility for external relations and commercial policy, met Mr Eric Peter Ho, Hong Kong's Secretary for Trade and Industry. They discussed the state of trade between the Community and Hong Kong, particularly in textiles, and also the prospects following the Agreement concluded in 1984 between the United Kingdom and China on the future of the territory (→ point 2.2.35).

Hong Kong continues to be the Community's principal supplier of textiles and clothing, trade in which is governed by a bilateral agreement under the MFA. The meeting also included an exchange of views on the outlook for discussions on the future of the MFA, which is due to expire on 31 July 1986.

<sup>1</sup> Twelfth General Report, point 4.5.2; Bull. EC 2-1978, point 2.2.35; Bull. EC 4-1978, point 2.2.46.

<sup>2</sup> Bull. EC 4-1985, point 2.2.5.

<sup>3</sup> Bull. EC 3-1985, point 2.2.8.

<sup>4</sup> OJ C 120, 15.5.1985.

<sup>5</sup> OJ C 37, 11.2.1984; Bull. EC 2-1984, point 2.2.11.

<sup>6</sup> OJ L 321, 17.11.1982; Bull. EC 11-1982, point 2.1.19.

<sup>7</sup> OJ L 201, 30.7.1984; Bull. EC 7/8-1984, point 2.2.8.

## Relations with industrialized countries

### Multilateral aspects

#### *Western Economic Summit*

2.2.19. At the conclusion of the 11th Western Economic Summit, meeting in Bonn from 2 to 4 May, the seven Heads of State or Government and the Community representative issued two declarations—a political declaration on the 40th anniversary of the end of the Second World War and an economic declaration entitled 'Towards sustained growth and higher employment' (→ points 3.4.1 and 3.4.2). The latter dealt with the responses to be made to the main current challenges: non-inflationary growth and employment; relations with developing countries, cooperation between the IMF and the World Bank, and the plight of African peoples suffering from famine and drought; the multilateral trading system and the international monetary system; environmental policies; cooperation in science and technology, on the basis of the report from the Technology, Growth and Employment Working Group, which was approved.

At a press conference following the Summit, Mr Delors referred to a number of positive achievements such as the discussion on economic policy, which was the best he had taken part in (Bonn was his fifth Western Summit), and the way development problems had been dealt with. On this point Mr Delors said that there had been a development in attitudes.

Conversely, it was in the monetary field that things were not going well, even if it were now admitted, unlike a few years ago, that that was where the trouble lay. The Commission would continue to make sure that this 'monetary dimension' was not forgotten.

Mr Delors also commented on the results of the Summit at a plenary meeting of Parliament. The Commission had expected two guidelines to come from it: first of all, how

to support the growth of the world economy and, secondly, how to remedy its structural weaknesses.

The message of the Bonn Summit on the first point was vague. According to Mr Delors, what needed to be said was that the Americans should make a determined effort to reduce their budget deficit, that Japan should play its full part in the world economy, and that the Europeans should do more to underpin the growth of the world economy.

On the structural aspects of the world economy, Mr Delors had various comments to make: there was real progress on the part of the United States as regards development, but on the monetary side, though there had been a small step forward, it was quite insufficient in the Commission's eyes. On trade, Mr Delors considered that the discussions had not gone to the heart of the matter and that an opportunity had been wasted.

As regards the date for the new round of GATT trade negotiations, Mr Delors said that he was not against one being fixed but the Commission's position had not achieved unanimity.

He drew the following lesson from the Summit: the lack of a concerted approach on the part of the four members of the Community attending the Bonn Summit was to be deplored. The second lesson to be drawn he put in the form of a question: Are we or are we not the United States' partners, or are we obliged to show a sense of responsibility in political matters but play second fiddle in economic matters?

### United States

#### *Council Declaration on trade in steel products*

2.2.20. On 20 May the Council adopted a new Declaration reiterating the conclusions of its previous one of 26 March<sup>1</sup> asking

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<sup>1</sup> Bull. EC 3-1985, point 2.2.14.

the Commission to resume immediately the consultations on 'short supply' provided for in the Pipes and Tubes Arrangements, and to continue talks with the US Administration to obtain full compliance with the Arrangements.

'The Council has noted the information given to it by the Commission on its recent discussions with the United States. It agrees with the Commission that the position taken by the US Administration does not correspond either with the spirit or the letter of the Arrangements concluded between the Community and the United States.

The Council addresses itself urgently to the Government of the United States so that satisfactory solutions can be found between the two parties as soon as possible.

The Council notes, with concern, that the problems which led to its Declaration of 26 March last still exist and in these circumstances it can only reiterate the conclusions of that Declaration.'

2.2.21. Contacts are continuing between the US authorities and the Commission departments, in order to reach a mutually acceptable solution for the problem raised by the 'short supply' clause.

## Canada

2.2.22. On 28 May the Council approved the conclusions of an agreement with Canada concerning imports of beef from the Community.

This concludes the discussions held since the beginning of the year, following the Canadian authorities' unilateral introduction of an import quota for 1985 of 2 700 tonnes of beef of Community origin,<sup>1</sup> which the Community did not accept. The agreement provides for imports of 10 668 tonnes in 1985.

## Japan

### *Trade Expansion Committee*

2.2.23. The second meeting of the Trade Expansion Committee was held in Tokyo on 30 and 31 March. As at the first meeting,<sup>2</sup> the discussions dealt with develop-

ments influencing trade in goods and services, and also some specific issues (government procurement, certification standards and procedures, distribution system, simplification of import procedures, counterfeit goods and misleading labelling).

The Community could not consider the meagre progress, as regards substance and procedure, made during the discussions a satisfactory response to its requests, nor did such progress correspond to the public statements made by the Japanese Prime Minister. The Community therefore submitted in writing at the end of the meeting a new summary of the requests it had made to the Japanese authorities.

## New Zealand

2.2.24. On 14 May in Brussels, Mr De Clercq, Member of the Commission with special responsibility for external relations and commercial policy, received Mr O'Flynn, New Zealand's Deputy Foreign Minister. This was the first visit to the Commission by a member of New Zealand's new Labour Government. The meeting was open and friendly. The following matters were discussed: the political and trade implications of enlargement, both internally and as regards the Community's external relations; the prospects for the forthcoming multilateral trade negotiations, in the light of the outcome of the Bonn Summit; the economic situation and the medium-term outlook, for both the Community and New Zealand.

Mr O'Flynn invited Mr De Clercq to go to New Zealand in the autumn or early in 1986.

## European Free Trade Association

2.2.25. Mr Delors and Mr De Clercq met EFTA ministers in Vienna on the occasion

<sup>1</sup> Bull. EC 1-1985, point 2.2.18; Bull. EC 4-1985, point 2.2.11.

<sup>2</sup> Bull. EC 2-1985, point 2.2.17.

of the Association's 25th anniversary (→ point 1.6.1 *et seq.*).

On 8 May the Commission sent the Council a communication<sup>1</sup> setting out its approach to implementation of the joint declaration adopted in Luxembourg on 9 April 1984 by Community and EFTA ministers and the Commission.<sup>2</sup>

The Commission document also charts future directions in a number of fields including simplification of trade formalities, origin rules and technical standards; mutual recognition of tests and certificates; R&D cooperation; trade in processed agricultural products; the opening up of government procurement; easing of controls on travellers; and increased cooperation on transport, the environment and currency questions.

## Norway

2.2.6. The fifth high-level meeting between Norway and the Commission took place in Oslo on 30 May. Mr De Clercq, Member of the Commission with special responsibility for external relations and commercial policy, met Norway's Foreign Minister, Mr Sveen Stray, and the Minister for Trade and Shipping, Mr Asbjørn Haugstvedt.

The two parties reviewed their overall economic relations and agreed that the free-trade agreements between Norway and the Community were functioning satisfactorily. They also noted with satisfaction that cooperation had expanded during the 12 years the agreements had been in force, both in relation to the free-trade agreements and in a series of new fields such as research and development. Norway reiterated its request for a bilateral framework agreement on R&D.

The two sides recognized the mutual benefit and importance of this development for the European free-trade system and agreed to develop further cooperation and contacts between Norway and the Community in a pragmatic manner in the common interest.

A broad consensus of opinion was revealed in the assessment of the international economic situation. Both parties stressed the necessity of resisting protectionist pressures and expressed their support for a new round of trade negotiations in GATT, to be commenced as soon as possible, on the basis of a consensus among the Contracting Parties.

The consequences of the enlargement of the Community through the accession of Spain and Portugal were reviewed, and the parties agreed on basic principles of non-discriminatory treatment of EFTA countries in the transitional period.

## Relations with other countries and regions

### Mediterranean countries<sup>3</sup>

#### Overall Mediterranean policy

2.2.27. On 10 May Parliament adopted a resolution concerning the cooperation agreements concluded with Mediterranean developing countries as part of the Community's overall policy for the region (→ point 2.4.9).<sup>4</sup>

2.2.28. Both at the debate which preceded the adoption of the resolution and at a press conference on the eve of his official visit to Morocco (→ point 2.2.30), Mr Cheysson commented on Community policy and laid down a number of guidelines for its future development.

Stressing the importance of the non-member Mediterranean countries to the Community and its new Member States, Mr Cheysson spoke of the need to maintain traditional trade patterns; financial compensation could never make up for the economic, social and political damage the non-member

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<sup>1</sup> COM(85) 206 final.

<sup>2</sup> Bull. EC 4-1984, point 1.2.1 *et seq.*

<sup>3</sup> For financial and technical cooperation, see point 2.2.53.

<sup>4</sup> OJ C 141, 10.6.1985.

countries would sustain if their major export markets were lost to them.

Mr Cheysson went on to list fields in which cooperation between the Community and its Mediterranean partners could be stepped up; they included fisheries, energy, industry, science and technology, investment promotion, food strategies and regional projects.

## Yugoslavia

2.2.29. Representatives of the agri-food industry in the Community and Yugoslavia met at Novi Sad on 16 and 17 May under arrangements established by the Cooperation Agreement. Tangible progress was made on cooperation in a variety of sectors.

## Morocco

2.2.30. Mr Cheysson paid an official visit to Morocco from 9 to 11 May, where he had talks with senior government officials including the Prime Minister, Mr Karim Lamrani, the Minister for Foreign Affairs, Cooperation and Information, Mr Abdellatif Filali, and the Minister responsible to the Prime Minister for relations with the Community, Mr Azzedine Guessous.

There were four main items on the agenda, as Mr Cheysson reported at the press conference which followed his visit.

- (i) The world economic order, with particular reference to the debt problems of the developing countries.
- (ii) The political outlook for EEC-Moroccan relations and Morocco's 'proximity' to Europe.
- (iii) The future of cooperation. Mr Cheysson pointed out that the financial and technical cooperation section of the agreement had worked well, though there was still room for improvement and extension, in particular to take in industrial, scientific and technical cooperation. Trade had also fared better than was sometimes claimed.
- (iv) The impact of enlargement on Morocco. Mr Cheysson recalled the politi-

cal implications of the Council's 30 March declaration on the Community's post-enlargement Mediterranean policy.<sup>1</sup> The Community would be endeavouring to preserve its Mediterranean partners' traditional export trade. Measures were to be worked out by 1 January 1986 to maintain the competitive *status quo* in agriculture between Morocco and Spain.

## Countries of the Gulf and the Arabian Peninsula

### Gulf Cooperation Council

2.2.31. On 20 May Mr Cheysson received Mr Mahmoud Kurdi, Director-General for Economic Affairs in the Ministry of Foreign Affairs of Saudi Arabia and coordinator of relations with the Community for the Gulf Cooperation Council. Discussions centred on the development of cooperation between the two regions and the possibility of concluding a cooperation agreement in due course.

## Asia<sup>2</sup>

### Association of South-East Asian Nations

2.2.32. On 3 May Mr Cheysson met ambassadors of the Asean countries for the first time; it is hoped that such informal encounters with the representatives of regional groupings will take place on a regular basis. Mr Cheysson drew attention to the balanced development of trade overall and the substantial increase in manufactures as a proportion of Community imports; he noted that the Community and its Member States provided a greater volume of aid than any of Asean's other industrialized partners, and pointed to the 'respectable' level of investment in the region by Community countries.

<sup>1</sup> Bull. EC 3-1985, point 2.2.19.

<sup>2</sup> For financial and technical cooperation, see point 2.2.54.

Nevertheless, he stressed that more such investment was needed, and called for increased collaboration between businessmen from the two sides. He also hoped more could be done in the way of training.

The Asean ambassadors indicated their desire to see trade, investment and training feature prominently on the agenda of the meeting of EEC-Asean Ministers for Economic Affairs which is due to take place in Bangkok in October.

2.2.33. A Commission-sponsored EEC-Asean conference on mining was held in Bangkok on 8 and 9 May. Some 30 participants discussed the current situation with a view to future bilateral cooperation.

2.2.34. The Commission also organized a trade mission in three Asean countries (→ point 2.2.9).

### **Hong Kong**

2.2.35. Following April's discussions between Mr De Clercq and Hong Kong's Chief Secretary, Mr David Akers-Jones, concerning the recent UK-China agreement on Hong Kong, a meeting took place on 20 May between Mr De Clercq and the Hong Kong Secretary for Trade and Industry, Mr Eric Peter Ho.

The two sides discussed trade and the prospects opened up by the UK-China agreement, and also looked ahead to the new round of GATT negotiations.

The main item on the agenda was the Multi-fibre Arrangement, which governs trade in textiles and clothing (Hong Kong is still the Community's largest supplier) and is due to expire on 30 June 1986.

### **Latin America**

#### **Europe-Latin American Institute**

2.2.36. The organizing committee of the Institute for European-Latin American Relations decided in May to locate the Insti-

tute's European headquarters in Madrid. The Latin American headquarters is in Buenos Aires.

The purpose of Ielar, established in October last year, is to strengthen understanding and forge closer relations between the Community and the Latin American continent, without excluding cooperation with other, national bodies which are more specially concerned with bilateral cooperation and relations, and also with multilateral bodies such as the Council of Europe. The Institute will be an indirect instrument of the Community, assisting both Parliament and the Commission in well-defined areas, in a political and regional interrelationships context.

As a sign of its support for this initiative, Parliament earmarked 950 000 ECU for the Institute in the 1984 budget. This amount was fully committed during the year.

In order to achieve its aims, Ielar will be organizing conferences and seminars, collecting all appropriate information concerning relations between the two regions, giving advice and encouraging specific studies, and undertaking research into economic and political subjects.

The Institute will be composed of three bodies: the International Council, the Board of the Institute and the Executive Committee.

#### **Central America**

2.2.37. On 15 May the Commission adopted a recommendation to the Council concerning the opening of negotiations for a cooperation agreement with Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador, parties to the General Treaty of Central American Economic Integration,<sup>1</sup> plus Panama.

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<sup>1</sup> The Treaty, signed in Managua in December 1960, paved the way for effective economic integration in Central America. Four of the five members of the Central American Common Market were parties to the accord from the outset; Costa Rica joined in 1962. Panama has bilateral agreements with all five CACM members.



The recommendation is a follow-up to the September 1984 meeting in San José, Costa Rica,<sup>1</sup> at which Foreign Ministers of the above countries, the Contadora group of countries,<sup>2</sup> the Community, Spain and Portugal agreed to set up new machinery for a political and economic dialogue between Europe and Central America.

The Commission's proposal is for a comprehensive non-preferential five-year agreement consisting of two interdependent parts:

(i) machinery for a regular, structured political dialogue based on provisions to be adopted by the political cooperation process;

(ii) economic measures in line with the usual Community rules; these would include trade cooperation, economic cooperation in all fields considered suitable by representatives of trade and industry, without exclusion, and development cooperation which, if it is to give real meaning to the agreement, must be based on a substantial increase in aid to the region.

## Nicaragua

2.2.38. On 31 May Nicaragua's Vice-President, Mr Sergio Ramírez Mercado, visited the Commission, where he spoke to Mr Delors, Mr Cheysson and Mr Clinton Davis.

Accompanying Mr Ramírez were the Nicaraguan Trade Minister, Mr Martínez, the Chairman of the Central Bank, Mr Cuadra, the Deputy Foreign Minister, Mrs Astorga, and the Deputy Minister for International Cooperation, Mr Blandón.

Mr Ramírez explained the severe difficulties which Nicaragua was currently facing, and the problems caused by the trade embargo decreed by the United States on 1 May. Commission representatives expressed the hope that the country would nevertheless find itself able to attain the goals of the 1979 revolution: democratic pluralism, a mixed economy, and non-alignment.

On the occasion of the visit the two sides signed a co-financing agreement for a financial and technical cooperation project, and discussed implementation of the 1985 aid programme, with particular reference to food aid.

