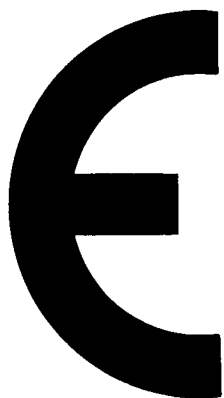


# Bulletin

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## OF THE EUROPEAN COMMUNITIES

Commission



No 6 1985

Volume 18

The Bulletin of the European Communities reports on the activities of the Commission and the other Community institutions. It is edited by the Secretariat-General of the Commission (rue de la Loi 200, B-1049 Brussels) and published eleven times a year (one issue covers July and August) in the official Community languages, Spanish and Portuguese.

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The following reference system is used: the first digit indicates the part number, the second digit the chapter number and the subsequent digit or digits the point number. Citations should therefore read as follows: Bull. EC 1-1985, point 1.1.3 or 2.2.36.

*Supplements to the Bulletin are published in a separate series at irregular intervals. They contain official Commission material (e.g. communications to the Council, programmes, reports and proposals).*



# Bulletin

## OF THE EUROPEAN COMMUNITIES

ECSC — EEC — EAEC  
Commission of the European Communities  
Secretariat-General  
Brussels

Sent to press in August 1985

No 6  
1985  
Volume 18

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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).

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

ECU	=	European currency unit
BFR	=	Belgische frank / Franc belge
DKR	=	Dansk krone
DM	=	Deutsche Mark
DR	=	Greek drachma
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. Portugal and Spain: Signing of the instruments of accession

1.1.1. The instruments whereby Portugal and Spain acceded to the Community were signed in Lisbon and Madrid on 12 June at ceremonies attended by Prime Ministers and Foreign Ministers of the present and future Member States. The Commission delegation was led by the President, Mr Jacques Delors, and Mr Lorenzo Natali, Vice-President.

## Signing of the instruments of accession

1.1.2. The instruments of accession were signed for the Member States of the Community by the following plenipotentiaries and by the Permanent Representatives:

- (i) *Belgium*: Mr W. Martens, Prime Minister, and Mr Leo Tindemans, Minister for Foreign Relations;
- (ii) *Denmark*: Mr P. Schlüter, Prime Minister, and Mr U. Ellemann-Jensen, Minister for Foreign Affairs;
- (iii) *Germany*: Mr H. D. Genscher, Minister for Foreign Affairs;
- (iv) *Greece*: Mr I. Kharalabopoulos, Minister for Foreign Affairs, and Mr T. Pagalos, State Secretary at the Ministry of Foreign Affairs (Relations with the European Communities);
- (v) *France*: Mr L. Fabius, Prime Minister, Mr Roland Dumas, Minister for Foreign Relations, and Mrs C. Lalumière, Minister for European Affairs;
- (vi) *Ireland*: Mr G. FitzGerald, Taoiseach, and Mr P. Barry, Minister for Foreign Affairs;
- (vii) *Italy*: Mr B. Craxi, Prime Minister, and Mr G. Andreotti, Minister for Foreign Affairs;
- (viii) *Luxembourg*: Mr J. F. Poos, Deputy Prime Minister and Minister for Foreign Affairs;

(ix) *Netherlands*: Mr R. F. M. Lubbers, Prime Minister and Minister for General Affairs, and Mr H. van den Broeck, Minister for Foreign Affairs;

(x) *United Kingdom*: Sir G. Howe, Secretary of State for Foreign and Commonwealth Affairs.

For Portugal, the instruments were signed by Mr M. Soares, Prime Minister, Mr R. Machete, Deputy Prime Minister, Mr J. Gama, Minister for Foreign Affairs, and Mr E. Lopes, Minister for Finances and Planning.

For Spain, they were signed by Mr F. González Márquez, Prime Minister, Mr F. Morán López, Minister for Foreign Affairs, Mr M. Marin González, State Secretary for Relations with the European Communities, and Mr G. Ferrán de Alfaro, Head of the Spanish Mission to the Communities.

## Lisbon

*Mr Giulio Andreotti,  
President of the Council*

1.1.3. The following are extracts from the speech by Mr Giulio Andreotti, Italy's Foreign Minister and current President of the Council:

'... By this accession, Europe as a political and institutional entity is also brought closer to the Europe of physical geography. And once again we see that membership of the European Community follows naturally from the restoration of the values inherent in a pluralist democracy. This represents a guarantee, since within the process of European integration there has never been nor can there be any turning away from the path of freedom.

The Portuguese people will thus be making its contribution to consolidating a Europe in which the very individuality of all the countries that go to make it up finds expression in a political process based on the pooling and enhancement of common resources—and not only material resources ...

... Accession is not an end in itself. Rather, the entry of a new country obliges the Community to redouble its efforts of imagination and will-power

in order to accommodate interests and viewpoints which, while not dramatically opposed, certainly do not always exactly coincide ...

... We have before us a hard task, bearing in mind the inequalities which the Community must strive to mitigate or do away with, through the very process of accentuating solidarity with those least favoured among us. In this respect, the provisions of the Accession Treaty bear witness to the Community's will to contribute to the modernization of Portugal's economy and to increase its growth potential by means, among other things, of specific development programmes in the agricultural and industrial sectors.

... When in 1977 Portugal applied for membership of the European Community, political motives of fundamental importance—such as the consolidation of a democracy which was still in its infancy and had had to struggle for its very survival—seemed bound to dictate a positive response on the part of the Community. Now that, after lengthy negotiations, Portugal is at last becoming a member of a Community of Twelve, we can safely say that the Portuguese have built up democratic safeguards with their own hands. We note that the democratic Portuguese State is indeed solidly established and that its contribution to the European democratic family is assured.

What the European Community can, for its part, give Portugal is a new political and economic dimension in which the country can take up the place which belongs to it by right of its history, culture and traditions.

In this connection, Portugal's historic, cultural and economic ties with Latin America, Africa and Asia represent a major contribution to the action in which the European Community is engaged for the creation, above all in areas of major international tension, of the preconditions for a new equilibrium and new opportunities for peace ...'

*Mr Jacques Delors,  
President of the Commission*

1.1.4. The following are extracts from the speech delivered by Mr Jacques Delors, President of the Commission:

'... We are pleased to welcome our Portuguese friends and also proud to receive this pledge of their confidence in a future that henceforth will be shared. During the accession negotiations, which appeared long because they were difficult and of great importance, we came to respect ... the determination and skill of your country's delegation, the tenacity and farsightedness of your Minister, Mr Ernâni Rodrigues Lopes, to whom I would

like to pay tribute. I would like to extend my congratulations to the Italian Presidency of the Council ...

... The result we have achieved after eight years of effort appears to me a fair one and provides a solid foundation for the development of cooperation and greater solidarity. We would like to be in a position to say that the path we are to follow is one of assured prosperity for our enlarged Community, at present hard hit by unemployment. But we are facing a deep and continuing recession—let us not try to hide the facts. What we can affirm, however, is that a successful outcome can be achieved only through a reinforced Europe in which each can find the grounds for hope and more effective action. We shall survive together or we shall founder singly.

After some fifty years of relative isolation, a newly free and democratic Portugal has joined us to build a stronger and more united Europe. I know better than anyone what tremendous efforts your country has made to reorganize its economy and modernize its structures. That is why I have argued that a spirit of solidarity should imbue the conditions for Portugal's entry into the Community ...

... Made up of six countries at the outset, the Community has gradually been enlarged so that today it embraces much of Europe. And let us lay a wager that what is commonly called the 'Old Continent' will surprise the world in future centuries by its innovation, its creativity and its modernity.

This is the wish I am formulating on this historic day. Europe happily no longer has an imperial role. It has a message of peace and freedom to offer the world and a prayer to address to its children: that they remain faithful to the teachings drawn from a history of mixed drama and glory leading to the victory of democracy, which can never be taken for granted.

May they be the pioneers of a new renaissance, a common culture drawing its richness from the spring of our differences.

There is a strong and real desire for the reunion of the people of Europe. And not only within our common frontiers, but on the part of nations that do not want to be locked into rigid blocs or want to explore wider relations with the industrial powers. In other words, those nations of America, Africa and Asia which see us as European rather than Italian, German, Portuguese or whatever. We need to find a way of responding to their appeals. But to do this, people like us—politicians, leaders from the economic and social spheres—must express our desire and our determination to respond. There are still too many immediate

considerations blocking the way and obscuring the goal we need to reach.

Confronted as we are with profound changes in our society, and with economic and monetary disorder in the world, we are nevertheless called upon to act and to meet the challenges facing us.

So this solemn day when Portuguese democracy is rejoining the Community family is also in this sense a hopeful beginning. The voyager glimpsing the Cabo da Roca, the most westerly point of our continent, will know in future that he is approaching not just a country but a Community—Europe, called forth by necessity, the trend of history and our common destiny.'

*Mr Mário Soares,  
Prime Minister of Portugal*

1.1.5. The following are extracts from the speech by Mr Soares:

'I believe that the signing which you have just witnessed can, without exaggeration, be regarded as one of the most significant events of contemporary Portuguese history. For the Europe of the Communities, at the same time, it constitutes a decisive move demonstrating confidence in itself, an increase in its potential and an opening-up of the Community towards the outside world.

To Portugal, acceding to the EEC means making a fundamental choice for a progressive and modern future. But let no one believe that it is a choice made for the sake of convenience. It will make heavy demands on the Portuguese, while at the same time opening up completely new prospects for development to them. On the other hand, it is the natural outcome of the process of democratization of Portuguese society set in train by the Revolution of 25 April 1974, the so-called 'Carnation Revolution'. It is also the consequence of the ensuing decolonization which, although 20 years behind that of the other European countries and despite the inevitable traumas and aberrations which accompanied it, today allows us to maintain brotherly and fruitful relations with those African countries where Portuguese is the official language, all of which are signatories to the Lomé Convention.

Our prime task from now on will be to keep narrowing the gap which still separates us from the more developed European countries, by creating for the Portuguese people genuinely European patterns of life and welfare ...

... The floor will now be given to the younger generations, to whom elevating prospects of progress and dignity are opening up. As beneficiaries of European integration, they will now have to

apply themselves to the major national task of development and modernization, so that Portugal can be a country of freedom, civic coexistence, prosperity, scientific and technological development and social justice ...

During the eight centuries of its history, Portugal has known other periods like the present one—periods in which an ineluctable national challenge succeeded in galvanizing the nation. This is once again the situation today, when there are no new worlds to discover, but men and living conditions which need to be transformed and improved and new technologies to be developed. Yet the reactionaries remain, just as Camões depicted them in his famous poem, systematically rejecting all that is new, a challenge or a risk.

I should like my words to be heard by the working people of Portugal, for whom new vistas and unsuspected opportunities for progress and social justice are opening up. The future of Portugal is in the hands of the farmers, the workers, the scientists and men of culture, the executives, the intellectuals, the technicians, the artists and, above all, the young—in short, of all the Portuguese, men and women alike—and from now on there will be no lack of stimulus or of the requisite assistance for its construction ...

... For all that, in the integration of Europe Portugal will not only be on the receiving end, for with its ancient culture and with the talent of its people it will contribute to the building of Europe, an enterprise with which our emigrants throughout Europe have in any case long been associated, but a Europe of which from now on they are full citizens.

For us, the Europe of the Communities will not just be a common market for goods and services. We see it as a dimension of freedom and respect for human rights, as an autonomous and cohesive political entity whose duty it is to play a part of leader and moderator on the international scene. The role by the European Community in the North-South Dialogue will now be greatly strengthened by the accession of Portugal and Spain, whose history was interwoven with those of the peoples and civilizations of other continents, who contributed so much to the propagation of European values throughout the world and whose languages are spoken today by some 400 million souls...

**Madrid**

*His Majesty King Juan Carlos*

1.1.6. The following are extracts from the speech of welcome delivered by His Majesty Juan Carlos:

'... Spain is honoured to welcome the highest dignitaries of the European Community and its member nations. You are the image of what Europe represents in the eyes of the Spanish people: the principles of liberty, equality, pluralistic democracy and justice, which are also the principles enshrined in the Spanish Constitution. The Spanish people are proud to welcome you, aware as they are of the profound significance of this ceremony...

Spain, our country; which over the centuries has coexisted with the Islamic and Hebraic cultures and strengthened its nationhood through its endeavours beyond the confines of Europe in the Americas, has never forsaken its European identity. Throughout its history, Spain has been in the mainstream of European activity and intends to continue along the same path ...

... This is not the first time that I have spoken of Europe's transeuropean destiny, of its desire to transcend itself. A Europe closed in on itself would be a Europe diminished.

This is why Spain, in reaffirming its links with Spanish-speaking peoples and in promoting its bonds of friendship with Arab and African peoples, does not in so doing lose its European identity but, on the contrary, strengthens it creatively ...'

*Mr Giulio Andreotti,  
President of the Council*

1.1.7. '... The Community of Ten is being transformed into a Community of Twelve. Unchanging in that it remains faithful to the principles which brought it into being, the Community will at the same time be different—richer in humankind, experience, ideas and resources.

In this sense there will be no question within the Community of old and new members, since from now onwards we shall all be new members of a profoundly rejuvenated body. However, and it is well that we should be fully aware of this, we shall also have to face together new problems...

... The long-standing links that Spain maintains with Latin America and the positive collaboration even before accession on the occasion of the San José Conference represent an asset for all of us. Nor must we forget, for geographical, historical and cultural reasons, Spain's Mediterranean aspect, which will bring the European Community's boundaries closer to this cradle of civilization which needs so badly to regain balance and peace...

... The developments associated with enlargement must be first and foremost qualitative in nature, and in this sense Spain can inject the enthusiasm

and vitality which were aptly attested to by the words of the Prime Minister, Mr González, when he affirmed that "from the outset, Spain wishes to play an active role in building the future"... The Spanish people bring to the European Community and to its process of political and economic integration a highly motivated public opinion which has followed with great interest and involvement the proceedings of the accession negotiations. This swells the ranks of those, unfortunately much fewer than are needed, who strive in our countries to further the cause of European unity.

European integration calls for a constant commitment, without concessions but also without undue pessimism. It is absolutely essential to bring home to our peoples the reality of Europe through appropriate behaviour by our governments. Only then can our action give young people hope and confidence in the future.

... New resources lie ahead but also new challenges and certainly further tensions. We must not fear these tensions; frequently they act as a stimulus, provided they do not proliferate unnecessarily or degenerate into sterile conflicts.

The way in which these third enlargement negotiations have proceeded and been concluded seems to me, in this respect, exemplary. The complexity and the importance of the chapters into which they were divided provided incentives for a balanced solution, in a spirit of understanding of mutual requirements and the safeguarding of fundamental interests. We shall have to preserve and, if possible, further consolidate that same spirit that enabled us to obtain positive results...

*Mr Jacques Delors,  
President of the Commission*

1.1.8. The following are extracts from the statement made by Mr Jacques Delors:

'The accession of Spain to the European Community is one of those rare events whose historic importance and impact must be stressed from the outset...

... What a comfort it is us—enmeshed as we sometimes are in the turmoil of day-to-day events—to know that this desire for accession comes from all sectors in Spain, to see the government of a great people intent on safeguarding the future and refusing to give in to temporary difficulties.

For although I am convinced that accession will be for the good of Spain in the long run—I have no doubt of that—it may in the short term make the effort you have undertaken to adapt your economy to the new world situation more arduous.



The result we have now achieved after all these years of negotiating seems to me to be fair and balanced, and I should like to pay a tribute to the work done by your delegation, and to Mr Fernando Morán, Mr Manuel Marín and their colleagues for their clear-sightedness and their understanding...

... Spain is, therefore, now going to be one of us. May I say to you quite simply: we needed you. The building of Europe, and the hopes of Europe, would have remained partial and incomplete without your membership and your participation.

Spain is a country which already ranks as a world industrial power, which has won back for itself freedom and democracy and which, while being fully in the modern world, holds fast to its essential values: how could we not feel stronger and more ambitious with such a partner?

You are not just joining an economic club; your membership does not mean just one power added to other powers. The building of the common market is inseparable from the project for Europe, this enterprise for peace and harmony, this resolve to strengthen our civilization and play a joint role in the future of the world...

... Our coming together will be a source of peace and will point the way towards prosperity. But let us not minimize the difficulties: the crisis is still there and Europe sometimes seems to lack faith in itself—at the very time when its cooperation and its awareness are increasingly being called for from all parts of the world. I am thinking especially of those young nations in Latin America with which you have special links and in respect of which we now have new responsibilities.

“Europe: all Spain’s travails have their beginning and their end in this word.” These words, written by the great thinker, Ortega y Gasset, one of the pioneers of the European idea, for his own country in the early part of the century, also apply to each of our own countries. The European project is a fact, arising from the need to turn our backs on our divisions and to pool our strength, and from our determination to control a destiny that we must inevitably share with each other.

Today’s ceremony signifies that a decisive stage has been completed on the way to our higher objectives. The European Community now has a new frontier and new ambitions. Spain has acquired friends who are proud to see a great nation and a great people joining in this new common task. May the future generations in Spain, this country strong and dazzling like a dream of stone and sun, bring further support to our convictions. May our way be lit by the light of Spain.’

*Mr Felipe González Márquez,  
Prime Minister of Spain*

1.1.9. The following are extracts from the address by Mr González:

‘Today we are taking a step of historic importance for Spain and for Europe. On affixing our signatures to the Treaty of Accession to the European Communities, we have established a basic landmark towards completing the unity of our Old Continent and also towards overcoming the centuries-old isolation of Spain.