2.2.39. On 9 May Parliament adopted two resolutions concerning the US trade embargo against Nicaragua (→ point 2.4.9).<sup>3</sup>

## State-trading countries

### China

2.2.40. A new EEC-China cooperation agreement was signed on 21 May, two weeks after the 10th anniversary of the establishment of formal relations between China and the Community. The signing ceremony was followed by a second round of high-level consultations between the Commission and the Chinese Government (→ point 1.5.1 *et seq.*).

## Development

### Council

2.2.41. The Council meeting on 23 May (→ point 2.4.11) focused on the famine in Africa (→ points 2.2.46 and 2.2.47). It heard a Commission report on the implementation of the plan adopted by the European Council in Dublin. The Council's conclusions particularly stressed the problems of distribution, coordination and early warning, and the need to link such emergency action with medium- and long-term measures (food strategy, measures to combat desertification).

The Council also adopted preliminary conclusions on the Commission's study on the

<sup>1</sup> Bull. EC 9-1984, point 1.3.1 *et seq.*

<sup>2</sup> Colombia, Mexico, Panama and Venezuela.

<sup>3</sup> OJ C 141, 10.6.1985.

cost-effectiveness of the various products supplied by the Community as food aid.

As regards the coordination of development cooperation policies and operations within the Community,<sup>1</sup> the Council decided on the details of the periodic reports to be sent to it by the Member States' and Commission representatives in the developing countries. It also instructed the Permanent Representatives Committee to examine in detail the convergence of the Member States' and the Community's development cooperation policies.

After hearing a Commission report on Community aid and the situation of women in developing countries,<sup>2</sup> the Council called upon the Commission to send it a communication on this subject as soon as possible.

## Generalized tariff preferences

### Review of the 1980 scheme for 1986-90

2.2.42. On 7 May the Commission sent the Council its guidelines<sup>3</sup> for the review of the scheme adopted for the decade in 1980, which had made provision for such a mid-term assessment.<sup>4</sup>

In its communication the Commission asks the Council to continue an open-door policy for exports from developing countries, and to pay particular attention to the needs of middle-income countries.

The main changes proposed are for preferential amounts to be updated in the light of trade or consumption, for differentiation to be taken further, with more flexible treatment of the middle group of beneficiary countries and the possibility of selective exclusion of countries which are highly competitive in certain sensitive products, for an increase in the security of preferential treatment and for the improvement of transparency. As regards rules of origin, the Commission proposes that they be revised and simplified and that the provisions concerning regional 'cumulation' should be made more flexible and the concept of bilateral 'cumulation' introduced (donor coun-

try content). As regards agriculture, the Commission is in favour of continuing to improve the arrangements, so as, among other things, to correct the imbalance in utilization, which is affecting Latin America unfavourably.

It should be remembered that the Community scheme, set up in 1971, applies to all the countries of the Group of 77, China and the dependent territories. It covers all manufactured and semi-manufactured products and more than 380 agricultural tariff headings.

## Commodities and world agreements

### Coffee

2.2.43. The Executive Board of the International Coffee Organization met in Guatemala City from 17 to 24 May.

It decided on certain measures to help with the difficult situation of some exporting countries which had a surplus of coffee over their annual quotas, but without changing the amounts of the quotas.

In order to render more effective the controls for the avoidance of fraud (cases of which persist), the system of certificates of origin is to be improved.

The principle of sanctions (reduction of quotas) was decided upon for exporting countries not able to prove the final destination of coffee sold to non-member countries; criteria and details of application would be determined later.

### Natural rubber

2.2.44. The 1979 International Natural Rubber Agreement is due to expire on 22 October 1985, and a United Nations Con-

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<sup>1</sup> Bull. EC 6-1984, point 2.2.41.

<sup>2</sup> Bull. EC 3-1985, point 2.2.35.

<sup>3</sup> COM(85) 203 final.

<sup>4</sup> Bull. EC 3-1980, points 1.4.1 to 1.4.7.

ference to negotiate a second agreement was held in Geneva from 22 April to 10 May.

As the conference opened the Commission representative made a statement on behalf of the Community and its Member States which later formed the core of a statement by the importing countries as a whole. The present Agreement was operating satisfactorily, and the economic structure embodied in it should be continued.

After two weeks of discussions it became quite clear that the producer countries' economic ideas were very far from those of the importer countries: a price bracket based on production costs, without regard

for market realities, and claims for substantial changes to the structure and economic procedures of the present Agreement were not acceptable to most of the importer countries.

As no progress could be made, the conference decided on 8 May to adjourn its discussions, which might resume in early 1986.

### Programmed food aid

2.2.45. On 6 May, after receiving favourable opinions from the Food Aid Committee on 18 April, the Commission made the allocations shown in Table 9:

Table 9 — *Food aid allocations*

	Zambia	Mozambique	UNRWA <sup>1</sup>	NGO	ICRC <sup>2</sup>	Licross <sup>3</sup>	WFP <sup>4</sup>	UNHCR <sup>5</sup>
Cereals	15 000	40 000	500	50 000	20 000	10 000	110 000	55 900
Skimmed-milk powder		300	1 850	21 000	600	500	26 000	2 000
Butteroil		100	1 000	850	500	500	6 000	100
Vegetable oils		300	50	1 100	1 000		2 000	1 500
Beans		2 000	200	1 950	1 500	1 000	4 500	2 500
Sugar			1 000	1 350	800	100	500	2 500
Corned beef			1 000					
Tomato paste			550					
Tea			2					
Dried fish				650		500		1 000
Dried grapes								300

<sup>1</sup> United Nations Relief and Works Agency for Palestine Refugees.

<sup>2</sup> International Committee of the Red Cross.

<sup>3</sup> League of Red Cross Associations.

<sup>4</sup> World Food Programme.

<sup>5</sup> Office of the United Nations High Commissioner for Refugees.

The budgetary value of the aid is estimated at about 181 million ECU.

### Emergency aid

#### The famine in Africa

2.2.46. In accordance with the brief given him by the European Council in March,<sup>1</sup> Mr Natali continued in May the series of visits he began in April,<sup>2</sup> to the drought- and famine-stricken countries of Africa, in order to look at the progress and implementation of the Community's humanitarian aid.

Mr Natali went to Somalia, Niger, Mali, Mauritania and Sudan, meeting a number of Heads of State and also making field trips.

The information gathered on these visits will be incorporated in a report to be put to the next meeting of the European Council in Milan.

<sup>1</sup> Bull. EC 3-1985, point 1.2.6.

<sup>2</sup> Bull. EC 4-1985, point 2.2.30.

On a stop-over in Senegal, Mr Natali met the country's President and a number of members of the Government.

2.2.47. At the Council meeting on development on 23 May, Mr Natali gave an account of his recent visits and presented a Commission report on measures to combat the famine.

### Emergency aid operations

2.2.48. In view of the military actions affecting the displaced populations on the border of Thailand, the Commission took a decision on 6 May for emergency aid of up to 300 000 ECU, to be distributed by the United Nations Border Relief Operation and the World Food Programme, with the help of European non-governmental organizations operating in the region. The grant, allocated to the Commission delegation in Thailand, is for medical, health and nutritional measures and the transport of emergency supplies.

2.2.49. In view of the major damage caused by a cyclone in Bangladesh on 24 May, the Commission decided on 28 May to grant emergency aid of 500 000 ECU to the League of Red Cross Associations and to the French organization Médecins sans frontières, for medical supplies, blankets and survival rations.

### Emergency operations

2.2.50. The Commission also decided on the following emergency food aid operations:

- (i) on 6 May 8 000 tonnes of cereals was granted to Sudan;
- (ii) on 15 May 2 000 tonnes of cereals was granted to Caritas Germanica, for victims of the recent earthquake in Chile.

2.2.51. The Commission's decision of 21 December 1984 allocating 200 tonnes of milk powder to Malta became effective on 2 May.

## Financial and technical cooperation

### *ACP States and OCT*

2.2.52. In May the Commission allocated fourth and fifth EDF resources totalling 43 200 million ECU to finance projects and programmes administered by it, including 6 620 million ECU for industrialization, 23 180 million ECU for rural production, 11 800 million ECU for social development and 1 600 million ECU for trade promotion.

### *Southern and eastern Mediterranean countries*

2.2.53. The Chairman of Lebanon's Development and Reconstruction Committee, Mr Malek Salam, visited the Commission on 14 May. He had talks with Mr Cheysson, the member of the Commission with special responsibility for Mediterranean policy.

Mr Cheysson expressed his concern at how slowly the appropriations available (first financial protocol, EIB loans for the second financial protocol) were being used.

Mr Salam and Mr Cheysson also formally signed the financing agreement concerning the 16 million ECU contribution to the programme for rehabilitating Lebanese schools damaged in the war, by which the whole of the funds of budgetary origin from the second financial protocol are allocated to a measure essential for the country's future.

### *Non-associated developing countries*

2.2.54. Mr Kurien, the Director of the 'Flood II' operation in India, visited the Commission on 2 May to present the results of the operation and examine what follow-up there could be to such cooperation.

He met Mr Cheysson, who stressed the exemplary nature of such projects. This operation had enabled India to increase its milk production from 28 million tonnes in 1977 to 36 million in 1983 and had had a

remarkable impact on producers and consumers of milk: farmers' incomes had been increased and guaranteed, conditions in the villages had been improved, security of supply had been achieved and the produce sold in the towns was of higher quality.

The operation had enabled about 20 000 dairy cooperatives to be set up, grouped together in 50 unions and 25 federations. At the end of June 1984 the Community contribution to Flood II was estimated at about 240 million ECU.

Mr Cheysson said that this type of project represented development cooperation at its very best. The Commission would be examining the continuation of Community assistance for 1985, and the Community and India had to get down to indentifying a future cooperation project of the same scope and characteristics as Flood II.

### Cooperation via non-governmental organizations

2.2.55. For the period 1 January to 31 May 1985 the Commission committed a total of 7.9 million ECU in contributions to 67 projects to be financed in developing countries, presented by 53 NGOs.

The Commission also contributed a total of 709 575 ECU to 13 campaigns to increase awareness of development issues among the European public.

### Regional cooperation

#### Preferential trade area

2.2.56. A high-level delegation from the Eastern and Southern Africa Preferential Trade Area (Esapta) visited the Commission and had thoroughgoing talks from which the Commission learnt much about the activities and aims of the organization, which includes 15 States, all of them ACP.<sup>1</sup> Areas in which cooperation would be possible on the basis of Lomé III regional funds were reviewed.

Esapta is a young and dynamic organization: set up by the Lusaka Treaty of 1981, it became operational in 1984 when a first series of tariff reductions between the member countries came into effect and a clearing house was opened in Harare enabling the use of strong currencies to be reduced in trade between them. In addition to an ambitious programme of regional trade liberalization, which should lead to a common market being set up in 1992, the Treaty provides for regional cooperation in agriculture, industry and transport and the eventual transformation of the common market into an economic community.

The Commission pointed to the rules governing regional cooperation measures and stressed the need to avoid different organizations in a single region overlapping. The Esapta leaders described the standing coordination arrangements they have with their colleagues in SADCC<sup>2</sup> and underlined the complementarity of the different regional organizations. Cooperation could be set up quickly, especially in the form of technical assistance to Esapta from the Community in customs matters, and support for the regional federation of chambers of commerce.

### International organizations and conferences

#### United Nations

##### Unido

2.2.57. The 19th session of the Industrial Development Board, which was held in Vienna from 13 to 31 May, was dominated by the possible imminent transformation of Unido into a specialized agency, although

<sup>1</sup>Burundi, Comoros, Djibouti, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Rwanda, Somalia, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe.

<sup>2</sup>Southern African Development Coordination Conference (Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia, Zimbabwe).

the item was not formally on the agenda. One of the few remaining obstacles was removed when the USSR delegate announced that his country had ratified Unido's new constitution.

The participants in the debates stressed that the conclusions adopted by this session of the Board should not prejudice the independence of the new agency. Among the most important items on which conclusions were adopted was the system of consultation, for which the 1986-87 programme was fixed. Six consultations are to be held in the following sectors—fisheries, industrial manpower training, agricultural machinery, non-ferrous metals, iron and steel, and pharmaceuticals.

The Community made an active contribution to the debates with statements on the Industrial Development Decade for Africa, the restructuring of world industrial production and redeployment, the least-developed countries, the system of consultations, the United Nations Industrial Development Fund and the integration of women in industrial development.

### World Food Council

2.2.58. A preparatory meeting was held in Rome from 29 April to 2 May to prepare for the discussions to be held at the ministerial session of the World Food Council due to take place in Paris from 10 to 13 June. At this meeting three main topics were examined: the implementation of food strategies; the access of undernourished population groups to supplies; the external environment and the attainment of food objectives.

The important role of external aid was brought into focus during the discussions.

### FAO

2.2.59. The Community took part in the 10th session of the Committee on World Food Security in Rome. Following a review of the present food situation, a number of topics concerning food security were dealt with, the most important being the role of food aid in food security and a world food security compact.

### Diplomatic relations

2.2.60. The President of the Council and the President of the Commission received the following ambassadors, who presented their letters of credence, to take effect on 21 May:

HE Mr Ildephonse Munyeshyaka, Representative of the Rwandese Republic to the European Economic Community and Head of Mission to the European Coal and Steel Community and Euratom; HE Mr Joshua O.B. Iroha, Head of Mission of the Federal Republic of Nigeria to the European Economic Community; HE Mr Feesago Siaoisi Fepulea'i, Head of the Mission of Samoa to the European Communities; and HE Mr Leif Blomqvist, Head of Mission of the Republic of Finland to the European Communities.

The Samoan Head of Mission is his country's first ambassador to be accredited to the European Communities. This brings the number of diplomatic missions to 128.

# 3. Financing Community activities

## Budgets

### General budget

#### New draft budget for 1985

##### *First reading by Parliament*

2.3.1. The new draft general budget of the Communities for 1985<sup>1</sup> was given its first reading by Parliament at the 6 to 10 May part-session.<sup>2</sup>

The context for Parliament's first reading was at once both favourable and difficult: favourable because the Council, by establishing a new draft covering a full 12 months of revenue and expenditure, had acted on the main objection which Parliament had raised on 13 December 1984<sup>3</sup> when it rejected the draft 1985 budget; difficult because the Council had based itself on the first draft established on 2 October 1984,<sup>4</sup> leaving Parliament a margin of manoeuvre for non-compulsory expenditure of 241 million ECU.

The amendments and proposed modifications which Parliament passed on 9 May substantially altered the new draft established by the Council on 24 April.<sup>5</sup> The effect of these votes was to increase appropriations for commitments by 1 997 million ECU and appropriations for payments by 1 668 million ECU. Allowing for the additional revenue voted by Parliament, the increase in appropriations for payments means—since expenditure and revenue must be in balance—an increase of 626 million ECU in the advances provided for under the intergovernmental agreement of 24 April (to 1 982.4 million ECU after technical adjustments).

On the revenue side, Parliament passed amendments which would increase resources by 1 042 million ECU; this was done by entering the financial contributions paid by milk producers as revenue rather than 'negative expenditure', by taking into account the latest estimates of traditional

own resources and by restoring the interest which the Commission would like to receive on its own resources accounts in the Member States.

On the other hand, Parliament failed to muster the necessary majority to alter the arrangement for providing compensation for the United Kingdom and the Federal Republic of Germany on the revenue side by means of reductions in their own resources payments to the Communities. It merely inserted a fourth budget heading, with a token entry, which could accommodate expenditure on measures to correct the budgetary imbalances.

In addition, Parliament went along in most—if not all—respects with three requests on which the Commission Vice-President, Mr Henning Christophersen, had insisted strongly in the House:

- (i) the entry as an expenditure item of the 1984 negative balance as calculated by the Commission;
- (ii) the authorization of 140 million ECU in appropriations for commitments which the Commission considers necessary to start launching the integrated Mediterranean programmes in 1985;
- (iii) an increase in food aid appropriations and corresponding quantities so that the fight against hunger in the world can be stepped up.

Parliament reinstated all the other items as it had passed them on 14 November,<sup>6</sup> except for a few technical adjustments.

##### *Second reading by the Council*

2.3.2. On 22 May the Council gave the new draft a second reading<sup>5</sup> in the light of

<sup>1</sup> Bull. EC 3-1985, points 1.1.5 and 2.3.2; Bull. EC 4-1985, points 2.3.1 and 2.3.2.

<sup>2</sup> OJ C 141, 10.6.1985.

<sup>3</sup> OJ C 12, 14.1.1985; Bull. EC 12-1984, points 1.4.1 and 1.4.7.

<sup>4</sup> Bull. EC 10-1984, point 2.3.2.

<sup>5</sup> Bull. EC 4-1985, point 2.3.2.

<sup>6</sup> OJ C 337, 17.12.1984; Bull. EC 11-1984, points 2.3.1, 2.3.2 and 2.4.13.

the amendments and proposed modifications made by Parliament at the first reading.