We are contributing to the attainment of the aims set forth in the Preamble to the Rome Treaty...

... Today we can say with satisfaction that the democratically elected representatives of the Spanish people... were right when we gave our unanimous support to Spain’s application to join the European Community, thereby giving greater strength and backing to the Government when the negotiations started. Thus we let it be known from the very beginning that the goal of our accession to the Europe represented by the Community was a State matter because it reflected the desire of an overwhelming majority of Spaniards for whom Spain’s entry into Europe was identified with its adherence to the ideals of freedom, progress and democracy.

Previously, other Spaniards, whom I should like to call to mind here today, contributed their efforts and their farsightedness at decisive moments for the building of Europe, when they attended the 1948 Hague Congress and that of Munich in 1962, at the cost of personal risk. I also wish to recall all those who, with exemplary devotion, have participated from the time of the 1970 Agreement until now in the negotiations that culminate today in Spain’s reincorporation into the natural setting to which it belongs...

... On reaching this point, I should like—on behalf of the Spanish people—to send warm and cordial greetings to the people of Portugal...

... From the Iberian Peninsula, Portugal and Spain showed the old world the way to new worlds, expanding their frontiers not only geographically but also spiritually, as they decisively promoted the progress of the thought, knowledge and technology of the age of the Renaissance.

Now as well, the two countries are venturing out together on a new stage, laden with challenges and promise—an undertaking that makes Europe complete, that reinforces the ties that link our two peoples and will allow us, within the Community institutions, to accentuate Europe’s extension

towards the countries of Latin America and Africa that belong to our cultural milieu...

... For Spain, this fact means the culmination of a process of overcoming our centuries-old isolation and of sharing in a common destiny with the other countries of Western Europe.

This undoubtedly will involve a challenge to modernize our economy and our society, that in turn will require a change of mentality and structures. It will be an effort of adaptation even greater than that made by the founding countries of the European Community, because we are late in joining a process that is already well on its way.

I am confident, however, that our society (both workers and employers, professional people, technicians and researchers, and men and women everywhere in Spain) will respond to this challenge. By means of everybody's efforts and the enthusiasm of a dynamic and young people, we can face the challenge of economic, social and technological modernization that will enable us to cross the threshold of the next century with confidence and a firm step...

... We know that there are some within the Community who contemplate the new enlargement with apprehension, since they think that it could ultimately upset the delicate balances established by the founding Treaties, that have already been affected by the passing of time and successive enlargements.

But this must be precisely the reason for treating the enlargement as if it were a catalyst aimed at provoking profound reflection on the future of Europe, as well as a response to the question of how best to face the challenges of the closing years of the century...

... In so far as Spain is concerned, I wish to make something clear: we shall not be a burden to the Community, nor an obstacle that hinders its progress towards better forms of political and economic integration. On the contrary, while defending our essential interests, we shall cooperate in the full measure of our strength for the progress of European unity.

From the very beginning, the Government of Spain states its resolute will to advance with those who wish to advance...

\*

1.1.10. The instruments that have now been signed make Portugal and Spain full

members of the European Communities; they will take effect following ratification by all the signatories, which have undertaken to complete the necessary procedures in time for accession to become effective on 1 January 1986.

From that date on, Portugal and Spain will take part in the day-to-day activity of the institutions of the Communities.

Parliament will be swelled by the arrival of 24 Portuguese and 60 Spanish members; the Commission will be joined by one Portuguese and two Spanish members; the Court of Justice will have one Portuguese and one Spanish judge; the Economic and Social Committee, 12 Portuguese members and 21 Spanish members.

With regard to decision-taking in the Council, where the vote of each Member State is weighted, Portugal will have a weighting of five and Spain a weighting of eight. The weightings of the current Member States range from two to ten.

From 1 January 1987, Portugal and Spain will take their turn in the rotation for the Council Presidency.

From 1 January 1986, all Community legislation—the original Treaties establishing the Communities, secondary legislation and the implementing provisions, in a word the *acquis*—will be binding on the new Member States and will apply to them, subject to the transitional provisions and temporary derogations agreed during the negotiations and limited to those fields where immediate application of the *acquis* upon accession would pose problems for one or other party. These measures have as far as possible been phased, so as to ensure a gradual and smooth transition towards full application of the *acquis*.<sup>1</sup>

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<sup>1</sup> Bull. EC 3-1985, points 1.1.2 to 1.1.4.

## 2. European Council in Milan

1.2.1. The European Council opened at the Castello Sforza in Milan on the morning of 28 June and finished in the evening of 29 June. Taking part were the Italian Prime Minister, Mr Bettino Craxi, who took the chair, the President of the French Republic, Mr François Mitterrand, the Belgian Prime Minister, Mr Wilfried Martens, the Chancellor of the Federal Republic of Germany, Mr Helmut Kohl, the Danish Prime Minister, Mr Pol Schlüter, the Greek Prime Minister, Mr Andreas Papandreou, the Taoiseach, Mr Garret FitzGerald, the Luxembourg Prime Minister, Mr Jacques Santer, the Dutch Prime Minister, Mr Rudolf Lubbers, and the United Kingdom Prime Minister, Mrs Margaret Thatcher.

The Heads of State or Government were accompanied by their respective Foreign Ministers. The Commission was represented by Mr Jacques Delors, President, and Mr Lorenzo Natali, Vice-President. Also present as observers were the Prime Ministers of Spain and Portugal, Felipe González and Mário Soares, and their Foreign Ministers.

This was the first occasion on which the European Council did not have to deal with urgent outstanding questions or settle disputes, but could look firmly to the future.

Mr Delors, taking stock of the Milan Summit, said at a press conference: 'Firstly, as regards the Community dynamic, this meeting saw the emergence of a broader, deeper and in a way more serious awareness of the challenges facing Europe than I have ever seen or even read about. The meeting has also shown a more confident determination than usual to face up to these challenges. What further proof could be needed than the very great interest shown by the European Council in our proposals on the internal market and the problems of technology, and on economic questions in general ... I believe, then, that this European Council will stand in the history of Europe as a kind of turning point in the Europeans' resolve not only to survive, but to assert themselves independently and to join forces

to tackle the main problems—which you are as familiar with as I am.'

On institutional matters, Mr Craxi noted that the political requirements were satisfied for convening an intergovernmental conference to draft a treaty on a common foreign and security policy and, in accordance with Article 236 of the EEC Treaty, to draw up the amendments to the EEC Treaty that were needed to enable institutional changes to be made in the Council's decision-making procedure, the Commission's executive power and the powers of Parliament, and the extension of Community activities into new areas as proposed by the Dooge and Adonnino Committees. In the course of the European Council's proceedings the Belgian, German, French, Irish, Italian, Luxembourg and Netherlands Governments came out in favour of holding such a conference, while the British, Danish and Greek Governments were against the idea.

Mr Craxi concluded that the Presidency would convene the conference once the formal procedures required had been completed. The Spanish and Portuguese Governments would be invited to take part.

### Conclusions of the European Council

#### Institutional affairs

1.2.2. The European Council held a wide-ranging discussion on the proposals of the *ad hoc* Committee for Institutional Affairs set up at Fontainebleau, and the draft mandate of the Italian Presidency and in particular on the improvement of the Council's decision-making procedure, the enlargement of the European Parliament's role, the Commission's administrative powers and the strengthening of political cooperation in the general context of the transition to European union.

It confirmed the need to improve the operation of the Community in order to give concrete form to the objectives it has set itself, in particular as regards the completion of the internal market by 1992 and measures to promote a technological Europe.

The European Council noted that the President of the Council would submit proposals for the improvement of the Council's decision-making procedure, the exercise of the Commission's administrative powers and the Parliament's powers with a view to their early adoption.

The European Council discussed in detail the convening of a conference to work out the following with a view to achieving concrete progress on European Union:

(i) a treaty on a common foreign and security policy on the basis of the Franco-German and United Kingdom drafts;

(ii) the amendments to the EEC Treaty in accordance with Article 236 of that Treaty, required for the implementation of the institutional changes concerning the Council's decision-making procedure, the Commission's executive power and the powers of the European Parliament and the extension to new spheres of activity in accordance with the proposals of the Dooge Committee and the Adonnino Committee, as set out elsewhere, and taking into account certain aspects of the Commission proposal concerning the freedom of movement of persons.

The President noted that the required majority as laid down in Article 236 of the Treaty had been obtained for the convening of such a Conference. The Portuguese and Spanish Governments would be invited to take part in that Conference. The Belgian, German, French, Irish, Italian, Luxembourg and Netherlands delegations were in favour of holding that Conference.

The Presidency would consequently take the steps necessary to convene that Conference with a view to submitting the results for a decision by the Heads of State or Government at the European Council meeting in Luxembourg.