Before starting work, the Council, as required by the conciliation procedure, met a Parliament delegation led by its President, Mr Pierre Pflimlin, which presented Parliament's comments.

The Council's discussions produced the following main conclusions:

(i) with regard to the EAGGF Guarantee Section, the Council maintained the position taken at its previous meeting;<sup>1</sup>

(ii) one of the Council's main increases was the 116 million ECU added to the appropriations for payments for food aid, bringing the total of the chapter to the level set by Parliament;

(iii) the Council agreed to allocate an additional 50 million ECU for the integrated Mediterranean programmes, increasing the total funds earmarked for this operation to 120 million ECU in appropriations for commitments;

(iv) the Council decided to increase appropriations for commitments for the structural policies (EAGGF Guidance Section, fisheries, Social Fund and Regional Fund) by 85 million ECU and appropriations for payments by 54 million ECU; the Council's second reading now brought total appropriations for commitments and for payments for these policies to 5 060 million ECU and 3 764 million ECU respectively, compared with 4 869 million ECU and 3 341 million ECU in the 1984 budget.<sup>2</sup>

Other changes made by the Council in relation to its first reading were an additional 60 million ECU in commitment appropriations and 14 million ECU in payment appropriations for transport infrastructure projects; additional allocations of 30 million ECU in commitment appropriations and 12 million ECU in payment appropriations for non-associated developing countries and 78 million ECU in commitment appropriations and 45.3 million ECU in payment appropriations for energy, industry and research operations.

In response to Parliament's idea of providing Community aid for the private agricultural sector in Poland, the Council agreed to insert a new heading, carrying only a token entry for the time being, and to approve a transfer of appropriations on a proposal from the Commission once a Council decision had been taken on this measure.

Finally, the Council accepted a 231.7 million ECU increase in the estimate of traditional own resources and included an expenditure item of 172.5 million ECU to cover part of the 1984 deficit (419 million ECU).

### Provisional twelfths for 1985

2.3.3. With there still being no budget for 1985, on 10 May Parliament, acting under the provisional twelfths arrangements, passed a resolution embodying a decision authorizing additional twelfths.<sup>3</sup>

### 1986 budget

2.3.4. On 9 May Parliament adopted a resolution on the guidelines for the Community's budgetary policy for 1986 (→ point 2.4.9).

### Own resources

2.3.5. Following a conciliation meeting with Parliament on 29 April, the Council adopted a Decision on the Communities' system of own resources on 7 May.<sup>4</sup> The text is essentially that of the common position agreed by the Council on 21 March<sup>5</sup> on the Commission's amended proposal of 9 July 1984 on the Communities' system of own resources.<sup>6</sup>

The Decision will now be submitted to the Member States for ratification according to

<sup>1</sup> Bull. EC 4-1985, point 2.3.2.

<sup>2</sup> OJ L 12, 16.1.1984; Bull. EC 12-1983, point 2.3.2; OJ L 329, 17.12.1984.

<sup>3</sup> OJ C 141, 10.6.1985.

<sup>4</sup> OJ L 128, 14.5.1985.

<sup>5</sup> Bull. EC 3-1985, point 1.1.6.

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



their respective constitutional requirements so that it can take effect on 1 January 1986.

## Financial operations

### Community borrowing and lending operations in 1984

2.3.6. On 23 May the Commission sent the Council and Parliament its fifth annual report on the Community's borrowing and lending activities, which covers 1984 (→ point 2.1.5).

## ECSC

### Loans raised

2.3.7. In May the Commission made a number of private placings in German marks and Swiss francs for the equivalent of 86.4 million ECU.

### Loans paid out

2.3.8. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission made loans in May amounting to 80.82 million ECU, broken down as follows:

#### *Industrial loans*

2.3.9. On 22 May the Commission laid down new criteria for the selection of projects eligible for loans under Article 54 of the ECSC Treaty which promote consumption of Community steel.<sup>1</sup>

The object of such projects must be to introduce new applications for steel or to improve the competitive position of steel; also eligible are projects by undertakings for which the cost of steel purchased accounts for at least 50% of the total cost of raw materials, or 20% of the cost of all components or 5% of the selling price of the finished product. The amount of the loan may not exceed 50% of the fixed investment, working-capital requirements

being excluded. Work on the investment project should not have started at the time of application, or it should still be in progress, and as a rule it should be possible to complete it within three years.

2.3.10. Industrial loans (Article 54) totalling 65.21 million ECU were paid out during May to help finance the following projects:

#### Federal Republic of Germany

*Thyssen Stahl AG, Duisburg*: construction of a new coke oven battery;

*Peine-Salzgitter Stahlwerke AG, Salzgitter*: construction of two new coke oven batteries;

#### France

*Sollac, Paris*: renovation of the hot wide-strip mill at the Sérémange works; construction of a new cold wide-strip mill to replace two outdated cold mills at the Florange works;

*Usinor SA, Paris*: construction of a continuous annealing line at the Montataire works; degassing installation at the LWS 2 plant at the Dunkirk works;

*Charbonnages de France, Paris* (global loan): project to promote the consumption of Community coal.

#### *Subsidized housing*

2.3.11. Loans for the building of subsidized housing amounted to 470 000 ECU, of which 260 000 was for steelworkers and 210 000 was for mineworkers.

2.3.12. Under the 10th programme of subsidized housing for workers in the industries covered by the ECSC Treaty (→ point 2.1.40), the Commission, as the first instalment for 1984-85, has decided to grant 22 million ECU in global loans to intermediary financial institutions in Belgium (1 200 000

<sup>1</sup> OJ C 121, 17.5.1985.

ECU), Denmark (70 000 ECU), the Federal Republic of Germany (6 700 000 ECU), Greece (330 000 ECU), France (3 960 000 ECU), Ireland (100 000 ECU), Italy (3 300 000 ECU), Luxembourg (370 000 ECU), the Netherlands (550 000 ECU) and the United Kingdom (5 400 000 ECU).

### *Conversion loans*

2.3.13. Conversion loans (Article 56) totalling 15.14 million ECU were granted in May to the following firms:

#### **United Kingdom**

Supraregional loans for small and medium-sized firms:

Investors in Industry, London; Royal Bank of Scotland, Edinburgh.

#### **Euratom**

##### **Loans raised**

2.3.14. In May the Commission made a private placing in Luxembourg francs for the equivalent of 17.7 million ECU.

#### **EEC-NCI**

##### **Loans raised**

2.3.15. In May the Commission made a private placing in German marks for the equivalent of 15.6 million ECU.

##### **Loans paid out**

2.3.16. Loan contracts signed in May totalled 262.5 million ECU under the second tranche of NCI III.<sup>1</sup>

#### **Denmark**

A global loan of 25 million ECU was granted to Finansieringsinstitut for Industri og Håndværk A/S. This was the first instalment of a fourth global loan to promote

small and medium-scale industrial investment projects.

#### **France**

Two global loans were signed for investments in production by industry and services directly linked to small and medium-sized industrial firms: the first, for 43.9 million ECU, was granted to the Crédit National; the second, for 102.5 million ECU, was concluded with various regional development corporations (SDR III global loan).

These funds will be onlent to small and medium-sized firms in all areas regardless of status, but most particularly in the areas where the regional development premium (*prime d'aménagement du territoire*) is not payable.

#### **Greece**

A fourth loan, for 17.6 million ECU, was granted to the Greek telecommunications organization (OTE) to finance the installation of a satellite ground station to improve maritime communications and the national and international telecommunications network in Greece.

#### **Italy**

Three global loans were signed for a total of 73.5 million ECU. All these loans were to help finance productive investment projects in small businesses in the industrial and related services sector.

These loans break down as follows: 7 million ECU for the Banco di Sicilia; 42 million ECU for the second instalment of a third global loan to the Istituto Mobiliare Italiano; 24.5 million ECU for the second instalment of a third global loan to Interbanca.

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<sup>1</sup> OJ L 208, 3.8.1984; Bull. EC 7/8-1984, point 2.1.5.

## 4. Political and institutional matters

### European political cooperation

2.4.1. While the Council was meeting in Brussels on 20 May, the Foreign Ministers issued the following statement on Lebanon:

'Recalling their statement of 29 April,<sup>1</sup> the 10 Ministers for Foreign Affairs of the European Community express deep concern for the deteriorating situation in Lebanon, where clashes between various groups are becoming more serious, acts of violence are increasing and whole populations are leaving their homes.

They appeal to all parties concerned for the resumption of the dialogue between the various Lebanese groups and the holding of a true national reconciliation conference.

The Ten reiterate their conviction that only if present internal differences are overcome can Lebanon preserve its unity, sovereignty and territorial integrity and are ready to contribute in the search for such a solution.'

2.4.2. During its May part-session Parliament passed resolutions on the situation in Lebanon and on the recent terrorist outrages (→ point 2.4.10).<sup>2</sup>

### European policy and relations between the institutions

#### Relations between the institutions

2.4.3. On 22 May the Court of Justice gave judgment in an action brought by Parliament alleging that the Council had failed to act in respect of the common transport policy. This was the first judgment to confirm Parliament's power to take action in the Court against the Council and, should the occasion arise, against

the Commission if it considers that they are not fulfilling their obligations (→ point 1.1.4).

2.4.4. Acting in pursuance of the Stuttgart Solemn Declaration on European Union for the first time, the Council consulted Parliament before the Treaty for the accession of Spain and Portugal was signed (→ point 2.2.2).

### Institutions and organs of the Communities

#### Parliament<sup>3</sup>

##### *Strasbourg: 6 to 10 May*

2.4.5. Parliament's May part-session was rich in symbols: the commemoration of the 40th anniversary of the end of World War II, with US President Ronald Reagan making a keynote political speech at a formal sitting; the debate on the accession of Spain and Portugal held during the week commemorating the Schuman Declaration; the debate on the Western Economic Summit, with the announcement by Mr Delors of moves to create a technological Community.

There were also other debates which, though less prestigious, were none the less important: the first reading of the new 1985 draft budget (→ point 2.3.1), the guidelines for the 1986 budget, pressure on the Council concerning the delays in coming to a decision on farm prices. Finally, the House wound up its debates

<sup>1</sup> Bull. EC 4-1985, point 2.4.1.

<sup>2</sup> OJ C 141, 10.6.1985.

<sup>3</sup> The complete texts of the resolutions adopted by Parliament are reproduced in OJ C 141, 10.6.1985, and the report of the proceedings is contained in OJ Annex 2-324. 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).

on migration policy, begun during the previous part-session,<sup>1</sup> by adopting the Marinaro report after three divisions.

### Migration policy

2.4.6. The first round of votes on the Marinaro report on Community migration policy<sup>1</sup> ended with the suspension of a debate that had been frequently held up by procedural considerations and many roll-calls as each amendment came up. Through its Chairman, Mr Jean-Marie Le Pen (F), the European Right group had insisted on a roll-call of members for each vote. This procedure was tempered by Mr Siegbert Alber (*EPP/D*), who reminded the House that it had been decided to apply Rule 74(3) of the Rules of Procedure, which stipulates that the President may — exceptionally — put the original text to the vote first, provided this procedure is not opposed by at least 21 members. And, in the event, less than 21 members did oppose it. During a second round, members were still unable to complete the votes on the Marinaro report within the time they had allowed themselves. What is more, discrepancies were found between the various language versions of the report.

It was only at the end of the third day's voting that the House finally managed to adopt the report by Mrs Francesca Marinaro (*Com/I*) on the guidelines for a Community migration policy after amending it on certain essential points; the final vote was 144 for, 22 against (mainly the members of the European Right and the European Democratic Alliance) and 11 abstentions. On the highly controversial issue of civil and political rights for immigrants, Parliament adopted a compromise amendment tabled by its Committee on Social Affairs and Employment, which distinguished between migrant workers originating in the Member States of the Community who have been living for a time in a Community country other than their country of origin, on whom the amendment confers political and civil

rights, including the right to vote and stand in local elections, and immigrants of non-Community origin, to whom it offers the possibility of participating in local public life, as is already possible in Denmark and the Netherlands. For European elections, Parliament was in favour of granting the right to vote in the country of residence to nationals of a Community country who have been living for at least five years in another Member State. Parliament also made a distinction in respect of social security: Community migrant workers wishing to return to their country of origin must be guaranteed the right to transfer the amount of their early retirement and social security benefits; for non-Community migrants such transfers were to be arranged only under bilateral agreements between the Member States and the non-member countries concerned. On repatriation, the House rejected by 95 votes to 33 and 2 abstentions the rapporteur's proposal<sup>1</sup> to create a certain number of jobs earmarked for migrant workers wishing to return to their countries, and by 126 votes to 33 and 47 abstentions the assurance for immigrants who had returned to the country of origin that they could come back to the host country if they had difficulty in resettling. On the problems specific to non-Community immigrants, Parliament adopted the compromise amendment tabled by the Committee on Social Affairs and Employment calling for conciliation — with labour and management organizations involved — on the migration policies to be conducted in respect of non-member countries. The House also wanted to see the rights conferred on Community migrant workers, particularly on social matters, extended to non-Community migrants, in appropriate areas and on the basis of contractual agreements. Finally, the House also maintained that workers from non-member countries who were already resident in a Member State were to have the right to be joined by their families.

<sup>1</sup> OJ C 122, 20.5.1985; Bull. EC 4-1985, point 2.4.5.

Earlier, during the explanations of vote, Mrs Raymonde Dury (*Soc/B*) had announced that she would vote for the Marinaro report, which involved far more than the issue of migrant workers, for the germs of barbarism were in the air and they had to be killed. Mrs Danielle De March (*Com/F*) was going to vote for the report as a blow against the depression and unemployment and for an economic recovery that promised progress, in company with the migrant workers, bearers of cultural wealth, for whom the right to vote in local elections must be recognized — with no discrimination between workers of Community origin and those from other countries. Mrs Jessica Larive-Groenendaal (*Lib/NL*) endorsed the Marinaro report, believing that the distinction between Community and non-Community migrants was clear enough with the amendments adopted. This view was shared by Sir Jack Stewart-Clark (*ED/UK*) and Mrs Tove Nielsen (*Lib/DK*). Mr Jef Ulburghs (*NA/B*) said he would be proud to be able to tell the migrants in his city who, though they had no voting rights, had nevertheless supported him in the European elections, that this House had declared they should have the right to vote. At the other extreme Mr Christian de la Malène (*EDA/F*) announced that his group would vote against the Marinaro report. The migrant problem was a basic problem not only in human terms: it also had to do with unemployment, the economies of our countries and their national identities, and it was there that the report lacked care and restraint. The initial version, he argued, was an ideological tract, generous perhaps, but sounding like a call to arms, which after all the referrals, argument and muddled discussion mixed everything up and still included measures — civil and civic rights — which were totally inapplicable in the Community when internal and external migrants were lumped together. That was also why many members of the EPP group could not vote for the report, said Mr Jacques Mallet (*EPP/F*), who was against giving voting rights to non-Community

immigrants and deplored the lack of any clearly established distinction between Community and non-Community workers. Mr Jean-Marie Le Chevalier (*ER/F*) was astounded that the Legal Affairs Committee—though consulted—had not issued a reasoned opinion on a report which violated the letter and spirit of the Treaty of Rome, especially Articles 48 and 52, which clearly laid down that the provisions of the Treaty applied only to Community migrant workers. In his opinion, the compromise amendment, which distinguished between Community and non-Community migrant workers, was a Pecksniffian ploy, since its wording had been changed to give exactly the same rights to both categories. To vote for this report, he concluded, was to give our governments something that would allow them gradually to persuade the public of the merits of that multiracial and pluricultural society which had led to the debacle in Lebanon and posed a threat to our countries because of the rabbit-like growth of the immigrant populations. In stating his opposition to the Marinaro report, Mr Jean-Pierre Stirbois (*ER/F*) contended that the text had but one aim: to provide the Communist and Socialist parties, by means of immigration, with fresh supporters and a new electoral clientele to take over from a proletariat that was now abandoning them after its standard of living had been rising for 40 years. By importing squalor, by welcoming a foreign proletariat, they were keeping the class struggle alive.

2.4.7. Parliament gave opinions on the following Commission proposals:

- (i) a draft resolution on a programme of action of the European Communities on toxicology for health protection (→ point 2.1.56);
- (ii) an amendment to the Regulation on the application of social security schemes to employed persons, to self-employed persons and to members of their family moving within the Community;

(iii) the eighth (1982) and ninth (1983) annual reports on the ERDF (→ point 2.1.64);

(iv) a communication on the protection of the environment in the Mediterranean basin (→ point 2.1.67);

(v) a Directive relating to restrictions on the marketing and use of certain dangerous substances and preparations (→ point 2.1.73);

(vi) a Regulation on application of the agreement between the Community and Portugal concerning the implementation of specific financial aid for improving agricultural and fishery structures in Portugal.