### A people's Europe

1.2.3. The European Council thanked the *ad hoc* Committee on a People's Europe for its initial report and for its final report submitted in Milan, both of which contained numerous concrete measures aimed at involving the citizens of Europe more determinedly in the construction of the Community.

With regard to the latter report, the European Council approved the proposals which it contained. Those proposals concerned *inter alia* citizens' rights, culture, youth, education and sport. The European Council instructed the Commission and the Member States, acting within their respective powers, to take the necessary implementing measures, and instructed the Council to report

to it at its December meeting on the progress achieved.

The European Council accepted the suggestions along the same lines contained in the French memorandum on a People's Europe and emphasized in particular the sections of that document concerning young people, culture and health. In this context, the European Council emphasized the value of launching a European action programme against cancer.

With regard to the measures contained in the initial report and approved by the European Council in March 1985, the European Council expressed its concern at the delay in implementing them and asked the Council, the Member States and the Commission, each acting within its own powers, to take the necessary decisions to remedy this situation as soon as possible.

### Economic and social situation

1.2.4. The European Council discussed the economic and social situation on the basis of two reports submitted by the Presidency on the future of the EMS and on the problem of investment and employment in the context of the implementation of the strategy defined in Dublin in December 1984.

As regards the EMS, the Commission was invited to continue its consideration of its development, including the role of the ECU, at Council meetings on economic and financial affairs and with the Governors of the Central Banks.

As regards short-term economic policy, the Council of Ministers for Economic and Financial Affairs was invited to consider the extent to which the convergence which had already been achieved between the Member States in the field of inflation and imbalances made it possible to intensify the battle against unemployment.

On a more general level, the European Council invited the Commission to submit to the European Council meeting in December a detailed report on current inadequacies as regards growth and employment in the European economy compared to that of its major competitors amongst the industrialized countries and on the new strategies that could be implemented to remedy the situation.

### Completion of the internal market

1.2.5. The Council welcomed the white paper on completing the internal market, submitted at its request by the Commission.

1. It instructed the Council to initiate a precise programme of action, based on the white paper and the conditions on the basis of which customs union had been brought about, with a view to achieving completely and effectively the conditions for a single market in the Community by 1992 at the latest, in accordance with stages fixed in relation to previously determined priorities and a binding timetable.

Progress towards this objective should be both gradual and visible and the European Council therefore requested the Commission to submit its proposals swiftly and the Council to ensure that they were adopted within the deadlines established in the timetable.

The following fields and measures were considered to be of high priority:

- (i) the removal of physical barriers to the free movement of goods within the Community;
- (ii) the removal of technical barriers to the free movement of goods within the Community (in particular the adoption of common or compatible standards for major new technologies in order to open up public purchasing and satisfy the needs of the economy);
- (iii) the creation of a free market in the financial services and transport sectors;
- (iv) the creation of full freedom of establishment for the professions;
- (v) the liberalization of capital movements.

In deciding on the above measures the Community will make every effort to ensure that the creation of a single free market contributes to furthering the more general objectives of the Treaty including those of harmonious development and economic convergence.

2. As regards the method: application whenever the situation permits of the principle of the general equivalence of the Member States' legislative objectives and of its corollaries: the fixing of minimum standards, mutual recognition and monitoring by the country of origin; an undertaking on the part of the Member States not to take measures, throughout the realization of the programme, that would have the effect of delaying the Community's achievement of the above objective.

3. As regards the approximation of VAT and excise duties, the European Council invited the Council of Ministers for Financial Affairs to examine on the basis of the white paper any measures which might be necessary for the achievement of the objective of a single market and the possible timetable for the application of those measures.

4. The Council of Ministers was asked to study the institutional conditions in which the completion of the internal market could be achieved within the desired time limits.

## Technology

1.2.6. The European Council noted a collective effort to master new technology was a condition for maintaining European competitiveness. It therefore decided to give the Community a new technological dimension.

The European Council approved and endorsed the Commission report on the strengthening of technological cooperation in Europe.

The European Council gave its support to the French Eureka project for creating a technological Europe and to the Commission's constructive proposals in the same direction, and noted with interest the agreement already signed by several European companies.

It expressed the wish that the Eureka project should be open to those non-Community countries which had already shown interest in taking part in it. France, the originator of the project, would continue the steps it was taking by convening, in collaboration with the Presidency and the Commission, an *ad hoc* committee before 14 July to hold a session on European technology. The committee would bring together the Ministers for Research or other qualified representatives of the governments of countries which had responded positively to the initiative and representatives of the Commission.

The European Council considered that these steps should exploit the Community dimension in order to:

- (i) establish a close link between technological development and the effort to unify the internal market, for example by means of practical incentive measures such as the Eurotype proposal;
- (ii) ensure that the technological effort was closely tied in with common policies, in particular trade policy towards the Community's main partners;
- (iii) reduce the risk of unnecessary duplication of national efforts and assemble a critical mass of financial and human resources;
- (iv) obtain the maximum benefit from the immediately available Community technical and financial instruments, including those of the EIB.

## Japan

1.2.7. The European Council examined the question of trade relations with Japan, in particular in

the light of the serious concern which the Council had expressed at its meeting on 19 June and which the European Council fully shared.

More particularly, the European Council's discussions were held in the context of the responsibilities which Japan shares with its Western partners for safeguarding and strengthening the system of multilateral trade.

The European Council endorsed the request made by the Council that Japan should undertake to increase significantly and continuously its imports of manufactured products and processed agricultural products; it also emphasized the importance of liberalizing Japanese financial markets and internationalizing the yen.

The European Council asked the Commission to put all these concerns to the Prime Minister of Japan during his forthcoming visit to Europe.

### Famine in Africa

1.2.8. The European Council, aware of the critical situation confronting those African countries affected by drought, noted with satisfaction that the objectives of the Dublin plan had been achieved and that 1.2 million tonnes of cereals or their equivalent had finally been mobilized by the Community and the Member States to meet emergency requirements. It also welcomed the fact that two thirds of that aid had already reached the recipients or was *en route*.

It felt, however, that new food aid requirements could arise if the rains which had just started on the continent of Africa were again to be insufficient. In that context it welcomed the Commission proposal for a special reserve allocation which would make it possible to mobilize 500 000 tonnes of cereals equivalent over and above the normal aid programme. The European Council instructed the Council meeting on development to examine that proposal as a matter of urgency.

The Council was aware of the possibility that such disasters might recur and it considered it necessary for the future to set up a general coordinated strategy against short- and long-term drought, and in that context welcomed the Commission communication.

As regards the long term, the Council considered it necessary above all to support the African countries' policy redirection effort in the field of food security. The Council noted that that objective was included in Lomé III and expressed the hope that the Member States would also give priority in their national aid programmes to support for that policy so that together they would achieve the indispensable critical financial mass.

In the field of environmental protection, in particular the battle against desertification, the Council considered it vital, in the light of the importance of present requirements, for all European aid, Community and bilateral, to give priority to that type of action, to give long-term commitments and to organize their contribution coherently by setting up an appropriate coordination structure.

### EEC — Comecon

1.2.9. The European Council held an exchange of views on the recent letter from Comecon to the Commission of the European Communities proposing the resumption of their mutual relations. It noted that an exploratory mandate had been given to the Commission. It considers that the results of these contacts should now be awaited.

More generally, the Heads of State or Government also discussed the interest in the political role of the Ten recently demonstrated in statements by the Secretary-General of the CPSU.

They noted these developments with interest.

### Statements and comments

1.2.10. Mr Craxi's statement at the end of the European Council was in general terms: 'Today's decision was a difficult and contested one, but it was eventually carried because of the logic of political will and what is possible under the Treaty. We would have preferred a general consensus and unanimity, but these were not to be had. I believe we shall work steadfastly to overcome the obstacles set before us and to achieve the necessary consensus to go forward together towards the objectives of European Union... In Milan new initiatives were born and new impulses are pushing out in different directions and into different fields. The European Council has avoided the dangers of paralysis and regression, and its decisions have not disappointed expectations but have given legitimate grounds for new hopes...'

Mr Delors, replying to journalists' questions, said 'the Commission had proposed a two-stage development, the purpose of the first stage being to achieve objectives on the internal market which would make it possible to reconcile greater involvement by

Parliament in the process of integration and greater effectiveness in decision-making: this proposal was not taken up by the European Council... That is why Mr Craxi decided this morning to call an intergovernmental conference... The Commission endorsed Mr Craxi's initiative entirely, which was the only way to turn the spotlight on the positions of all parties. At least we now know where we stand; if we had waited another year or two to find out, we should not have made any progress...'

President Mitterand stated at his final press conference that a 'process of examination' had begun, a vote had been taken clearly pinpointing the approach to be followed and separating those who wanted to move towards closer political union from those who did not. The door was open and the first step had been taken towards what he called the 'moment of truth' or 'confrontation'. Mr Mitterand also said that he had a number of reasons to be satisfied with this European Council: the adoption of the texts on a technological Europe, the Eureka agreement, the agreement on a people's Europe and the vote on institutional affairs. 'We ... came here with high hopes', said Mrs Thatcher, but 'others' had postponed the progress that could have been made to another conference. According to Mrs Thatcher, the European Council would have been able to take 'practical' decisions itself without the need for an intergovernmental conference. Progress was possible without amending the Treaty; as the present Treaties were still not fully operative they should first be applied in their entirety. Those who were in favour of the conference had procrastinated. In any event, she added, if a vital interest was at stake, either of the United Kingdom or any other country, it must be quite clear that the discussion must be continued until unanimous agreement was reached. The Luxembourg compromise must be respected.

Chancellor Kohl told the press that this European Council had demonstrated the

determination of those who felt that changes to the Treaties were essential if we were to go ahead, even without unanimity at this stage among the Community partners. Having said that, he expressed the hope that the United Kingdom in particular would be able to cooperate in the initiative launched in Milan.

For the Belgian Prime Minister, Mr Martens, the European Council had been a 'turning-point marking the end of Europe's opposition to progress'; the intergovernmental conference should pave the way for the adjustments which would undoubtedly be necessary in a 12-member Community.

The Dutch Prime Minister, Mr Lubbers, said he was disappointed that unanimous agreement on an intergovernmental conference had not been possible. In Mr Lubbers' view the Treaties would in any case have to be amended for practical reasons, such as the completion of the internal market — which would, he said, automatically lead to more jobs in the Community.

During the proceedings Mr González, the Spanish Prime Minister, spoke resolutely in favour of further integration. The Treaty must be respected, first and foremost, but the Chair's proposals for more effective decision-making machinery should be supported too. Mr González condemned abusive recourse to the 'vital interests' clause: he was in favour of a restriction on the right of veto.

The Spanish Prime Minister said he supported the strengthening of political cooperation, but this should not detract from or reduce the role of the Commission. In his view, enlargement proved that the Community, despite the economic and institutional crisis it was going through, had not lost its ability to make decisions.

### 3. The completion of the internal market by 1992

#### The Commission's White Paper

1.3.1. When presenting to the press the White Paper on the completion of the internal market<sup>1</sup> that the Commission sent to the Milan meeting of the European Council, Lord Cockfield, the Commission Vice-President whose portfolio includes this area, stated that the completion of the internal market was the first priority of the present Commission,<sup>2</sup> and was perhaps the major achievement required of the Commission during its term of office; if the programme succeeded, it would fundamentally alter the face of Europe.

From the words of the Treaties themselves through successive declarations by the European Council since 1982, the need to complete the internal market has been reaffirmed at the highest level. What has been missing has been an agreed target date and a detailed programme for meeting it. The Commission has welcomed the challenge of providing the missing piece. It has interpreted the challenge in the most comprehensive way possible: the creation by 1992 of a genuine common market without internal frontiers.

This programme for removing, within seven years, the Community's physical, technical and tax frontiers contains the following main features:

(i) there are to be no more attempts to harmonize or standardize at any price—a method originating in too rigid an interpretation of the Treaty; in most cases, an 'approximation' of the parameters is sufficient to reduce differences in rates or technical specifications to an acceptable level;

(ii) the programme will propose no measures which, while supposedly facilitating trade or travel, in fact maintain checks at internal frontiers and therefore the frontiers themselves, the symbol of the Community's fragmentation; their disappearance will

have immense psychological and practical importance;

(iii) a major factor for the success of the programme is its two-stage, binding timetable, with relatively short deadlines, relying as far as possible on built-on mechanisms; the programme is a comprehensive one, which means that it has the balance needed if general agreement is to be forthcoming.

#### The removal of physical frontiers

1.3.2. The objective is total removal of barriers—not just their reduction. The Commission's intention is that the internal frontier posts will disappear completely. It is not enough to reduce the number of controls currently carried out at frontiers. So long as there remains any reason whatever for requiring people and goods to stop and be checked, the main objective will not have been reached: goods and citizens will not have been relieved of the costly delays and irritations of being held up at frontiers, and there will still be no real Community. In its White Paper the Commission gives a detailed analysis of all the functions currently performed at frontier posts. It identifies those functions that could or should be unnecessary inside a genuine and completed common market; and, where the purpose behind the frontier control is still felt to be essential, the Commission suggests other ways in which the purpose might be achieved without border posts. In the area of health protection, for instance, checks on veterinary and plant health should be confined to the points of destination, which implies that national standards be as far as possible aligned on common standards.

<sup>1</sup> COM(85) 310, published in the Document Series, Office for Official Publications, Luxembourg.

<sup>2</sup> Supplement 1/85 — Bull. EC: Statement by Jacques Delors, President of the Commission, to the European Parliament, on *The thrust of Commission policy*.



Where transport is concerned, quotas must be progressively relaxed and abolished, and common safety standards adopted for vehicles so that systematic controls can be eliminated.

The Commission is not trying to evade the logical consequences of dismantling frontiers, even where this involves straying into sensitive areas such as tax policy and the fight against drugs and terrorism. It recognizes frankly that these are difficult areas, which will pose real problems, but maintains its conviction that the target justifies the effort that will be required to solve them. It will shortly propose Directives concerning the harmonization of laws in respect of arms and drugs.

## The removal of technical frontiers

1.3.3. The removal of the frontiers, already an ambitious objective, will lose much of its point if the citizens and businesses of Europe continue to find inside the Member States the sort of hidden obstacles that today prevent the free movement of goods and people that a real Community should mean. The Commission analyses these technical barriers and makes proposals for dismantling them to a detailed timetable. These proposals cover goods and services, freedom of movement for workers and professional people, public procurement, capital movements and the creation of conditions for industrial cooperation.

## Goods

1.3.4. Subject to certain important health and safety-related constraints and safeguards, the new approach will be that goods which are lawfully manufactured and marketed in one Member State should be able to move freely and go on sale anywhere in the Community. The Community's new approach to technical harmonization and standards<sup>1</sup> will be applied and extended.

## Services

1.3.5. Despite the terms of the Treaty, there has so far been far slower progress in introducing freedom to provide services, as opposed to goods, across the Community. Indeed, the distinction between goods and services has never been a valid one, and the Community has weakened its own economic potential by maintaining it. The service industry is not only growing fast as a value-adding provider of employment in its own right: it also provides vital support and back-up for manufacturing industry. This is already true of the 'traditional' services—banking, insurance and transport—but also for new areas such as information, marketing and audio-visual services. The White Paper contains proposals and a timetable for action, covering all these service areas between now and 1992.

Thus, with a view to creating a common market in services, it should be possible to facilitate the exchange of 'financial products' such as insurance policies, home-ownership savings contracts and consumer credit, using a minimal coordination of rules as the basis for mutual recognition. In the field of transport, proposals will be sent to the Council for the phasing out of all quantitative restrictions (quotas) on road haulage and for the further liberalization of road passenger services by 1989, of sea transport services by the end of 1986 and of competition in air transport services by 1987.

In the field of audio-visual services, the objective should be to seek to establish a single Community-wide broadcasting area, and on the basis of its Green Paper of May 1984 on the establishment of the common market for broadcasting<sup>2</sup> the Commission will make specific proposals in 1985. With regard to capital movements, from 1992 onwards any residual currency control measures should be applied by means other than border controls.

<sup>1</sup> OJ C 136, 4.6.1985; Bull. EC 5-1985, point 1.3.1.

<sup>2</sup> Bull. EC 5-1984, point 1.3.1 *et seq.*

## Labour and the professions

1.3.6. In the case of employees, freedom of movement is almost entirely complete and the rulings of the Court of Justice restrict the right of public authorities in Member States to reserve posts for nationals. The Commission intends to make the necessary proposals which will eliminate the last remaining obstacles. It will also take measures to remove cumbersome administrative procedures relating to residence permits.

In the field of right of establishment for the self-employed, little progress has been made, the main reason being the complexities involved in the endeavour to harmonize professional qualifications. However, these endeavours have resulted in a considerable degree of freedom of movement for those engaged in the health sector. The same now holds for architects since the Council has just adopted the Commission proposal despite 18 years of protectionist pressure and exaggerated defensive arguments (→ point 2.1.16).

As a step in the direction of removing obstacles to the right of establishment, the Commission will lay before the Council this year a framework Directive on a general system of recognition of degrees and diplomas, the main features of which will be: the principle of mutual trust between the Member States; the principle of comparability of university studies between the Member States; the mutual recognition of degrees and diplomas without prior harmonization of the conditions for access to and the exercise of professions. Lastly, any difference, notably as regards training, between the Member States would be compensated by professional experience.