2.4.8. Parliament, having been consulted by the Council pursuant to paragraph 2.3.7 of the Solemn Declaration on European Union made in Stuttgart,<sup>1</sup> gave its opinion on the conclusion of the accession negotiations with Spain and Portugal (→ point 2.2.2).

2.4.9. Resolutions were also passed on:

(i) the production and supply of iron ore in the Community: arguing that the level of Community iron-ore production must be assessed not only by technical and economic criteria but also in the light of the social and regional situation of the mining areas concerned, Parliament believed that the Community must give more attention to all the aspects of the closure of iron-ore mines in the Community;

(ii) the procedures for the payment of aid from the European Social Fund for 1985: in two resolutions Parliament criticized the Commission's apparent intention to defer a decision on the utilization of Social Fund resources until after the 1985 budget was adopted, and it urged the Commission to accelerate payments to deal with the most urgent needs and to allocate the 923 million ECU available under the provisional twelfths arrangements by the end of June 1985;

(iii) the Nairobi Conference in July 1985 to mark the end of the UN Decade for Women: the House formulated many different proposals concerning the situation of women in Europe and the role and status of women in the developing countries; the Council and the Commission were urged to establish, in cooperation with Parliament's delegation, a common Community position for the Conference;

(iv) the Community response to the failure of certain members of the International Whaling Commission to abide by the IWC decision to end commercial whaling: Parliament called on the Commission, the Council and the Member States' governments to put diplomatic pressure on the USSR, Norway and Japan to stop whaling by July 1986; it also urged the Commission to call on Denmark and Portugal to stop whale hunting around Greenland, the Faeroes and the Azores;

(v) farm prices: the Council was urged to reach a decision on farm prices at its next meeting (13 May), and in so doing to take account of farmers' loss of income because of the delay;

(vi) economic and trade relations and cooperation agreements with the Mediterranean countries ahead of the forthcoming enlargement of the Community: Parliament considered that until the end of the transition period the 12 Member States of the enlarged Community should undertake to guarantee the Mediterranean countries increased access for their products; the House was also in favour of a policy which would create favourable conditions for voluntary repatriation of immigrant workers from these countries;

(vii) the cooperation agreements with the developing countries of the Mediterranean region in the context of a global Mediterranean policy: Parliament believed that the conclusion of a global Mediterranean policy would strengthen the existing relations between all the countries in the

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<sup>1</sup> Bull. EC 6-1983, point 1.6.1.

Mediterranean area and could constitute an important factor for peace in the region; the Commission was therefore urged to review the existing cooperation agreements with all the Mediterranean countries; the House also considered that it was essential to strengthen development and cooperation policy with the region and to boost the financial resources made available to the Mashreq countries;

(viii) the guidelines for the Community's budgetary policy for 1986: Parliament maintained the budgetary policy guidelines it had adopted for the years 1983 to 1985 to combat unemployment and hunger in the world; the House also considered that the accession of Spain and Portugal was an opportunity for adjusting Community guidelines, particularly in areas concerning budget policy, and that the imminent increase in own resources should lead to the promotion of new Community policies;

(ix) the fifth decision authorizing additional provisional twelfths (non-compulsory expenditure) for 1985: Parliament authorized these twelfths on the grounds that it was necessary to provide for normal implementation of the Community's commitments in respect of food aid.

2.4.10. In the fields of political cooperation and human rights, Parliament passed resolutions on:

(i) the United States trade embargo on Nicaragua: disturbed by the continuing restriction of civil liberties and press freedom under the emergency measures imposed by the Sandinista Government, Parliament called on that Government to resume the dialogue with the democratic opposition so that national reconciliation could remove any justification for outside interference and, in that way, create conditions that would permit the trade boycott to be lifted;

(ii) recent terrorist attacks: deeply shocked by the latest outrages perpetrated in Brussels and Luxembourg, Parliament noted that the new wave of terrorism was affecting the whole of Western Europe; it

therefore called on the Council to intensify coordination of the steps taken by the Ministers for Justice and for the Interior of the Community Member States, Spain and Portugal, and hoped that the Council would give a report in July on their meeting on 21 June;

(iii) the situation in Lebanon: in one resolution Parliament, considering that the massacre of Christians in Lebanon by Shiite and Druze militias armed and directed by the Syrian Government amounted to genocide, called on the Commission to send urgent humanitarian aid to help the afflicted population, notably in the region of Jezzine; in another resolution the House asked for an extended mandate for Unifil, so that it could afford complete protection to the civilian population and called on the Member States to take any steps needed to encourage the withdrawal of all foreign forces and the restoration of peace, unity and Lebanese sovereignty;

(iv) the situation in Ethiopia: appalled by the expulsion of thousands of refugees from the Ibnet camp in Gondar province by the Ethiopian authorities, Parliament urged the Commission to cooperate with the Member States, the UN coordinator in Addis Ababa and the non-governmental organizations to help those evicted to return to their villages and resume food production and to care for those who had remained in or returned to the camp; the Council and the Commission were asked to obtain assurances from the Ethiopian Government that such an incident would not be repeated.

## Council

2.4.11. The Council held nine meetings in May. Table 10 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 10 — Council meetings in May 1985

Number, place and date of meeting	Subject	President	Commission	Main items of business
1000th Luxembourg 2 to 5 May	Agriculture	Mr Pandolfi	Mr Andriessen	1985/86 farm prices and related measures <sup>1</sup>
1001st Brussels 7 May	Internal market	Mr Forte	Lord Cockfield	Technical harmonization and standards <sup>2</sup> European Economic Interest Grouping Easing checks and formalities at intra-Community frontiers Architects Pharmacists Coordination of Member State's laws relating to (self-employed) commercial agents
1002nd Brussels 13 to 16 May	Agriculture	Mr Pandolfi	Mr Andriessen	1985/86 farm prices and related measures <sup>1</sup>
1003rd Brussels 20 May	Foreign affairs	Mr Andreotti	Mr Natali, Lord Cockfield, Mr De Clercq, Mr Ripa di Meana	Accession of Spain and Portugal <sup>3</sup> Yugoslavia Relations with US on steel—Council statement <sup>4</sup> Relations with EFTA countries <sup>5</sup> Implementing report of <i>ad hoc</i> Committee on a People's Europe
1004th Brussels 21 May	Consumer protection	Mr Sanese	Lord Cockfield Mr Clinton Davis	Product liability <sup>6</sup> Doorstep selling <sup>6</sup> Community information system on accidents involving consumer products <sup>6</sup> Consumer credit <sup>6</sup>
1005th Brussels 22 May	Budget	Mr Fracanzani	Mr Christopher- sen	Meeting with Parliament delegation <sup>7</sup> Draft 1985 budget <sup>7</sup>
1006th Brussels 23 May	Transport	Mr Signorile	Mr Clinton Davis	Court judgment of 22 May <sup>8</sup> Development of common transport policy Revision of social legislation relating to road transport Medium-term transport infrastructure policy Relations with Austria Sea transport



Number, place and date of meeting	Subject	President	Commission	Main items of business
1007th Brussels 23 May	Develop- ment cooperation	Mr Fioret	Mr Natali, Mr Cheysson	Famine in Africa <sup>9</sup> Comparison of cost-effectiveness of various products supplied by Community as food aid Coordination of policies and operations within Community Development aid and situation of women
1008th Brussels 28 May	Cultural affairs	Mr Gullotti	Mr Ripa di Meana	Multilateral system of support to European film and television programme industry <sup>10</sup> Book prices <sup>10</sup> Collaboration between libraries in data processing Cultural cooperation projects <sup>10</sup>

1 Point 1.2.1.

2 Point 1.3.1.

3 Enlargement and external relations.

4 Relations with industrialized countries.

5 Point 1.6.1 *et seq.*

6 Environment and consumers.

7 Financing Community activities.

8 Point 1.1.1 *et seq.*

9 Development.

10 Culture.

## Commission

2.4.12. During his tour of the Benelux countries Pope John Paul II visited the Commission on 20 May (→ points 1.4.1 to 1.4.3).

Mr Delors addressed Parliament on the results of the Bonn Western Economic Summit, regretting that the members of the Community had not stuck closely enough together during the discussions on trade questions (the new round of multilateral negotiations in GATT).

On 9 May Mr Ripa di Meana went to Japan to represent the Commission on European Community Day at the Tsukuba International Exhibition.

## Activities

### *Decisions, communications and proposals*

2.4.13. Following the guidelines set out by the Finance Ministers at their informal

meeting in Palermo in April, the Commission sent the Council a proposal that would allow the central banks of non-member countries to acquire and hold ECUs. It also adopted a proposal for a Council Decision authorizing a new tranche of borrowings (1 500 million ECU) under the New Community Instrument.

A communication on establishing a Community framework system for book prices was sent to the Council for consideration by the meeting of Ministers for Cultural Affairs on 28 May. The Commission also transmitted a draft resolution of the Council and the Ministers for Cultural Affairs meeting within the Council on the adoption of tax measures in the cultural sector.

In a communication to the Council the Commission asked the Member States' governments to adopt by the end of 1985 common standards for direct broadcasting by satellite in accordance with the rec-

ommendations adopted by the European Broadcasting Union.

The Commission approved two proposals for Directives—one on standardization in the field of information technology and telecommunications, the other on the mutual recognition of type approval for telecommunications terminal equipment.

It also adopted a communication to the Council presenting the main themes to be covered and the operations to be mounted for Road Safety Year (1986).

In another paper to the Council the Commission proposed the adoption of new Community energy objectives for 1995.

In the field of external relations the Commission adopted a communication on implementing the joint declaration made in Luxembourg by Community and EFTA ministers on 9 April 1984, which stressed

the importance of consolidating and strengthening cooperation, 'with the aim of creating a dynamic European economic space of benefit to their countries'.

Finally, it adopted a draft Council recommendation that a cooperation agreement be negotiated with Costa Rica, Guatemala, Honduras, Nicaragua and Salvador—parties to the General Treaty of Central American Economic Integration—and Panama.

*Discussions, policy debates and work in hand*

2.4.14. The Commission worked on preparations for the forthcoming European Council in Milan on 28 and 29 June, to which two papers would be submitted—one on achieving the Community-wide internal market between now and 1992 and the other on the Community's technological development.

**Court of Justice**

2.4.15. New cases

Case	Subject	Basis
<b>ECSC-Steel</b>		
119/85 — Usinor v Commission	Annulment of the Commission Decision of 29 March 1985 refusing to grant the applicant additional references requested in respect of certain products following the coming on stream of new plant	Article 33 ECSC
140/85 — Alpha steel v Commission <sup>1</sup>	Annulment of the individual Commission Decision of 29 March 1985 notifying the applicant of production quotas granted for the first quarter of 1985 following a request for adjustment	Article 33 ECSC
167/85 — Associazione Industrie Siderurgiche Italiana (Assider) v Commission	Annulment of the implied decision of refusal inferred from the ECSC's failure to reply to the applicant's request of 18 February 1985 for adjustment of the quotas granted	Article 35 ECSC
<b>Taxation</b>		
105 to 113/85 — Société d'Exploitation des Garages Sellier v Caisse de Compensation de l'Organisation Autonome Nationale	Does the Sixth VAT Directive (77/388/EEC) render inapplicable the legislation of a Member State instituting a 'social solidarity contribution and mutual assistance tax' which is to	

Case	Subject	Basis
de l'Industrie et du Commerce (Organic)	be paid to the sickness and maternity insurance scheme for persons, other than employed persons, in non-agricultural trades or occupations and to the old-age pension schemes for independent traders and craftsmen?	Article 177 EEC
<b>Competition</b>		
125 to 129/85 — Westar Timber and Others v Commission	Annulment of Decision 85/202/EEC relating to a proceeding under Article 85 EEC in so far as it concerns the applicants	Article 173 EEC
<b>Agriculture</b>		
86/85 — Alexander Moxsel Import-Export v HZA Hamburg-Jonas	Is a refusal to grant special export refunds for beef and veal because the animals were slaughtered in a Member State other than that in which the customs formalities were completed compatible with Regulation (EEC) No 752/82 amending Regulation (EEC) No 32/82?	Article 177 EEC
130/85 — Groothandel in Import van Eieren en Eiproducten Wulro v Tuchtgerecht van de Stichting Scharreleieren-Controle <sup>1</sup>	Are national provisions permitting non-compliance with the standard for 'free-range eggs' indicated on eggs or on their packaging incompatible with Regulation (EEC) No 2772/75 so long as no Community provisions concerning such an indication have been adopted under the procedure in Article 17 of Regulation (EEC) No 2771/75?	Article 177 EEC
143/85 — Nicolas Corman et Fils v Office Belge de l'Économie et de l'Agriculture (OBEA) <sup>2</sup>	Interpretation of the third indent of Article 5(1) of Commission Regulation (EEC) No 649/78 (concentrated butter at reduced prices) concerning the lawfulness of a certain type of packaging	Article 177 EEC
161/85 and 161/85 R — Hellenic Grain Company v Commission	Annulment of Regulation (EEC) No 1279/85 opening a standing invitation to tender for the export of 400 000 tonnes of durum wheat held by the Greek intervention agency, the grain in question being intended for sale to non-member countries, and suspension of its application	Articles 173 and 186 EEC
<b>Transport</b>		
144/85 — Société Nationale des Chemins de Fer Luxembourgeois <sup>3</sup>	Do the words 'in respect of their rail transport operations' in Article 19 of Council Regulation (EEC) No 1191/69 cover only the operation of railway undertakings on lines served by trains or also by other modes of transport?	Article 177 EEC
<b>Infringements</b>		
132/85 — Commission v Greece <sup>3</sup>	Failure to incorporate into national law and apply Directives 60/501/EEC and 63/21/EEC concerning free movement of capital	Article 169 EEC
138/85 — Commission v Greece	Charge for price control of imported products coming from other Member States	Article 169 EEC

Case	Subject	Basis
154/85 and 154/85 R — Commission v Italy	Parallel imports of motor cars. Application for interim measures	Article 169 EEC
158/85 — Commission v Italy	Failure to apply Directives 81/177/EEC and 82/347/EEC on the harmonization of procedures for the export of Community goods	Article 169 EEC
160/85 — Commission v Italy	Failure to implement the Courts judgments in Cases 28/81 and 29/81 and consequent failure to implement Council Directives 74/561/EEC and 74/562/EEC concerning admission to the occupation of road haulage and road passenger transport operator	Article 171 EEC
163/85 — Commission v Ireland <sup>6</sup>	Discriminatory postage rates for newspapers and periodicals	Article 169 EEC
164/85 — Commission v France	Special tax on vehicles of more than 16 fiscal horsepower	Article 169 EEC

**Disputes between the Community and its staff**

v Commission

141/85 — Dufrane v Commission<sup>7</sup>

147/85 — Cowood v Commission

165/85 — Seube v Commission

v Council

152/85 — Misset v Council<sup>8</sup>

v Economic and Social Committee

146/85 — Diezler and Others v Economic and Social Committee: Annulment of the amendment of the electoral rules of the ESC Staff Committee adopted at the general meeting on 23 April 1985 and all subsequent steps taken

153/85 — Trenti v Economic and Social Committee

v Court of Auditors

142/85<sup>4</sup> — Schwiering v Court of Auditors

v Parliament

155/85 — Strack v Parliament

<sup>1</sup> OJ C 133, 1.6.1985.

<sup>2</sup> OJ C 138, 6.6.1985.

<sup>3</sup> OJ C 132, 31.5.1985.

<sup>4</sup> OJ C 144, 13.6.1985.

<sup>5</sup> OJ C 146, 14.6.1985.

<sup>6</sup> OJ C 152, 21.6.1985.

<sup>7</sup> OJ C 147, 15.6.1985.

<sup>8</sup> OJ C 149, 19.6.1985.

**2.4.16. Judgments**

Date and case	Held
<b>Customs union</b> 2.5.1985, 81/84—Deutsche Forschungs- und Versuchsanstalt für Luft- und Raumfahrt v HZA Stuttgart-West <sup>1</sup>	1. Consideration of Commission Decision 82/932/EEC disclosed no factor of such a kind as to affect its validity

Date and case	Held
<p>15.5.1985, 155/84—Reinhard Onnasch v HZA Berlin-Packhof<sup>6</sup></p>	<p>2. The said decision must be interpreted as applying not only to the importation which gave rise to its adoption but also to other importations of apparatuses of the same type</p> <p>A work recognized by the customs authority as being a work of art and consisting of a wall relief made up of cardboard and expanded polystyrene, sprayed with black paint and oil and secured with wire and synthetic resin to a wooden board, must be classified as 'original sculpture or statuary, in any material' under CCT heading No 99.03</p>
<p><b>Taxation</b></p>	
<p>9.5.1985, 112/84—Michel Humblot v Directeur des Services Fiscaux,<sup>2</sup> Vésoul</p>	<p>Article 95 EEC prohibits the charging on cars exceeding a given power rating for tax purposes of a special fixed tax the amount of which is several times the highest amount of progressive tax payable on cars of less than the said power rating for tax purposes, where the only cars subject to the special tax are imported, in particular from other Member States</p>
<p>14.5.1985, 139/84—Van Dijk's Boekhuis v Staatssecretaris van Financiën<sup>3</sup></p>	<p>This case concerns the supply of services subject to an 18% VAT rate. The production of goods from customers' materials takes place only where a contractor produces a new article from the materials entrusted to him by his customer. For an article to be considered new, its function must be different from that of the materials provided</p>
<p>21.5.1985, 47/84—Staatssecretaris van Financiën v Gaston Schul Douane-Expeditieur<sup>4</sup></p>	<p>1. VAT levied by a Member State on the importation from another Member State of a product which is supplied by a non-taxable person must be calculated by taking into account the amount of VAT paid in the Member State of exportation that is still contained in the value of the product at the time of importation in such a way that that amount is not included in the taxable amount and is in addition deducted from the VAT payable on importation</p> <p>2. The amount of VAT paid in the Member State of exportation that is still contained in the value of the product at the time of importation is equal to:</p> <p>(i) in cases in which the value of the product has decreased between the date on which VAT was last levied in the Member State of exportation and the date of importation: the amount of VAT actually paid in the Member State of exportation, less a percentage representing the proportion by which the product has depreciated;</p> <p>(ii) in cases in which the value of the product has increased over that same period: the full amount of VAT actually paid in the Member State of exportation</p>

Date and case	Held
<p><b>State aids</b></p> <p>3.5.1985, 67, 68 and 70/85 R—Kwekerij Gebroeders van der Kooy and Others v Commission<sup>5</sup></p>	<p>The applications (for suspension of operation of the Commission Decision of 13 February 1985 addressed to the Netherlands on the preferential tariff charged to glasshouse growers for natural gas in the Netherlands) are dismissed</p>
<p><b>Agriculture</b></p> <p>2.5.1985, 109/84—Klaus von Menges v Land Nordrhein-Westfalen<sup>1</sup></p> <p>2.5.1985, 154 and 155/83—Firma Josef Hoche and Others v Bundesanstalt für landwirtschaftliche Marktordnung<sup>1</sup></p> <p>3.5.1985, 97/85 R—Union Deutsche Lebensmittelwerke and Others v Commission<sup>7</sup></p>	<p>The terms 'milk and milk products' in Article 2(2)(a) of Regulation (EEC) No 1078/77 also cover ewe's milk and ewe's milk products</p> <p>Where a butter-based powder for the preparation of edible ices is separated at a subsequent stage into its constituents (milk powder, sugar and flavourings), the objectives of Commission Regulation (EEC) No 1259/72 have not been fulfilled</p> <p>The application (for suspension of operation of the Commission Decision of 25 February 1985 concerning measures to promote the sale of butter on the West Berlin market) is dismissed</p>
<p>14.5.1985, 89/84—Fédération National des Producteurs de Vins de Table et Vins de Pays, Confédération des Associations Viticoles de France and Others v Pierre Ramel and Others<sup>5</sup></p>	<p>Community rules on wine do not prohibit the coupage of a red table wine with a rosé table wine, where the wines concerned originate in more than one Member State, and the term 'rosé' is not inconsistent with an objective characteristic of the wine which enables it to be distinguished from red wine or white wine solely by reason of its colour</p>
<p>22.5.1985, 33/84—Fragd v Amministrazione delle Finanze dello Stato<sup>7</sup></p>	<p>It is necessary to recognize, in conformity with the Court's ruling in its judgment of 15 October 1980, that the provisions of Commission Regulation (EEC) No 2140/79, as amended by Regulation (EEC) No 1541/80, are not valid in so far as they fix the MCAs applicable to exports of powdered glucose (CCT subheading 17.02 B II(a)). The fact that the provisions of Commission Regulation (EEC) No 2140/79, as amended by Regulation (EEC) No 1541/80, have been declared invalid does not make it possible to call in question the collection or payment of MCAs by the national authorities on the basis of those provisions in respect of the period preceding the date of the judgment in which such provisions were declared invalid, namely 15 October 1980</p>
<p><b>Transport</b></p> <p>22.5.1985, 13/85—Parliament v Council<sup>4</sup></p>	<p>1. The Council has infringed the Treaty by failing to ensure freedom to provide services in the sphere of international transport and to lay down the conditions under which non-resident carriers may operate transport services in a Member State</p>

Date and case	Held
<p><b>Commercial policy</b></p> <p>23.5.1985, 53/83—Allied Corporation and Others v Council<sup>7</sup> Intervener: Commission</p>	<p>2. The remainder of the application is dismissed (→ point 1.1.1 <i>et seq.</i>)</p> <p>Council Regulation (EEC) No 101/83 imposing a definitive anti-dumping duty on certain chemical fertilizer originating in the United States of America is declared void</p>
<p><b>Infringements</b></p> <p>7.5.1985, 18/84—Commission v France<sup>1</sup></p>	<p>By depriving press undertakings of the benefit of certain tax advantages in respect of publications which they print in other Member States, the French Republic has failed to fulfil its obligations under Article 30 EEC</p>
<p>9.5.1985, 21/84—Commission v France<sup>2</sup></p>	<p>By refusing, without proper justification, to approve postal franking machines from another Member State, the French Republic has failed to fulfil its obligations under Article 30 EEC</p>
<p>21.5.1985, 248/83—Commission v Federal Republic of Germany<sup>7</sup></p>	<p>1. By failing to take the measures necessary to implement Article 9(2) of Council Directive 76/207/EEC concerning equal treatment for men and women in regard to employment, in relation to the occupational activities excluded from the scope of the principle of equal treatment by Article 2(2) of the same Directive, the Federal Republic of Germany has failed to fulfil its obligations under the EEC Treaty</p> <p>2. For the rest, the application is dismissed</p>
<p>23.5.1985, 29/84—Commission v Federal Republic of Germany<sup>7</sup></p>	<p>The Federal Republic of Germany has failed to fulfil its obligations under the EEC Treaty by failing to adopt within the prescribed period the measures needed to comply with Council Directives 77/452/EEC and 77/453/EEC, the first of which concerns the mutual recognition of diplomas, certificates and other evidence of the formal qualifications of nurses responsible for general care, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services, and the second of which concerns the coordination of provisions laid down by law, regulation or administrative action in respect of the activities of nurses responsible for general care</p>
<p>8.5.1985, 14/85—Commission v France</p>	<p>Ordered removed from the Court Register: implementation of Article 3(4) of Council Directive 74/561/EEC (admission to the occupation of road haulage operator) and Article 2(4) of Directive 74/562/EEC (admission to the occupation of road passenger transport operator)</p>
<p>22.5.1985, 289/84—Commission v Italy</p>	<p>Ordered removed from the Court Register: Directives 72/464/EEC and 77/805/EEC on taxes other than turnover taxes which affect the consumption of manufactured tobacco</p>

**Disputes between the Community and its staff**

v Commission

2.5.1985, 246/83—De Angelis v Commission<sup>1</sup>—Application dismissed

2.5.1985, 144/84—De Angelis v Commission<sup>1</sup>—Judgment for the applicant

15.5.1985, 127/84—Esly v Commission<sup>6</sup>—Judgment for the applicant

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**Orders for removal from the Court Register**

8.5.1985, 287 and 288/84—Procureur de la République v 1. Hamamlian, 2. SRGM

8.5.1985, 29/85—Procureur de la République v Maurice

14.5.1985, 180/84—Schina v Commission

20.5.1985, 74/85—Remy v Commission

22.5.1985, 310/84—Usinor v Commission

20.5.1985, 88/84—Metalgoi v Commission

22.5.1985, 282/84—Metalgoi v Commission

20.5.1985, 241/84—Pizzinato v Commission

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<sup>1</sup> OJ C 128, 25.5.1985.

<sup>2</sup> OJ C 133, 1.6.1985.

<sup>3</sup> OJ C 138, 6.6.1985.

<sup>4</sup> OJ C 144, 13.6.1985.

<sup>5</sup> OJ C 136, 4.6.1985.

<sup>6</sup> OJ C 146, 14.6.1985.

<sup>7</sup> OJ C 147, 15.6.1985.

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**Court of Auditors**

2.4.17. At the end of April the Court of Auditors adopted a report on the common organization of the market in olive oil.

This report, prepared at the request of Parliament, contains an analysis of both national and Community systems for the management and control of measures giving rise to Community expenditure. The report concludes that the shortcomings in the present systems are such that radical changes are called for to reduce the risk of misuse of Community funds.

2.4.18. On 2 May the Court adopted an opinion<sup>1</sup> on a proposal for a Council Regulation on the application of the Agreement in the form of an exchange of letters between the European Economic Community and the Portuguese Republic concerning the implementation of specific financial aid for improving agricultural and fisheries structures in Portugal.<sup>2</sup>

**Economic and Social Committee**

*227th plenary session*

2.4.19. The Economic and Social Committee held its 227th plenary session on 29 and 30 May with Mr Gerd Muhr in the chair. The session was attended by Mr Gianni de Michelis, Italian Minister for Labour and Social Affairs in his capacity of President of the Council, and Mr Nicolas Mosar, Member of the Commission with special responsibility for energy, who took part in the debate on the Community nuclear industry.

**Own-initiative opinion**

2.4.20. In an own-initiative opinion the Committee stressed the need for European legislation on the prevention and control of

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<sup>1</sup> OJ C 138, 6.6.1985.

<sup>2</sup> OJ C 86, 4.4.1985; Bull. EC 2-1985, point 2.2.3.



the risks of occupational cancer, not only in industry but also in agriculture. The Committee urgently recommended that a risk limitation plan be drawn up, giving priority to technical measures covering agents and processes proved to have a high carcinogenic potential, and that special attention be paid to the problem of introducing new materials.

The opinion was adopted unanimously.

### Opinions on Commission proposals and communications

2.4.21. By 65 votes to 11, with 28 abstentions, the Committee adopted an opinion on the Commission's communication, accompanied by a draft resolution, on guidelines for a Community policy on migration.<sup>1</sup>

The Committee endorsed the objectives set out in the Commission's paper but regretted that the proposals formulated in the draft Council resolution dealt only partially, if at all, with certain problems and that the Commission had suggested no steps to counter xenophobia, racism and discrimination. The Committee urged that special priority be given to the political and civil rights of immigrants and felt that draconian measures were needed at Community level to combat illegal employment and illicit traffic in labour.

On the question of social security, the Committee stressed the need to take the necessary steps to bring Community social security closer together and to guarantee immigrants the same social security benefits as nationals. Bilateral social security agreements with non-member countries should be patterned on a Community model.

2.4.22. The Committee adopted *nem. con.* with 7 abstentions an opinion on the new proposal for a Regulation on integrated Mediterranean programmes.<sup>2</sup>

Though pleased that the new Commission proposal included some of the guidelines

recommended in earlier Committee opinions,<sup>3</sup> members regretted that the Commission had not indicated where it was to get the 2 500 million ECU which, whatever happened, would have to come from a real increase in the structural Funds to attain the 4 100 million ECU provided for in the budget for the seven years of the programmes. The Committee hoped that this would not jeopardize the fundamental objectives which had led the Commission to propose the integrated Mediterranean programmes.

2.4.23. The Committee unanimously adopted an opinion on the proposal for a Council Decision concerning the definition phase of the RACE programme and on the Commission's report to the Council on the programme.<sup>4</sup>

The Committee generally supported the Commission's proposal for R&D in advanced communications technologies. The main task of the RACE programme would be constantly to coordinate developments in the Member States with Community objectives, so as to ensure that integration was not delayed or complicated by divergent technology. The Committee considered the development of an integrated broadband communication (IBC) reference model to be of particular importance and urgency, as it would provide a clearer picture of technological data and basic conditions.

2.4.24. The Committee unanimously adopted an opinion on the proposal for a Council Decision<sup>5</sup> amending the Decision of 3 December 1981 establishing a Community information system for the control and reduction of pollution caused by hydrocarbons discharged at sea.<sup>6</sup>

<sup>1</sup> Bull. EC 2-1985, point 1.3.1 *et seq.*

<sup>2</sup> Bull. EC 2-1985, point 1.2.1 *et seq.*; Bull. EC 4-1985, point 2.1.67.

<sup>3</sup> OJ C 23, 30.1.1984; Bull. EC 11-1983, point 2.4.24; OJ C 206, 6.8.1984; Bull. EC 5-1984, point 2.4.25.

<sup>4</sup> Bull. EC 3-1985, point 2.1.147.

<sup>5</sup> OJ C 112, 7.5.1985; Bull. EC 3-1985, point 2.1.68.

<sup>6</sup> OJ L 355, 10.12.1981.

The Committee fully endorsed the proposed inclusion of substances other than hydrocarbons in the information system for the control and reduction of maritime pollution. Members also felt the need to establish guidelines in respect of the harmful and dangerous substances to be covered by the Decision.

2.4.25. The Committee unanimously adopted an opinion on the proposal for a Council Regulation<sup>1</sup> amending the Regulation of 3 December 1982 on implementation in the Community of the Convention on international trade in endangered species of wild fauna and flora.<sup>2</sup>

2.4.26. The Committee unanimously adopted an opinion on the proposal for a Directive<sup>3</sup> on limit values and quality objectives for discharges of certain dangerous substances included in List I in the Annex to the Directive of 4 May 1976.<sup>4</sup>

Although it urged a number of amendments, the Committee broadly endorsed the draft Directive, including its Annexes. The Commission was asked to push ahead with full implementation of the framework Directive.<sup>4</sup>

2.4.27. The Committee adopted, by a large majority, an opinion on the proposal for a Council Decision introducing a Community system of information on accidents in which consumer products are involved.<sup>5</sup>

With certain major reservations the Committee approved the proposal. It especially recommended setting up a system at European level which would not merely facilitate the monitoring of accidents but would also be an effective medium for informing, educating and warning consumers about dangerous products.

2.4.28. The Committee unanimously adopted an opinion on the proposal for a Council Regulation<sup>6</sup> amending the Regulation of 21 December 1982 on temporary importation arrangements;<sup>7</sup> as regards the date of its implementation.

2.4.29. The Committee adopted *nem. con.* with 4 abstentions an opinion on the Community's illustrative nuclear programme.<sup>8</sup>

The Commission was asked to specify more clearly the action to be effectively initiated by the end of the century in the crucial areas of reprocessing and interim storage of irradiated fuel elements and management of radioactive waste, with an initial set of indicative deadlines to be updated in subsequent editions of the programme by means of rolling plans.

## European Investment Bank

### *Operations in May*

2.4.30. The European Investment Bank's loans in May for investment in the Community totalled 518.7 million ECU:<sup>9</sup> 307.5 million for projects in France, 135.2 million for projects in Greece and 76 million for projects in Italy. Of the total figure, 61.5 million ECU was from the funds of the new Community borrowing instrument (NCI).<sup>10</sup> Outside the Community, the EIB lent 4 million ECU for small and medium-scale investment projects in an ACP State, Fiji.

## Community

### *France*

2.4.31. FF 2 100 million was granted altogether (including FF 1 000 million from NCI funds), FF 1 700 million for small and

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<sup>1</sup> OJ C 112, 7.5.1985; Bull. EC 3-1985, point 2.1.78.

<sup>2</sup> OJ L 384, 31.12.1982; Bull. EC 12-1982, point 2.1.105.

<sup>3</sup> OJ C 70, 18.3.1985; Bull. EC 1-1985, point 2.1.30.

<sup>4</sup> OJ L 129, 18.5.1976.

<sup>5</sup> OJ C 117, 11.5.1985; Bull. EC 12-1984, point 2.1.137.

<sup>6</sup> OJ C 117, 11.5.1985; Bull. EC 4-1985, point 2.1.27.

<sup>7</sup> OJ C 376, 31.12.1982.

<sup>8</sup> Bull. EC 11-1984, point 2.1.144.

<sup>9</sup> The conversion rates at 29 March used by the EIB in statistics for the first quarter were: 1 ECU = BFR 45.01, DKR 7.99, DM 2.24, DR 96.72, FF 6.83, HFL 2.52, IRL 0.72, LFR 45.01, LIT 1 428, UKL 0.58, USD 0.73.

<sup>10</sup> OJ L 298, 20.10.1978; Bull. EC 10-1978, point 2.1.10.

medium-scale industrial investment projects and FF 400 million for the energy sector.

Two global loans, totalling FF 500 million, went to Crédit National: FF 300 million out of NCI funds for investment in production by small firms and FF 200 million from EIB funds for projects by small firms to introduce advanced technologies.