## The removal of tax frontiers

1.3.7. Taxation will be one of the major areas in which the challenge of 1992 will have to be faced. Levels of indirect taxation in the Member States are in some cases so far apart that there will inevitably be a danger of trade distortion and consequent

loss of revenue to Member State's exchequers. The Commission's analysis concludes that frontier controls cannot be removed if significant tax differences (VAT or excises) exist between the Member States. If, therefore, frontiers and the associated controls are to be abolished, it will be necessary not only to set up a Community clearing house system for VAT and a linkage system for bonded warehouses for excised products, but also to introduce a considerable measure of approximation of indirect taxes. The first question that has to be answered therefore is how close does approximation have to be. According to the Commission, experience suggests that controls can be ended even though some variations remain: these do need to be limited in scale, but differences of up to 5% may coexist without undue adverse effects. This would suggest a margin of 2.5% either side of whatever target rate or norm is chosen. A great deal of statistical and econometric work will be required before specific proposals can be made. A good start would be provided by Council agreement to intensify efforts at completing work on the proposals already presented by the Commission. Simultaneously, the Commission will put forward a standstill proposal to ensure that existing differences with respect to the number of VAT rates and their level are not widened. It is hoped that in 1986 the Commission will propose target rates or norms and permitted ranges of variation. However, the Commission recognizes that the approximation of indirect taxation will give rise to considerable problems for some Member States; and that as a consequence it may be necessary to provide for derogations.

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1.3.8. The Commission has also made it clear that the proposed moves to achieve a single market will not be possible in the present institutional set-up. In many areas the possibility of decisions by majority vote must be envisaged. Institutional questions as such are not dealt with in the White Paper and will be the subject of a separate study.

## Conclusions of the European Council

1.3.9. The European Council, meeting in Milan on 28 and 29 June, welcomed the White Paper (→ point 1.2.5). It instructed the Council to initiate a precise programme of action with a view to achieving completely and effectively the conditions for a single market in the Community by 1992 at the latest, in accordance with stages fixed in

relation to previously determined priorities and a binding timetable. It requested the Commission to make its proposals swiftly and the Council to ensure that they were adopted within the deadlines set in the timetable.

The European Council set out the method to be used and the fields and measures to be given priority with a view to completing the internal market.

## 4. A people's Europe

### Final report of the *ad hoc* Committee

1.4.1. The *ad hoc* Committee on a People's Europe adopted a second and final report<sup>1</sup> for submission to the European Council in Milan in which it put forward both specific proposals to be implemented without delay and longer-term objectives to make the Community more of a reality for its citizens. The Committee considers that these proposals, together with those outlined in the March report, constitute a balanced whole, implementation of which would give the individual citizen a clearer perception of the dimension and existence of the Community. The proposals relate to the special rights of citizens, culture and communication, information, youth, education, exchanges and sport, volunteer work in Third World development, health, social security and drugs, twinning, and strengthening of the Community's image and identity.<sup>2</sup>

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#### Special rights of citizens

1.4.2. In this area, the Committee put forward proposals on the participation of citi-

zens in the political process both at Community level and in the several Member States. Participation in the political process in the Community could be increased by the introduction of a uniform electoral procedure for the European Parliament or by greater transparency in administration in the Community (strengthening the citizen's right of petition). Participation of citizens in the political process in the Member States could be achieved in various ways, notably by greater discussion on voting rights and eligibility in local elections for citizens from other Member States provided they have been resident in the host country for a certain period of time.

These special rights also include access for citizens to Community legal instruments and the introduction of a European driving licence.

<sup>1</sup> Bull. EC 12-1984, point 1.2.5; Bull. EC 3-1985, points 2.1.8, 2.1.9 and 3.6.1.

<sup>2</sup> The Committee's two reports to the Brussels and Milan European Council meetings are to be published in Supplement 7/85 to the Bulletin. For each report the Supplement will contain the letter of transmittal, the report proper, the letter from Mr Craxi to Mr Adonnino and extracts from the conclusions reached by the European Council Presidency.

## Culture and communication

1.4.3. It is also through action in the areas of culture and communication—which are essential to European identity and the Community's image in the minds of its people—that support for the advancement of Europe must be sought. The Committee has chosen from among the various aspects of culture four areas of action which deserve the special attention of the European Council: television; science, technology and art; the organization of a Euro-lottery serving to finance projects in the field of culture; and access to museums and cultural events. With regard to television, the Committee proposes that the European Council should invite the Council to reach agreement before the end of the year on the best means to encourage European audio-visual coproductions at Community level with at least two Member States participating. The Committee further proposes that 1988 should be declared European Film and Television Year and that an Academy of Science, Technology and Art should be set up to award prizes and give opinions in these fields.

## Information

1.4.4. The Committee believes that the people of Europe do not receive satisfactory information about the construction of Europe. This is a problem for all of the Community institutions and for the Member States. Member States can show how national action is reinforced by Community action and what the costs would be if the Community did not exist. The Community institutions should provide greater factual information about Community policies and actions.

## Youth, education, exchanges and sport

1.4.5. The Committee puts forward numerous proposals in this field—on language teaching, school exchanges, work camps for young people, and the European image in education and university cooperation. In the case of the latter, the Commit-

tee considers that the recommendation by the Ministers for Education meeting within the Council on the national recognition of the doctorate awarded by the European University Institute in Florence should be implemented without delay (→ point 2.1.72). The Committee also stresses the importance of vocational training, exchanges of young people and professional exchanges, International Youth and Sports Year in 1985 with Community sporting events and Community teams, and the need for concerted action to avoid violence in stadiums.

## Volunteer work in Third World development

1.4.6. The Committee confirms its support for existing organizations in this field, asks the Commission to intensify consultation with the organizations and calls on the Member States to give effect to the Council's recommendation on social security for volunteer development workers (→ point 2.1.78).

## Strengthening the Community's image and identity

1.4.7. The Committee proposes a flag and an emblem to be used at national and international events where the existence of the Community needs to be brought to public attention. The emblem should be a blue rectangle with, in the centre, a circle of 12 stars surrounding a gold letter E of the design already used by the Commission. This would not affect the use of national flags and emblems. The institutions should agree to regulate the use of the flag and emblem. The music of the 'Ode to Joy' from the fourth movement of Beethoven's ninth symphony should be played at appropriate events and ceremonies. This anthem is in fact already used at Community events. Postage stamps should be issued in the individual Member States bearing identical designs and commemorating particularly important events in Community history, such as enlargement. Lastly, inadequate and obsolete signs at the Community's internal

borders should be replaced by signs of a common design correctly reflecting the progress made towards a single market.

## Conclusions of the European Council

1.4.8. The European Council approved the proposals contained in the second report and instructed the Commission and the Member States to take the necessary steps,

within the framework of their respective responsibilities, to put them into effect (→ point 1.2.3). It instructed the Council to make a progress report to it at its December meeting.

The European Council expressed concern about the delay in implementing the measures in the initial report it had approved in March and asked the Council, the Member States and the Commission to take the necessary decisions to remedy the situation as soon as possible.

# 5. Towards a Technology Community

## Commission memorandum

1.5.1. Europe's response to today's technological challenge must be to set up a European Technology Community. This is the message of the memorandum entitled 'Towards a European Technology Community', which the Commission laid before the European Council in Milan.<sup>1</sup>

The Community must act urgently to reverse a trend which is at present resulting in lost market shares, less job creation, increased technological dependence and brain drain. Recovery calls for a strengthening of the Community's technological base so as to allow the quantum leap that is needed to secure the competitiveness of the European economy.

Presenting to the press the main lines of the Commission memorandum, Mr Karl-Heinz Narjes stressed that following a series of recent developments (including the US Strategic Defence Initiative (SDI) and President Mitterrand's Eureka proposal) and in view of the technological challenge to Europe constituted by the United States and Japan, the Community must make a quantum leap

in the R&D field; such a leap must have an immediate impact and must be made in the Community context.

## The advantages of the Community dimension

1.5.2. These are six in number: the value of a large market, i.e. a demand for European products and services which will expand dynamically with the opening-up of public procurement and the adoption of international standards to prevent the walling-off of markets; close linking of the technology effort with other common policies; increased potential and effectiveness of national technology programmes; improved scope for universities, individual research workers and specialized small businesses, which are sometimes overlooked in major intergovernmental schemes; Community R&D instruments that are immediately available and easily adaptable; and, lastly, the real possibility of making adequate budget resources available.

<sup>1</sup> COM(85) 320 final.

## **Ways and means of exploiting the Community dimension to the full**

1.5.3. The European Technology Community is to take shape through the immediate launching of major stimulation projects. These must involve substantial technological progress and be of major economic and social value; they must be sufficiently specific, exploit technological breakthroughs that have already been achieved and attract the best brains. Some major topics have been identified: information technologies and their main applications, e.g. computer-aided manufacturing, artificial intelligence and supercomputers; biotechnology, in particular genetic and biomolecular engineering and their applications in health care and agro-industry; new materials (e.g. superconductors and ceramics); lasers and optics; big science facilities such as particle/radiation sources and advanced wind tunnels; broadband telecommunications; new means of transport; the use of space; conquest of the marine environment and deep-drilling operations; and education and training technologies.