The projects financed will help to restore the competitiveness of Community industries, and they may be selected irrespective of geographical location. FF 1 200 million was granted to 16 Sociétés de Développement Régional (SDRs) for small-scale industry (EIB: FF 500 million; NCI: FF 700 million) (see Table 11).

Table 11 — *Global loans granted to SDRs*

SDR	FF million	
	EIB resources <sup>1</sup>	NCI resources <sup>2</sup>
Bretagne	85	
Centrest (Burgundy-Franche Comté)		125
Champex (Champagne-Ardenne)	10	30
Corse	25	
Expanso (South-West)	30	35
Lordex (Lorraine)	40	40
Méditerranée		40
Nord/Pas-de-Calais	70	35
Normandie		75
Picardie	10	60
Sade (Alsace)		80
Sodecco (Centre/Centre-West)	80	20
Sodero (West)	80	20
Sodler (Languedoc-Roussillon)	30	10
Sud-Est		120
Tofinso (South-West)	40	10

<sup>1</sup> For small and medium-scale investment projects in eligible areas.

<sup>2</sup> For small and medium-scale investment projects mainly outside eligible areas.

Finally, as part of a programme to develop the Rhône from the Swiss frontier to the Mediterranean, the EIB lent FF 400 million for a hydroelectric plant on the Upper Rhône, 60 km upstream from Lyons.

### *Greece*

2.4.32. A total of DR 100 million was granted, including 1.7 million out of NCI resources: DR 4 750 million in the energy sector, 3 400 million for communications

and telecommunications, 2 700 million for irrigation schemes and 2 300 million for improving sanitation and anti-pollution measures.

In the energy sector, DR 2 700 million was lent to the Public Power Corporation (PPC) to assist in the construction of a hydroelectric power station with an installed capacity of 240 MW at Thissavros, on the river Nestos, in the north-east of the country. The power station, which would come into

service at the end of 1990, will lead to savings in imports estimated at 140 000 tonnes of oil equivalent (toe) per year. A further DR 2 260 million, also lent to the PPC, was to help finance the construction of two units, each with a capacity of 105 MW, in the power station at Piges in Epirus. The EIB has already provided loans totalling DR 4 200 million towards the cost of the station, which is expected to save about 44 000 toe per annum when commissioned in 1986.

In the field of telecommunications and communications infrastructure, DR 1 700 million was lent to the Greek telecommunications organization (OTE) out of NCI resources; part of the loan was for the construction of the Inmarsat station for satellite and telex communications between the mainland and shipping in the Mediterranean, the Indian Ocean and the eastern Atlantic. The loan will also go towards improving the national and international telecommunications networks by extending the radio relay link and modernizing and increasing the multiplex equipment.

A further loan of DR 1 700 million assisted in the development of regional infrastructures: DR 900 million was earmarked for extending and modernizing the ports of Volos and Kavala, and other port installations on Rhodes, Kos, Karpathos, Corfu, Siros and in Crete (Souda and Rethimno); DR 500 million was lent to improve and extend airport installations on the islands of Limnos, Lesbos, Thira, Kefallonia, Skiathos, Kithira and Mikonos, and at Iraklio and Khania (Crete) and Kastoria (western Macedonia); finally, DR 300 million was lent to improve 480 km of national, provincial and local roads in the Peloponnese.

In the field of irrigation, DR 2 000 million will be used for the work, equipment and installations necessary to provide sprinkler irrigation for 15 000 hectares of agricultural land to the south of Giannitsa and Pella (central Macedonia). DR 700 million was for other surface and sprinkler irrigation and equipment for maintaining roads and drainage systems: DR 640 million to cover

almost 12 000 hectares in the Prosotsani, Fotolivos and Voirani areas (Drama plain) and DR 60 million for over 2 600 hectares in the plain of Boida Mavri, near Preveza.

Finally, DR 2 260 million was earmarked for drainage and pollution control (purification plant, sewerage systems) at Thessaloniki, Volos and Agios Nikolaos in Crete. These installations will restore the quality of the bay water in all three localities, where the sea has been polluted by industrial and urban effluent.

### *Italy*

2.4.33. The EIB lent LIT 109 000 million in Italy (including LIT 45 000 million out of NCI funds) for investment projects in industry and tourism, to promote a more rational use of energy and for environmental protection.

Two global loans from NCI funds (LIT 35 000 million for Interbanca and LIT 10 000 million for the Banco di Sicilia) will help to finance small and medium-scale industrial investment projects in central and northern Italy. LIT 24 000 million was lent to Fiat for the modernization and extension of a tractor factory at Jesi (Marches). LIT 5 000 million went to 'Villaggio di vacanze Metaponto' for the construction of a family holiday village in Basilicata, with the cooperation of the Club Méditerranée and Insud.

A global loan of LIT 25 000 million to Interbanca will finance small and medium-scale industrial and infrastructure initiatives with a view to developing the Community's energy resources and diversifying energy supplies.

Finally, LIT 10 000 million was granted to the Veneto region for the construction of domestic and industrial waste water collection and treatment facilities to reduce pollution in the Gorzone basin. The project forms part of a more extensive investment programme designed to achieve a substantial reduction in pollution levels in the Gulf of Venice.

## Outside the Community

2.4.34. Under the second Lomé Convention, the EIB has granted the Fiji Development Bank a 4 million ECU global loan for financing small investment projects in the

industrial, agro-industrial and tourism sectors.

This loan was accompanied by aid towards the payment of interest amounting to 3% out of European Development Fund resources.





PART THREE  
DOCUMENTATION

# 1. ECU

## Values in national currencies of one ECU

31 May 1985 <sup>1</sup>	
Belgian franc and Luxembourg franc (convertible)	45.2033
Belgian franc and Luxembourg franc (financial)	45.4140
German mark	2.24578
Dutch guilder	2.53115
Pound sterling	0.571828
Danish krone	8.07368
French franc	6.84552
Italian lira	1 432.31
Irish pound	0.717326
Greek drachma	99.0230
United States dollar	0.726508
Swiss franc	1.89510
Spanish peseta	127.212
Swedish krona	6.48045
Norwegian krone	6.44594
Canadian dollar	1.00040
Portuguese escudo	126.957
Austrian schilling	15.7652
Finnish mark	4.65909
Japanese yen	183.044
Australian dollar	1.09910
New Zealand dollar	1.61806

<sup>1</sup> OJ C 133, 1.6.1985.

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*

National currency	Value in national currency of one ECU	
	From 1 to 26 May 1985	From 27 May 1985
Belgian franc and Luxembourg franc	44.9008 <sup>1</sup> 46.4118 <sup>5</sup>	44.9008 <sup>1</sup> 46.4118 <sup>2</sup>
Danish krone	8.23400 <sup>1</sup> 8.41499 <sup>5</sup>	8.23400 <sup>1</sup> 8.41499 <sup>2</sup>
German mark	2.39792 <sup>3</sup> 2.38516 <sup>5</sup> 2.41047 <sup>2</sup>	2.39792 <sup>4</sup> 2.38516 <sup>2</sup> 2.41047 <sup>3</sup>
Greek drachma	77.2479 <sup>1</sup> 90.5281 <sup>5</sup>	77.2479 <sup>1</sup> 102.345 <sup>8</sup> 90.5281 <sup>2</sup>
French franc	6.49211 <sup>1</sup> 7.10590 <sup>4</sup> 6.86866 <sup>5</sup> 6.93793 <sup>2</sup>	6.49211 <sup>1</sup> 7.10590 <sup>6</sup> 6.86866 <sup>2</sup> 7.00089 <sup>7</sup>
Irish pound	0.725690 <sup>1</sup> 0.750110 <sup>5</sup>	0.725690 <sup>1</sup> 0.750110 <sup>2</sup>
Italian lira	1 341.00 <sup>1</sup> 1 432.00 <sup>5</sup>	1 341.00 <sup>1</sup> 1 482.00 <sup>8</sup> 1 432.00 <sup>2</sup>
Dutch guilder	2.70178 <sup>3</sup> 2.68749 <sup>5</sup> 2.71620 <sup>2</sup>	2.70178 <sup>4</sup> 2.68749 <sup>2</sup> 2.71620 <sup>3</sup>
Pound sterling	0.618655	0.618655

<sup>1</sup> For seeds.

<sup>2</sup> For other products.

<sup>3</sup> For milk and milk products.

<sup>4</sup> For cereals and durum wheat.

<sup>5</sup> For pigmeat and wine.

<sup>6</sup> For milk and milk products, pigmeat and wine.

<sup>7</sup> For beef/veal, and sheepmeat and goatmeat.

<sup>8</sup> For milk and milk products, beef/veal, and sheepmeat and goatmeat.



## 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 2.1.90*

Guidelines for the implementation of the 10th programme 'ECSC low-cost housing' applicable for the period 1984 to 1988

OJ C 119, 14.5.1985

#### *Point 2.1.137*

Proposal for a Council Decision introducing a Community system of information on accidents in which consumer products are involved

OJ C 117, 11.5.1985

### **Bull. EC 2-1985**

#### *Point 2.1.121*

Proposal for a Council Regulation on the promotion, by the granting of financial support, of

demonstration projects relating to the exploitation of alternative energy sources and to energy saving and the substitution of hydrocarbons

Proposal for a Council Regulation on the promotion, by the granting of financial support, of pilot industrial projects and demonstration projects relating to the liquefaction and gasification of solid fuels

OJ C 109, 3.5.1985

### **Bull. EC 3-1985**

#### *Point 2.1.68*

Proposal for a Council Decision amending Decision 81/971/EEC establishing a Community information system for the control and reduction of pollution caused by hydrocarbons discharged at sea

OJ C 112, 7.5.1985

### **Bull. EC 3-1985**

#### *Point 2.1.78*

Proposal for a Council Regulation amending Regulation (EEC) No 3626/82 on the implementation in the Community of the Convention on international trade in endangered species of wild fauna and flora

OJ C 112, 7.5.1985

# 3. Infringement procedures

## Initiation of proceedings for failure to implement directives

3.3.1. In May the Commission sent letters of formal notice for failure to incorporate directives into national law (the Commission not having been informed of national implementing measures) in the following cases:

### Internal market and industrial affairs

- Council Directive of 12 July 1982<sup>1</sup> amending the Directive of 25 July 1978 laying down specific criteria of purity for emulsifiers, stabilizers, thickeners and gelling agents for use in foodstuffs<sup>2</sup> (Belgium, Denmark, Germany, Ireland, Luxembourg, Netherlands).
- Council Directive of 18 October 1982<sup>3</sup> amending the Directive of 25 July 1978 laying down specific criteria of purity for anti-oxidants which may be used in foodstuffs intended for human consumption<sup>2</sup> (Belgium, Denmark, Germany, France, Ireland, Luxembourg, Netherlands).
- Commission Directive of 22 July 1983 introducing temporary measures for the designation of certain ingredients in the labelling of foodstuffs for sale to the ultimate consumer<sup>4</sup> (Denmark, Germany, France, Ireland, Luxembourg, Netherlands, United Kingdom).
- Council Directive of 22 March 1977 to facilitate the effective exercise by lawyers of freedom to provide services<sup>5</sup> (Greece).

### Agriculture

- Council Directive of 30 June 1982 concerning certain products used in animal nutrition<sup>6</sup> (Belgium, Denmark, Ireland, Italy, Netherlands).
- Third Commission Directive of 21 December 1982<sup>7</sup> amending the Annex to the Council Directive of 23 November 1976 on the marketing of straight feedingstuffs<sup>8</sup> (Belgium, Italy).
- Commission Directive of 12 April 1983<sup>9</sup> establishing exemptions from the Council Directive of 21 December 1976<sup>10</sup> for certain products which contain other foodstuffs and only a small percentage of meat or meat product (Belgium, Denmark, Italy).
- Council Directive of 18 April 1983 on the fixing of guidelines for the assessment of certain products used in animal nutrition<sup>11</sup> (Denmark, Ireland, Italy, Netherlands, United Kingdom).
- Council Directive of 19 July 1982<sup>12</sup> amending Annex II to the Directive of 23 November 1976

relating to the fixing of maximum levels for pesticide residues in and on fruit and vegetables<sup>13</sup> (Denmark, Italy).

- Third Commission Directive of 28 July 1983<sup>14</sup> amending the Annex to the Directive of 17 December 1973 on the fixing of maximum permitted levels for undesirable substances and products in feedingstuffs<sup>15</sup> (Ireland).
- Forty-fourth Commission Directive of 29 November 1983<sup>16</sup> amending the Annexes to the Council Directive of 23 November 1970 concerning additives in feedingstuffs<sup>17</sup> (United Kingdom).

## Reasoned opinions

3.3.2. The Commission delivered 13 reasoned opinions in the following cases:

### Internal market and industrial affairs

- Obstacles to the import of explosives for peaceful use (Italy).
- Control of profit margins on alcoholic drink and foodstuffs (Greece).
- Maximum prices for flat glass (Greece).
- Advertising of alcoholic drink (France).

### Agriculture

- Obstacles to the import of fruit and vegetables (Greece).
- Import of live plants (Greece).
- Failure to inform the Commission of national measures to give effect to the Commission Directive of 13 April 1982<sup>18</sup> amending the Annexes to the Council Directives of 14 June 1966<sup>19</sup> and 30 June 1969<sup>20</sup> on the marketing of fodder plant seed

<sup>1</sup> OJ L 230, 5.8.1982.

<sup>2</sup> OJ L 223, 14.8.1978.

<sup>3</sup> OJ L 297, 23.10.1982.

<sup>4</sup> OJ L 255, 15.9.1983.

<sup>5</sup> OJ L 78, 26.3.1977.

<sup>6</sup> OJ L 213, 21.7.1982.

<sup>7</sup> OJ L 383, 31.12.1982.

<sup>8</sup> OJ L 32, 3.2.1977.

<sup>9</sup> OJ L 112, 28.4.1983.

<sup>10</sup> OJ L 26, 31.1.1977.

<sup>11</sup> OJ L 126, 13.5.1983.

<sup>12</sup> OJ L 234, 9.8.1982.

<sup>13</sup> OJ L 340, 9.12.1976.

<sup>14</sup> OJ L 222, 13.8.1983.

<sup>15</sup> OJ L 38, 11.2.1974.

<sup>16</sup> OJ L 350, 13.12.1983.

<sup>17</sup> OJ L 270, 14.12.1970.

<sup>18</sup> OJ L 131, 13.5.1982.

<sup>19</sup> OJ L 125, 11.7.1966.

<sup>20</sup> OJ L 169, 10.7.1969.

and seed of oil and fibre plants respectively, and the Commission Directives of 18 April 1978<sup>1</sup> (Luxembourg).

- Failure to inform the Commission of national measures to give effect to the Council Directive of 11 November 1980<sup>2</sup> amending the Directive of 22 January 1980<sup>3</sup> with regard to swine vesicular disease and classical swine fever (Luxembourg).

#### Personnel and administration

- Transfer of pension rights (Belgium).

#### Taxation and financial institutions

- Registration tax on new cars delivered or imported (Belgium).
- Failure to inform the Commission of national measures to give effect to the First Council Directive of 5 March 1979 on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of direct life assurance<sup>4</sup> (Italy, Netherlands).

#### Proceedings terminated

3.3.3. The Commission decided not to continue the following infringement proceedings:

*Cases in respect of which a letter constituting formal notice had been sent for failure to incorporate a directive into national law (the Commission not having been informed of national implementing measures)*

#### Customs union

- Failure to inform the Commission of national measures to give effect to the Commission Directive of 23 May 1984<sup>5</sup> laying down provisions for the application of Articles 13 and 14 of the Council Directive of 4 March 1969<sup>6</sup> as regards release for free circulation of compensating products under inward processing (Ireland, Luxembourg).
- Failure to inform the Commission of national measures to give effect to the Commission Directive of 26 July 1984 fixing standard rates of yield for certain inward processing operations and laying down certain rules for the calculation of import duties<sup>7</sup> (France).

#### Internal market and industrial affairs

- Failure to inform the Commission of national measures to give effect to the Council Directive of 16 December 1980<sup>8</sup> amending the Directive of 6 February 1970 on the approximation of the laws of the Member States relating to the type approval of motor vehicles and their trailers<sup>9</sup> (Belgium).
- Failure to inform the Commission of national measures to give effect to the Commission Directive of 13 April 1981<sup>10</sup> adapting to technical progress the Council Directive of 6 February 1970 on the approximation of the laws of the Member States relating to the permissible sound level and the exhaust system of motor vehicles<sup>9</sup> (Netherlands).
- Failure to inform the Commission of national measures to give effect to the Commission Directive of 7 June 1982<sup>11</sup> adapting to technical progress the Council Directive of 4 November 1976 on the approximation of the laws of the Member States relating to radio interference caused by electrical household appliances, portable tools and similar equipment (Netherlands).
- Failure to inform the Commission of national measures to give effect to the Commission Directive of 7 June 1982<sup>11</sup> adapting to technical progress the Council Directive of 4 November 1976 on the approximation of the laws of the Member States relating to the suppression of radio interference with regard to fluorescent lighting luminaires fitted with starters<sup>12</sup> (France, Netherlands).
- Failure to inform the Commission of national measures to give effect to the Commission Directive of 1 July 1982<sup>13</sup> adapting to technical progress the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to alcoholometers and alcohol hydrometers<sup>14</sup> (France).
- Failure to inform the Commission of national measures to give effect to the Council Directive of 17 December 1982 amending the Directives on the approximation of the laws of the Member States relating to wheeled agricultural or forestry tractors<sup>15</sup> (Belgium).

<sup>1</sup> OJ L 113, 25.4.1978.

<sup>2</sup> OJ L 325, 1.12.1980.

<sup>3</sup> OJ L 47, 21.2.1980.

<sup>4</sup> OJ L 63, 13.3.1979.

<sup>5</sup> OJ L 166, 26.6.1984.

<sup>6</sup> OJ L 58, 8.3.1969.

<sup>7</sup> OJ L 245, 14.9.1984.

<sup>8</sup> OJ L 375, 31.12.1980.

<sup>9</sup> OJ L 42, 23.2.1970.

<sup>10</sup> OJ L 131, 18.5.1981.

<sup>11</sup> OJ L 222, 30.7.1982.

<sup>12</sup> OJ L 336, 4.12.1976.

<sup>13</sup> OJ L 252, 27.8.1982.

<sup>14</sup> OJ L 262, 27.9.1976.

<sup>15</sup> OJ L 378, 31.12.1982.

- Failure to inform the Commission of national measures to give effect to the Council Directive of 15 December 1982<sup>1</sup> adapting to technical progress the Council Directive of 25 June 1979 on the approximation of the laws of the Member States relating to the roll-over protection structures of wheeled agricultural or forestry tractors (static testing)<sup>2</sup> (France).
- Failure to inform the Commission of national measures to give effect to the Commission Directive of 28 March 1983<sup>3</sup> adapting to technical progress the Council Directive of 25 July 1978 on the approximation of the laws of the Member States relating to the driver's seat on wheeled agricultural or forestry tractors<sup>4</sup> (France).
- Failure to inform the Commission of national measures to give effect to the Council Directive of 26 May 1983<sup>5</sup> amending the Directive of 27 July 1976 on the approximation of the laws of the Member States relating to the installation of lighting and light-signalling devices on motor vehicles and their trailers<sup>6</sup> (Ireland).
- Failure to inform the Commission of national measures to give effect to the Council Directive of 16 June 1983<sup>7</sup> amending the Directive of 20 March 1970 on the approximation of the laws of the Member States relating to measures to be taken against air pollution by gases from positive-ignition engines of motor vehicles<sup>8</sup> (Ireland, Luxembourg, Netherlands).
- Failure to inform the Commission of national measures to give effect to the Commission Directive of 14 December 1983<sup>9</sup> adapting to technical progress the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to the installation of lighting and light-signalling devices on motor vehicles and their trailers<sup>6</sup> (Italy, Netherlands).
- Failure to inform the Commission of national measures to give effect to the Commission Directive of 3 July 1984<sup>10</sup> adapting to technical progress the Council Directive of 6 February 1970 on the approximation of the laws of the Member States relating to the permissible sound level and the exhaust system of motor vehicles<sup>11</sup> (Italy, Netherlands).
- Failure to inform the Commission of national measures to give effect to the Council Directive of 15 July 1980 on the approximation of the laws of the Member States relating to the exploitation and marketing of natural mineral waters<sup>12</sup> (Luxembourg).
- Failure to inform the Commission of national measures to give effect to the Commission Directive of 29 April 1981 laying down the Community method of analysis for the official control of vinyl

chloride released by materials and articles into foodstuffs<sup>13</sup> (Italy, Luxembourg).

- Failure to inform the Commission of national measures to give effect to the Council Directive of 30 June 1981<sup>14</sup> amending for the second time the Directive of 17 November 1975 on the approximation of the laws of the Member States concerning fruit juices and certain similar products<sup>15</sup> (Ireland, Luxembourg, Netherlands).
- Failure to inform the Commission of national measures to give effect to the Council 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<sup>16</sup> (Belgium).
- Failure to inform the Commission of national measures to give effect to the Council Directive of 22 November 1982<sup>17</sup> amending, for the second time (benzene), the Directive of 27 July 1976 on the approximation of the laws, regulations and administrative provisions of the Member States relating to restrictions on the marketing and use of certain dangerous substances and preparations<sup>6</sup> (Denmark, Ireland).
- Failure to inform the Commission of national measures to give effect to the Council Directive of 27 June 1977 concerning the coordination of provisions laid down by law, regulation or administrative action in respect of the activities of nurses responsible for general care<sup>18</sup> (Luxembourg).
- Failure to incorporate correctly into national law the Council Directive of 25 July 1978 concerning the mutual recognition of diplomas, certificates and other evidence of the formal qualifications of practitioners of dentistry, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services<sup>19</sup> (Luxembourg).
- Failure to inform the Commission of national measures to give effect to the Council Directive of 21 January 1980 concerning the coordination of

<sup>1</sup> OJ L 386, 31.12.1982.

<sup>2</sup> OJ L 179, 17.7.1979.

<sup>3</sup> OJ L 109, 26.4.1983.

<sup>4</sup> OJ L 255, 18.9.1978.

<sup>5</sup> OJ L 151, 9.6.1983.

<sup>6</sup> OJ L 262, 27.9.1976.

<sup>7</sup> OJ L 197, 20.7.1983.

<sup>8</sup> OJ L 76, 6.4.1970.

<sup>9</sup> OJ L 9, 12.1.1984.

<sup>10</sup> OJ L 196, 26.7.1984.

<sup>11</sup> OJ L 42, 23.2.1970.

<sup>12</sup> OJ L 229, 30.8.1980.

<sup>13</sup> OJ L 167, 24.6.1981.

<sup>14</sup> OJ L 189, 11.7.1981.

<sup>15</sup> OJ L 311, 1.12.1975.

<sup>16</sup> OJ L 317, 6.11.1981.

<sup>17</sup> OJ L 339, 1.12.1982.

<sup>18</sup> OJ L 176, 15.7.1977.

<sup>19</sup> OJ L 233, 24.8.1978.

provisions laid down by law, regulation or administrative action relating to the taking up and pursuit of the activities of midwives (Luxembourg).<sup>1</sup>

- Failure to inform the Commission of national measures to give effect to the Council Directive of 22 December 1980<sup>2</sup> amending, consequent on the accession of Greece, the Directive of 21 January 1980 concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in midwifery and including measures to facilitate the effective exercise of the right of establishment and freedom to provide services<sup>1</sup> (France).
- Failure to incorporate correctly into national law the Council Directive of 26 January 1982<sup>3</sup> amending the Directive of 16 June 1975 concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in midwifery and including measures to facilitate the effective exercise of the right of establishment and freedom to provide services<sup>1</sup> (France).
- Failure to incorporate correctly into national law the Council Directive of 26 January 1982<sup>3</sup> amending the 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,<sup>4</sup> and the Council Directive of 16 June 1975 concerning the coordination of provisions laid down by law, regulation or administrative action in respect of activities of doctors<sup>4</sup> (Belgium, Netherlands, United Kingdom).
- Failure to incorporate correctly into national law the Council Directive of 26 July 1971 concerning the coordination of procedures for the award of public works contracts<sup>5</sup> (Italy).

### Agriculture

- Failure to inform the Commission of national measures to give effect to the Council Directive of 24 June 1980 on the control of potato ring rot<sup>6</sup> (Greece).
- Failure to inform the Commission of national measures to give effect to the Commission Directive of 13 April 1982<sup>7</sup> amending the Annexes to the Council Directives of 14 June 1966<sup>8</sup> and 30 June 1969<sup>9</sup> on the marketing of fodder plant seed and seed of oil and fibre plants respectively, and the Commission Directives of 18 April 1978<sup>10</sup> (Denmark, Germany).
- Failure to inform the Commission of national measures to give effect to the Commission Directive of 6 May 1982<sup>11</sup> amending the Council Directive of 9 April 1968<sup>12</sup> on the marketing of material

for the vegetative propagation of the vine (Germany).

- Failure to inform the Commission of national measures to give effect to the Commission Directive of 2 December 1982<sup>13</sup> amending Annex II to the Council Directive of 30 June 1969 on the marketing of seed of oil and fibre plants<sup>9</sup> (Denmark, Netherlands).
- Failure to inform the Commission of national measures to give effect to the Council Directive of 21 December 1976 on health problems affecting intra-Community trade in meat products<sup>14</sup> (Ireland).

### Transport

- Failure to inform the Commission of national measures to give effect to the First Council Directive of 4 December 1980 on the introduction of a Community driving licence<sup>2</sup> (Greece).
- Failure to inform the Commission of national measures to give effect to the Council Directive of 28 July 1982<sup>15</sup> amending the Council Directive of 17 February 1975<sup>16</sup> on the establishment of common rules for certain types of combined road/rail carriage of goods between Member States (Ireland).
- Failure to incorporate correctly into national law the Council Directive of 21 December 1978 concerning pilotage of vessels by deep-sea pilots in the North Sea and the English Channel<sup>17</sup> (Belgium).

### Environment, consumer protection and nuclear safety

- Failure to inform the Commission of national measures to give effect to the Council Directive of 16 June 1975 concerning the quality required of surface water intended for the abstraction of drinking water in the Member States<sup>18</sup> (Belgium).

<sup>1</sup> OJ L 33, 11.2.1980.

<sup>2</sup> OJ L 375, 31.12.1980.

<sup>3</sup> OJ L 43, 15.2.1982.

<sup>4</sup> OJ L 167, 30.6.1975.

<sup>5</sup> OJ L 185, 16.8.1971.

<sup>6</sup> OJ L 180, 14.7.1980.

<sup>7</sup> OJ L 131, 13.5.1982.

<sup>8</sup> OJ L 125, 11.7.1966.

<sup>9</sup> OJ L 169, 10.7.1969.

<sup>10</sup> OJ L 113, 25.4.1978.

<sup>11</sup> OJ L 148, 27.5.1982.

<sup>12</sup> OJ L 93, 18.4.1968.

<sup>13</sup> OJ L 357, 18.12.1982.

<sup>14</sup> OJ L 26, 31.1.1977.

<sup>15</sup> OJ L 247, 23.8.1982.

<sup>16</sup> OJ L 48, 22.2.1975.

<sup>17</sup> OJ L 33, 8.2.1979.

<sup>18</sup> OJ L 194, 25.7.1975.

- Failure to inform the Commission of national measures to give effect to the Council Directive of 19 June 1979 on consumer protection in the indication of the prices of foodstuffs<sup>1</sup> (Greece).
- Failure to inform the Commission of national measures to give effect to the Council Directive of 20 December 1979 on the limitation of noise emissions from subsonic aircraft<sup>2</sup> (Greece).
- Failure to inform the Commission of national measures to give effect to the Council Directive of 15 July 1980 relating to the quality of water intended for human consumption<sup>3</sup> (Germany, Netherlands).
- Failure to inform the Commission of national measures to give effect to the Council Directive of 17 May 1982<sup>4</sup> amending for the second time the Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products<sup>5</sup> (Luxembourg).

### Taxation and financial institutions

- Failure to inform the Commission of national measures to give effect to the Council Directive of 5 March 1979 coordinating the conditions for the admission of securities to official stock exchange listing<sup>6</sup> (Ireland).
- Failure to inform the Commission of national measures to give effect to the Council Directive of 17 March 1980 coordinating the requirements for the drawing up, scrutiny and distribution of the listing particulars to be published for the admission of securities to official stock exchange listing<sup>7</sup> (Ireland, Luxembourg).
- Failure to inform the Commission of national measures to give effect to the Council Directive of 15 February 1982 on information to be published on a regular basis by companies the shares of which have been admitted to official stock exchange listing<sup>8</sup> (France, Ireland).
- Failure to inform the Commission of national measures to give effect to the Council Directive of 19 December 1972 on taxes other than turnover taxes which affect the consumption of manufactured tobacco<sup>9</sup> (Italy).
- Failure to inform the Commission of national measures to give effect to the Council Directive of 19 December 1977<sup>10</sup> amending the Directive of 19 December 1972 on taxes other than turnover taxes which affect the consumption of manufactured tobacco<sup>11</sup> (Italy).
- Failure to inform the Commission of national measures to give effect to the Council Directive of 18 December 1978 on taxes other than turnover taxes which affect the consumption of manufactured tobacco<sup>11</sup> (Italy).

- Failure to inform the Commission of national measures to give effect to the Council Directive of 6 December 1979<sup>12</sup> amending the Directive of 15 March 1976 on mutual assistance for the recovery of claims resulting from operations forming part of the system of financing the European Agricultural Guidance and Guarantee Fund, and of agricultural levies and customs duties (Italy).<sup>13</sup>
- Failure to inform the Commission of national measures to give effect to the Council Directive of 28 March 1983<sup>14</sup> determining the scope of Article 14(1)(d) of the Directive of 17 May 1977<sup>15</sup> as regards exemption from value-added tax on the final importation of certain goods (Belgium, United Kingdom).

### *Cases in respect of which a reasoned opinion had been sent*

#### Customs union

- Failure to inform the Commission of national measures to give effect to the Council Directive of 3 May 1983<sup>16</sup> amending the Council Directive of 16 June 1975 regarding detailed rules on equivalent compensation and prior exportation under inward processing arrangements<sup>17</sup> (Ireland).

#### Internal market and industrial affairs

- Failure to inform the Commission of national measures to give effect to the Council Directive of 7 June 1982<sup>18</sup> adapting to technical progress the Directive of 4 November 1976 on the approximation of the laws of the Member States relating to radio interference caused by electrical household appliances, portable tools and similar equipment<sup>19</sup> (United Kingdom).
- Failure to inform the Commission of national measures to give effect to the Council Directive of 13 December 1976 on coordination of safeguards

<sup>1</sup> OJ L 158, 26.6.1979.

<sup>2</sup> OJ L 18, 24.1.1980.

<sup>3</sup> OJ L 229, 30.8.1980.

<sup>4</sup> OJ L 167, 15.6.1982.

<sup>5</sup> OJ L 262, 27.9.1976.

<sup>6</sup> OJ L 66, 16.3.1979.

<sup>7</sup> OJ L 100, 17.4.1980.

<sup>8</sup> OJ L 48, 20.2.1982.

<sup>9</sup> OJ L 303, 31.12.1972.

<sup>10</sup> OJ L 338, 28.12.1977.

<sup>11</sup> OJ L 10, 16.1.1979.

<sup>12</sup> OJ L 331, 27.12.1979.

<sup>13</sup> OJ L 73, 19.3.1976.

<sup>14</sup> OJ L 105, 23.4.1983.

<sup>15</sup> OJ L 145, 13.6.1977.

<sup>16</sup> OJ L 127, 17.5.1983.

<sup>17</sup> OJ L 194, 25.7.1975.

<sup>18</sup> OJ L 222, 30.7.1982.

<sup>19</sup> OJ L 336, 4.12.1976.

which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty, in respect of the formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent<sup>1</sup> (Belgium).

#### Transport

- Failure to incorporate correctly into national law the Council Directive of 12 November 1974 on admission to the occupation of road haulage operator in national and international transport operations<sup>2</sup> (France).

#### Environment, consumer protection and nuclear safety

- Failure to inform the Commission of national measures to give effect to the Council Directive of 18 December 1978 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer<sup>3</sup> (France).

- Failure to inform the Commission of national measures to give effect to the Council Directive of 2 April 1979 on the conservation of wild birds<sup>4</sup> (Luxembourg).

- Failure to inform the Commission of national measures to give effect to the Council Directive of 9 October 1979 concerning the methods of measurement and frequencies of sampling and analysis of surface water intended for the abstraction of drinking water in the Member States<sup>5</sup> (Belgium).

- Failure to inform the Commission of national measures to give effect to the Council Directive of 29 March 1983 concerning the importation into Member States of skins of certain seal pups and products derived therefrom<sup>6</sup> (Italy).

- Failure to incorporate correctly into national law the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products<sup>7</sup> (France).

- Failure to incorporate correctly into national law the Council Directive of 2 April 1979 on the conservation of wild birds<sup>4</sup> (United Kingdom).

<sup>1</sup> OJ L 26, 30.1.1977.

<sup>2</sup> OJ L 308, 19.11.1974.

<sup>3</sup> OJ L 33, 8.2.1979.