As regards the procedure for selection of projects, Mr Narjes stressed, when presenting the Commission paper, that a fairly comprehensive advisory framework already exists in the form of Codest (Committee for the European Development of Science and Technology), Irdac (Industrial Research and Development Advisory Committee) and Crest (Scientific and Technical Research Committee); this could be extended and improved, if need be.

1.5.4. To carry out ambitious programmes, it is necessary to explore all forms of cooperation that bring together governments, firms and research centres willing and able to participate, possibly through industrial consortia, intergovernmental cooperation and European networks linking up research institutes and universities. The Community would participate under Community programmes or possibly by acquiring minority holdings in national or

multinational ventures, whether public or private.

Participation by non-Community countries will be possible, as is already the case with the JET programme (in which Sweden and Switzerland are taking part). It will also be necessary to adopt back-up measures aimed at establishing a genuine 'research workers' Europe'. The key aspects are: professionalism, the right management methods for different tasks and, where necessary, decentralization.

## **Financing the projects**

1.5.5. By the year 1990, the equivalent of some 6-8% of the Community budget could be put at the disposal of the European Technology Community. This is, admittedly, an ambitious goal, but it is in no way at variance with the repeated statements and undertakings of the Ten to the effect that expenditure on R&D in the coming years should increase in greater proportion than other expenditure.

The financing of the projects would be a matter for governments, firms, research institutes and the Community.

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1.5.6. As regards the institutional questions raised by the European Technology Community, the Commission has left them temporarily unanswered, while giving certain indications and keeping an entirely open mind on the matter.

The Commission's paper stresses 'the need for prompt decisions and flexible and decentralized management', adding that the Community's institutional system 'needs to be made more effective and more democratic'. The Commission further states that 'the Council decisions adopting major specific programmes could conceivably be taken unanimously, but the ways and means of implementation should then be decided by a qualified majority and with considerable delegation of executive powers to the Commission'.

For the time being, the strategy put forward by the Commission is based on the existing Treaties, in particular the Euratom Treaty and Article 235 of the EEC Treaty, and on the various forms of cooperation developed in recent years in the context of the Esprit, Brite, RACE and JET programmes.

## Conclusions of the European Council

1.5.7. Meeting in Milan on 28 and 29 June, the European Council gave its support

to the French Eureka project and the Commission proposals along the same lines; it noted with interest the agreements already concluded between a number of European firms (→ point 1.2.6).

It considered that a collective effort to master new technology was essential if European competitiveness was to be maintained. It therefore decided to add a new technological dimension to the Community.

It requested France to convene, in conjunction with the Presidency and the Commission, an *ad hoc* committee to discuss European technology.

# 6. Financing the Community: adoption of 1985 budget and 1986 preliminary draft budget

## Adoption of 1985 budget

### Draft budget for 1985: second reading by Parliament

1.6.1. Parliament put an end to the long dispute which began with its rejection of the budget in December 1984<sup>1</sup> by giving a second reading<sup>2</sup> on 13 June to the new draft general budget for 1985.<sup>3</sup> In general it followed the advice of its Committee on Budgets and adopted a number of amendments (→ point 2.4.1) to the new draft budget to which the Council had given a second reading.<sup>4</sup> Most of the issues on which Parliament's earlier rejection of the budget had hung were resolved to its satisfaction.

### A satisfactory agreement

1.6.2. Parliament achieved its main goal: it had rejected the Council's draft in

December 1984 because it covered only 10 months, and the new budget covered the whole year. However, the price of this success was an intergovernmental agreement covering almost 2 000 million ECU required to finance the 1985 budget completely following the exhaustion of own resources.<sup>5</sup> The budget as adopted did not meet all Parliament's wishes, however, since it settled the question of compensation to the United Kingdom and Germany on the revenue side, through a VAT rebate, whereas Parliament had always advocated the correction of these imbalances through expenditure on Community policies.

<sup>1</sup> Bull. EC 12-1984, point 1.4.1 *et seq.*

<sup>2</sup> Bull. EC 5-1985, point 2.3.1.

<sup>3</sup> OJ C 175, 15.7.1985.

<sup>4</sup> Bull. EC 5-1985, point 2.3.2.

<sup>5</sup> Bull. EC 3-1985, 1.1.5.

## Some basic amendments

1.6.3. Parliament adopted an important amendment to the revenue side by restoring 30 million ECU for interest on accounts of the Community bodies with national treasuries.

In its resolution of 13 June on the new draft general budget for 1985 as amended by the Council, Parliament recognized that 'until this revenue becomes available, the total expenditure authorized by this budget must be restricted by a corresponding amount'. During the debate Mr Christophersen, Vice-President of the Commission with special responsibility for the budget, stressed that, while the Commission would respect the entry of this item of revenue as regards the whole of the budget, it would freeze the 30 million ECU until the Council had provided the legal basis for the entry of the revenue. This increase in revenue enabled Parliament to increase aid to developing countries and food aid by 26 million ECU. The House also entered 2 million ECU for aid to private agriculture in Poland.

## Explanations of vote and assessments

1.6.4. Most Members of Parliament were, in general, favourable to the amended budget, as can be seen from the adoption of the final resolution by 234 votes to 40 with 8 abstentions. Mrs Christiane Scrivener (*Lib/F*) felt that Parliament had, on the whole, succeeded in its aims as regards the 1985 budget. Mr Jean-Claude Pasty (*EDA/F*) regarded it as a good budget for a time of crisis, and Mr Jean-Pierre Cot (*Soc/F*), the chairman of the Committee on Budgets, summed up Parliament's attitude in the words 'wisdom and responsibility'. On the critical side, Mr Robert Chambeiron (*Com/F*) spoke of a flight from the field as regards the British refund, while Mr François Roelants du Vivier (*ARC/B*) criticized an industrialists' budget which offered no new approaches.

1.6.5. Mr Christophersen expressed his satisfaction with the budget, which incorporated the main points of the proposals

the Commission had made in March.<sup>1</sup> The Council had accepted its point of view on the annual nature of the budget, with the entry of sufficient appropriations for the management of the common agricultural policy for the whole year, rather than for just 10 months; an increase in food aid appropriations so that quantities need not be reduced even if prices increased; commitment appropriations for the integrated Mediterranean programmes; commitment appropriations for the integrated Mediterranean programmes; and increases for the structural Funds. The Commission was less pleased, however, about the carryover of deficit from 1984: while it appreciated the efforts made by the Member States, it regretted that they had not succeeded in avoiding a deficit in 1984 which had to be carried forward to 1986. On behalf of the Commission, Mr Christophersen expressed his general acceptance of Parliament's amendments. Unlike the Council, it had no objection to the entry of 30 million ECU of interest on the Commission's cash balances.

## A budget for 1985

1.6.6. On this basis, on 13 June the President of Parliament declared the budget for 1985 finally adopted. It contains 30 600 million ECU in appropriations for commitment and 28 400 million ECU in appropriations for payment. The VAT rate was set at 1%.

## 1986 preliminary draft budget

### Commission's introduction

1.6.7. On 14 June—the day after Parliament adopted the general budget of the Communities for 1985—the Commission adopted a communication introducing the preliminary draft budget for 1986, which it sent to the Council on 27 June.<sup>2</sup> In this paper the Commission stated that the pre-

<sup>1</sup> Bull. EC 3-1985, points 1.1.5 and 2.3.1; Bull. EC 4-1985, points 2.3.1 and 2.3.2.

<sup>2</sup> COM(85) 324 final.



liminary draft was based on two key elements: the medium-term prospects and sound management of resources (→ point 2.4.3).

The new draft differs from previous ones in several respects:

- (i) 1986 is the first year with a Community of Twelve;
- (ii) the 1986 budget is the first since the VAT limit was increased to 1.4%;
- (iii) 1986 is the first year to which the financial guideline for the common agricultural policy applies;
- (iv) the 1986 draft is the new Commission's first and thus reflects the Commission's work programme.

In establishing this draft the Commission—on a proposal from Mr Christophersen—has been guided by a number of budgetary objectives.

The budget cannot any longer simply be the adding up of costs deriving from individual decisions. The budget should be an integral part of a medium-term financial strategy. This is so much more important because of the limited resources available.

All costs, including those relating to the enlargement of the Community to take in Spain and Portugal, should be covered by the increased own resources. On the predictions made, this should be a 'sufficient' revenue basis for at least 1986 and 1987. As far as agricultural expenditure is concerned, the Commission's objective is still that it must grow more slowly than the Community's own resources. At the same time, agricultural stocks should be reduced as far as possible (or their book value depreciated) without departing from this objective.