<sup>4</sup> OJ L 103, 25.4.1979.

<sup>5</sup> OJ L 271, 29.10.1979.

<sup>6</sup> OJ L 91, 9.4.1983.

<sup>7</sup> OJ L 262, 27.9.1976.

## 4. Western Economic Summit

### Declarations by the seven Heads of State or Government and representatives of the European Communities

*Bonn: 2 to 4 May 1985*

#### Political Declaration on the 40th anniversary of the end of the Second World War

3.4.1. 'The Heads of State or Government of Canada, the French Republic, the Federal Republic of Germany, the Republic of Italy, Japan, the United Kingdom and the United States, with the President of the Commission of the European

Communities, meeting together in Bonn on the eve of the 40th anniversary of the end of the Second World War, remember in grief all those who lost their lives in that time, whether by acts of war or as victims of inhumanity, repression and tyranny. We acknowledge the duty we owe to their memories, and to all those who follow after them, to uphold peace, freedom and justice in our countries and in the world.

We have learned the lessons of history. The end of the war marked a new beginning. As the sounds of battle ceased, we tackled the tasks of moral and spiritual renewal and physical reconstruction. Transcending the hostilities which had once divided us we initiated on the basis of common values a process for reconciliation and cooperation amongst us. Today, linked in a peaceful, secure and lasting friendship, we share in all our countries a commitment to freedom, democratic principles

and human rights. We are proud that the governments of our countries owe their legitimacy to the will of our people, expressed in free elections. We are proud that our people are free to say and write what they will, to practise the religions they profess, and to travel where they will. We are committed to assuring the maintenance of societies in which individual initiative and enterprise may flourish and the ideals of social justice, obligations and rights may be pursued.

We recognize that we can secure those aims, and meet both the opportunities and the challenges presented by technological and industrial change, more effectively in partnership than on our own. In Europe, the Community, the embodiment of reconciliation and common purpose, is growing in membership, strength and prosperity. The nations of the dynamic Pacific region are drawing ever closer together. The partnership of North America, Europe and Japan is a guarantee of peace and stability in the world.

Other nations that shared with ours in the agonies of the Second World War are divided from us by fundamental differences of political systems. We deplore the division of Europe. In our commitment to the ideals of peace, freedom and democracy we seek by peaceful means to lower the barriers that have arisen within Europe. We believe that the CSCE process with its promise of enhancing human rights provides an opportunity to increase confidence, cooperation and security in Europe. Considering the climate of peace and friendship which we have achieved among ourselves 40 years after the end of the war we look forward to a state of peace in Europe in which the German people will regain its unity through free self-determination; and in Asia we earnestly hope that a political environment will be created which permits the parties to overcome the division of the Korean peninsula in freedom.

As recognized in the Charter of the United Nations all countries have a joint responsibility to maintain international peace and security and to this end refrain from the threat and the use of force. We for our part share a determination to preserve the peace while protecting our democratic freedoms. To that end, each of us will work to maintain and strengthen a stable military balance at the lowest possible levels of forces, neither seeking superiority for ourselves nor neglecting our defences. We are prepared to pursue a high-level dialogue to deal with the profound differences dividing East and West. We strongly support endeavours to strengthen the peace and enhance deterrence through the negotiation of meaningful reductions in existing levels of nuclear arms, limitations on conventional arms, the banning of chemical weapons and lessening the risks of conflict. We wel-

come the opening of negotiations in Geneva. We appreciate the positive proposals of the United States of America. We urge the Soviet Union to act positively and constructively in order to achieve significant agreements there.

We shall continue to seek to work with the developing countries, so as to help them to fight hunger and disease, to build free and prosperous societies, and to take their part in the community of nations committed to peace and freedom. We respect genuine non-alignment as an important contribution to international security and peace.

So, as we look back to the terrible suffering of the Second World War and the common experience of 40 years of peace and freedom, we dedicate ourselves and our countries anew to the creation of a world in which all peoples enjoy the blessings of peace, of justice, and of freedom from oppression, want and fear; a world in which individuals are able to fulfil their responsibilities for themselves, to their families and to their communities, a world in which all nations, large and small, combine to work together for a better future for all mankind.'

## The Bonn economic declaration

### *Towards sustained growth and higher employment*

3.4.2. '1. Conscious of the responsibility which we bear, together with other governments, for the future of the world economy and the preservation of natural resources, we, the Heads of State or Government of seven major industrial nations and the President of the Commission of the European Communities, meeting in Bonn from 2 to 4 May 1985, have discussed the economic outlook, problems, and prospects for our countries and the world.

2. World economic conditions are better than they have been for a considerable time. Since we last met, further progress has been achieved in bringing down inflation and strengthening the basis for growth. The recovery in the industrial countries has begun to spread to the developing world. The debt problems of developing countries, though far from solved, are being flexibly and effectively addressed.

3. Nevertheless, our countries still face important challenges. Above all, we need:

- (i) to strengthen the ability of our economies to respond to new developments;
- (ii) to increase job opportunities;
- (iii) to reduce social inequalities;



- (iv) to correct persistent economic imbalances;
- (v) to halt protectionism; and
- (vi) to improve the stability of the world monetary system.

4. Our discussions of these challenges have led us to the following conclusions:

- (a) The best contribution we can make to a lasting new prosperity in which all nations can share is unremittingly to pursue, individually in our own countries and cooperatively together, policies conducive to sustained growth and higher employment.
- (b) The prosperity of developed and developing countries has become increasingly linked. We will continue to work with the developing countries in a spirit of true partnership.
- (c) Open multilateral trade is essential to global prosperity and we urge an early and substantial reduction of barriers to trade.
- (d) We seek also to make the functioning of the world monetary system more stable and more effective.
- (e) Economic progress and the preservation of the natural environment are necessary and mutually supportive goals. Effective environmental protection is a central element in our national and international policies.

## I. Growth and employment

5. In order to sustain non-inflationary growth and higher employment, we have agreed that:

- (i) We will consolidate and enhance the progress made in bringing down inflation.
- (ii) We will follow, and where necessary strengthened monetary and budgetary policies with a view to stable prices, lower interest rates and more productive investment. Each of our countries will exercise firm control over public spending in order to reduce budget deficits, when excessive, and, where necessary, the share of public spending in gross national product.
- (iii) We will work to remove obstacles to growth and encourage initiative and enterprise so as to release the creative energies of our peoples, while maintaining appropriate social policies for those in need.
- (iv) We will promote greater adaptability and responsiveness in all markets, particularly the labour market.
- (v) We will encourage training to improve occupational skills, particularly for the young.
- (vi) We will exploit to the full the opportunities for prosperity and the creation of permanent jobs,

provided by economic change and technological progress.

6. Building on these common principles, each of us has indicated the specific priorities for national policies.

(i) The President of the United States considers it essential to achieve a rapid and appreciable cut in public expenditures and thus a substantial reduction in the budget deficit. He stresses also the need for further deregulation and for a reform of the tax system aimed at encouraging the efficient use of resources and stimulating new saving and investment.

(ii) The President of the French Republic stresses the need to continue bringing down inflation, to modernize the means of production and to improve employment, to control public spending and to combat social inequality. In that context he attaches high priority to education, research and investment in high technologies with a view to sustained growth.

(iii) The Government of the United Kingdom will continue to work to reduce inflation and to create the conditions for sustained growth. It will continue to keep public spending under strict control and maintain monetary discipline. It will promote the development of small and medium-sized businesses and advanced technological industries, and encourage initiative and enterprise and the creation of new job opportunities.

(iv) The Government of the Federal Republic of Germany attaches high priority to strengthening the flexibility and vigour of the economy in order to achieve a lasting improvement in growth and to create new jobs. Small and medium-sized businesses should be especially encouraged as well as high technologies. It will continue to reduce the claims of the public sector on the economy, the budget deficit and the burden of taxation.

(v) The Government of Japan considers it essential to persevere with its policy of budgetary discipline and strengthening market functions, particularly with a view to fostering investment. It intends to achieve further progress in deregulating financial markets, promoting the international role of the yen, facilitating access to markets and encouraging growth in imports.

(vi) The Italian Government gives priority to the further reduction of inflation and of the public deficit, while sustaining growth and investment. Particular emphasis will be put on incentives to create small and medium-sized industries, especially in the field of high technology, and to promote employment, especially for young people.

(vii) The Government of Canada will focus on promoting investment and creating jobs in the private sector, on removing obstacles to sustained

non-inflationary growth, on reducing the budget deficit and on restraining government expenditure. It will encourage entrepreneurial activities, with emphasis on the small and medium-sized business sectors.

(viii) The Commission of the European Communities attaches high priority to completing a genuine internal market without barriers, which will eliminate rigidities and generate fresh economic growth on a Community-wide scale. A strengthened European Monetary System and closer economic convergence will further serve this end.

By pursuing these policies we will not only address our domestic problems, but at the same time contribute to an enduring growth of the world economy and a more balanced expansion of international trade.

## II. Relations with developing countries

7. Sustained growth in world trade, lower interest rates, open markets and continued financing in amounts and on terms appropriate to each individual case are essential to enable developing countries to achieve sound growth and overcome their economic and financial difficulties. Flows of resources, including official development assistance, should be maintained and, wherever possible, increased, especially to the poorer countries. In particular, more stable long-term finance, such as direct investment from industrial countries, should be encouraged. We welcome longer-term debt restructuring agreements between debtor countries and commercial banks. We continue to stand ready, where appropriate, to negotiate further multi-year reschedulings of debts to governments and government agencies.

8. We continue to encourage the constructive dialogue with the developing countries in the existing international institutions with a view to promoting their economic development and thereby their social and political stability. We emphasize the crucial role of, and the improved cooperation between, the International Monetary Fund and the World Bank Group in supporting policies by debtor countries necessary to strengthen the confidence of domestic and foreign creditors and investors, to mobilize domestic savings and to ensure efficient use of resources and sound long-term development. We agree to work to ensure that these institutions are equipped with the necessary resources and instruments, and we stand ready to discuss an increase in the resources available to the World Bank which may be necessary in the coming years. We remain concerned over the particular problems facing a number of developing countries that are neither among the poorest nor

foremost among the group of major debtors. We agree that consideration should be given to easing the financial constraints of these countries on a case-by-case basis.

9. We are deeply concerned about the plight of African peoples who are suffering from famine and drought. We welcome the positive response from our citizens and from private organizations, as well as the substantial assistance provided by the governments of many countries and the establishment by the World Bank of the Special Facility for Sub Sahara Africa. We shall continue to supply emergency food aid. In addition, we shall intensify our cooperation with African countries to help them develop their economic potential and a long-term food strategy, based on their own agricultural programmes. We are prepared to promote increases in food production by supplying agricultural inputs such as seed, pesticides and fertilizers, within the framework of agricultural development projects. We agree upon the need to improve the existing early warning systems and improve transportation arrangements. Political obstacles in the countries concerned should not be allowed to stand in the way of the delivery of food to the hungry. We emphasize the need to examine the establishment of a research network on dry zone grains. We shall strengthen our cooperation with African countries in fighting against desertification. Continued efforts are needed by all countries in a position to contribute to any or all of this work. We call upon the Soviet Union and other Communist countries to assume their responsibilities in this regard. We have set up an expert group to prepare proposals for follow-up measures to be reported to Foreign Ministers by September 1985.

## III. Multilateral trading system and international monetary system

10. Protectionism does not solve problems; it creates them. Further tangible progress in relaxing and dismantling existing trade restrictions is essential. We need new initiatives for strengthening the open multilateral trading system. We strongly endorse the agreement reached by the OECD Ministerial Council that a new GATT round should begin as soon as possible. Most of us think that this should be in 1986. We agree that it would be useful that a preparatory meeting of senior officials should take place in the GATT before the end of the summer to reach a broad consensus on subject matter and modalities for such negotiations. We also agree that active participation of a significant number of developed and developing countries in such negotiations is essential. We are looking to a balanced package for negotiation.

11. It is also essential to improve the functioning of the international monetary system. We take note that the Finance Ministers of the Group of Ten, at their meeting in Tokyo in June, intend to complete their current work on ways to improve the functioning of the monetary system and to put forward proposals, to be discussed at the next meeting of the Interim Committee of the International Monetary Fund in Seoul in October, with a view to making the international monetary system more stable and more effective.

#### IV. Environmental policies

12. New approaches and strengthened international cooperation are essential to anticipate and prevent damage to the environment, which knows no national frontiers. We shall cooperate in order to solve pressing environmental problems such as acid deposition and air pollution from motor vehicles and all other significant sources. We shall also address other concerns such as climatic change, the protection of the ozone layer and the management of toxic chemicals and hazardous wastes. The protection of soils, fresh water and the sea, in particular of regional seas, must be strengthened.

13. We shall harness both the mechanisms of governmental vigilance and the disciplines of the market to solve environmental problems. We shall develop and apply the "polluter pays" principle more widely. Science and technology must contribute to reconciling environmental protection and economic growth.

14. Improved and internationally harmonized techniques of environmental measurement are essential. We invite the environmental experts of the Technology, Growth and Employment Working Group to consult with the appropriate international bodies about the most efficient ways for achieving progress in this field.

15. We welcome the contribution made by the Environment Ministers to closer international cooperation on environmental concerns. We shall focus our cooperation within existing international bodies, especially the OECD. We shall work with

developing countries for the avoidance of environmental damage and disasters world-wide.

#### V. Cooperation in science and technology

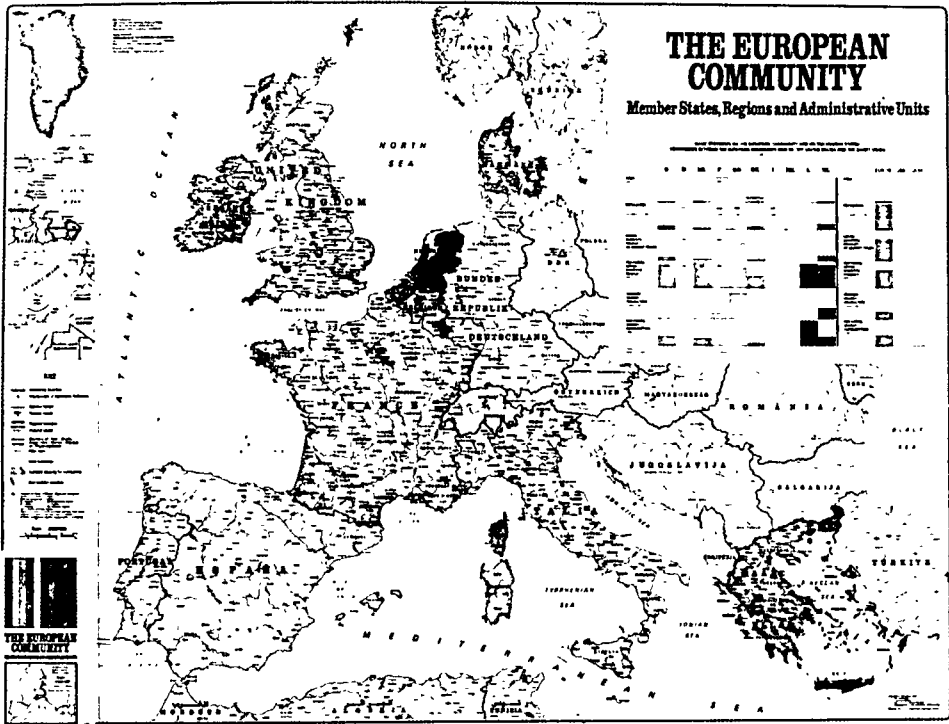
16. We are convinced that international cooperation in research and technology in major projects should be enhanced to make maximum use of our scientific potential. We recognize that such projects require appropriately shared participation and responsibility as well as adequate rules concerning access to the results achieved, the transfer of technology and the use of technologies involved.

17. We welcome the positive responses of the Member States of the European Space Agency (ESA), Canada and Japan to the invitation of the President of the United States to cooperate in the United States manned space station programme on the basis of a genuine partnership and a fair and appropriate exchange of information, experience and technologies. Discussions on intergovernmental cooperation in development and utilization of permanently manned space stations will begin promptly. We also welcome the conclusions of the ESA Council on the need for Europe to maintain and expand its autonomous capability in space activity, and on the long-term European space plan and its objectives.

18. We welcome the report from the Technology, Growth and Employment Working Group on the work done in the 18 areas of cooperation and invite the Group to complete its review by the end of the year. We welcome the positive contribution which the Ministerial Conference on "Technological development and employment" held in Venice has made towards wider acceptance of the role of technological change in promoting growth and employment. We also welcome the results of the Rambouillet Conference on bioethics and thank the Federal Republic of Germany for its willingness to host a symposium on neurobiology in 1986.

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19. We have agreed to meet again next year and have accepted the Japanese Prime Minister's invitation to meet in Japan.'



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