The structural Funds must be further developed, but at the same time the present imbalance between payments and commitments should be corrected.

In order to provide against unforeseeable events and to provide a buffer against introducing a supplementary budget during the year, a contingency reserve should be created. This should cover the uncertainties associated with enlargement and meet the Community's obligations arising out of any adverse development in the food-aid situation.

Finally, the budget must include appropriations for new policies, especially integrated Mediterranean programmes, and research policy, where there are to be major increases in 1986.

## Budgetary innovations

1.6.8. The preliminary draft budget includes important innovative proposals. Of particular interest is the creation of reserve funds (see Table 9) (→ point 2.4.3).

(i) For the three structural Funds, the reserves should serve the purpose of paying off previous commitments. Over the years, there has been a tendency by the budgetary authority to decide on commitments which were proportionally much higher than the payments envisaged. Since 1978, approximately 10 300 million ECU in commitments has been accumulated, of which more than 8 000 million concerns the structural Funds. The Commission is aiming at restoring a proper balance and wishes to avoid a similar development in the future. Therefore, the increase in commitments for the structural Funds has been kept at 5% while the increase in payment appropriations (disregarding reserves) is set at the maximum rate. In addition, the Commission intends to increase the effectiveness of these Funds through resource management.

(ii) A special reserve is created to meet unforeseen expenditure. As with any budget, many factors are unknown and therefore a reserve is often created to cope with the unexpected. This is a sound and reasonable budget principle. For the Community, the main purpose will be to allow for the financial effects of enlargement and to increase the possibility for rapid and effective action should the situation of famine-stricken areas deteriorate. The reserve is placed in a separate budget chapter, and the Council and Parliament must therefore authorize its release before it can be used.

(iii) As a further innovation, specific measures for depreciation of agricultural intervention stocks have been entered in the budget. These stocks are at present valued at 8 000 million ECU. The measures involve a fairly modest sum (some 423 million ECU), but it is important that the principle of depreciation is incorporated in the budget. This has not previously been the case, as only the money left over at the end of the year was used for this purpose.

## The overall volume of the budget

### *Payment appropriations*

1.6.9. Total expenditure in the 1986 draft budget amounts to 35 000 million ECU for the 12-member Community (31 800 million ECU without the enlargement effect). The increase in overall payments from 1985 is 12% without enlargement.

The rather high increase is almost entirely due to the cost of the past—the payments needed to honour commitments entered into in previous years. It also includes the contingency reserves, the measures for de-stocking and the appropriations for the new policies which are designed to develop the Community. For existing operations, the increase is only 3.2% in overall payments (2.2% in compulsory expenditure and 7% in non-compulsory expenditure), which is less than the maximum rate of increase for non-compulsory expenditure.

#### *Commitment appropriations*

1.6.10. One of the main problems in establishing the draft budget has been the volume of commitments entered into in previous years. These are now coming forward for payment and explain the steep increase in payment appropriations. The Commission has therefore adopted a cautious attitude towards creating new commitments before a better balance is obtained.

#### *The VAT call-up rate*

1.6.11. The VAT rate will be 1.35% even under the strict assumptions on which the draft budget is based. This leaves only a slight margin of about 900 million ECU up to the new VAT ceiling of 1.4%.

Calculated on the same basis, the VAT rate was 1.06% in 1984 and 1.22% in 1985 (the difference between that and the 1% ceiling was made up by advances from Member States). While the increase from 1984 to 1985 was due mainly to a substantial increase in agricultural spending, the increase in 1986 is mainly due to the accumulation of commitments which must now be paid. Without these the 1986 VAT rate would be slightly below the 1985 rate—even counting the cost of new policies in 1986.

#### *UK compensation*

1.6.12. The 1986 financial year will be the first in which the United Kingdom receives a rebate on the VAT contributions calculated according to the Fontainebleau mechanism. (The 1985 rebate is for a fixed amount of 1 000 million ECU.)

For 1986 the compensation amounts to 1 400 million ECU. This amount is based on an estimate of the 1985 expenditure going to the UK and the VAT paid by the UK.

As the compensation is made on the Community's revenue side, the effect is that the UK pays a lower VAT rate than the other Member States. Germany is partly compensated for the increase in VAT

payments to cover the UK compensation, so that only the remaining Member States pay at the highest rate. It is this rate which is reflected by the 1.35% for the 1986 draft budget.

If every Member State paid the same rate, the VAT call-up rate for 1986 would be 1.24%.

#### **Enlargement**

1.6.13. Starting with their first year of membership, Spain and Portugal will contribute to the Community's revenue on the same contributions as the other Member States. This implies a contribution from the two new members to the Community of the order of 3 000 million ECU. However, over the transitional period the new members will receive financial compensation which declines with their gradual integration into Community policies. According to the Act of Accession, the financial compensation amounts to 87% of VAT payments in the first year of membership.

The uncertainties surrounding Community expenditure on common policies in the Member States are covered by the contingency reserve.

#### **Comments on individual policies**

1.6.14. Commitment and payment appropriations for the individual policies in 1985 and in 1986 are set out in Tables 7 and 8 (→ point 2.4.3).

#### *Common agricultural policy*

The expenditure on EAGGF guarantee has been estimated at 20 450 million ECU. This is only 2.4% more than in 1985 and leaves expenditure about 150 million ECU below the guideline. Further, it includes 423 million ECU for the depreciation of stocks, which will reduce the pressure on the budget in future years.

#### *Structural Funds*

It is proposed that the Social Fund and the Regional Fund should increase by 5% in commitments and 7.1% in payments (apart from the reserve for the cost of paying off past commitments, which increases total expenditure by 52%). The same principle is applied to the non-compulsory part of EAGGF guidance, while the compulsory part of the Fund should develop according to the existing regulations.

#### *Research*

The payment appropriations for research are increased by 14.7%, while the commitment appro-

priations drop by 15.4% (mainly because the decisions on new policies have been taken very late). Over the coming four years the research budget is expected to double its share of the total budget from 3% in commitments today to 6% in 1989.

#### *Integrated Mediterranean programmes*

This new policy is expected to grow rapidly from 1985 to 1986. The commitment appropriations are increased almost fourfold to 450 million ECU (including the contributions from the structural Funds), while the payment appropriations increase from 10 million ECU to almost 230 million ECU.

#### *Environmental measures*

Provision has already been made in 1986 to meet the demands following the decision by the European Council that 1987 should be designated European Environment Year. The 1986 budget includes 10 million ECU in commitments and 3 million ECU in payments in preparation for Environment Year.

#### *Personnel and administration*

Administrative costs will increase by around 14%, mainly because expenditure on pensions is to go up by about 28% as more staff members reach retirement age; the budgetary authority, in granting new staff posts in 1985, will only provide the necessary appropriations in 1986, and salary increases will, for technical reasons, have to cover both 1985 and 1986.

### **Reference figures for the 1986 budget**

1.6.15. As part of the 1986 budgetary procedure, the Council will apply the rules of budgetary discipline contained in the conclusions which it adopted on 4 December

1984:<sup>1</sup> 'At the beginning of the budgetary procedure each year, the Council shall fix a reference framework, i.e. the maximum level of expenditure which it considers it must adopt to finance Community policies during the following financial year...'

At the Council's request, the Commission sent it on 14 June the figures which it required to calculate the 'reference framework' (→ point 2.4.4).


1.6.16. At its meeting on economic and financial affairs on 11 June, the Council had regretted that the Commission had not sent it the reference figures for the 1986 budget in good time and asked it to do so as soon as possible. The Commission had not sent the basic figures because Parliament had not yet adopted the 1985 budget and because work on agricultural prices for 1985/86, which would enable resources for 1986 to be calculated, was still in progress. Furthermore, it considered that the December 1984 conclusions were binding only on the Council, as the Council has stated in November,<sup>2</sup> and so could not detract from the Commission's right of initiative on budgetary matters.

Nevertheless, the Commission ensured that its 1986 preliminary draft observed budgetary and financial discipline — especially the financial guidelines on agricultural expenditure. It endeavoured to reconcile the requirements of this discipline with the need to develop Community policies.

<sup>1</sup> Bull. EC 12-1984, point 1.3.1 *et seq.*

<sup>2</sup> Bull. EC 11-1984, point 2.3.4.



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PART TWO

**ACTIVITIES  
IN JUNE 1985**

# 1. Building the Community

## Economic and monetary policy

2.1.1. In its conclusions on the economic and social situation in the Community, the Milan European Council asked the Commission to continue considering the development of the EMS, including the role of the ECU, and asked the Council to consider the extent to which the convergence already achieved in the fight against inflation and disequilibria made it possible to intensify the battle against unemployment. The Commission was also asked to make a detailed report to the European Council on inadequacies in the European economy compared to its major competitors among the industrialized countries and on the new strategies that could be implemented to remedy the situation (→ point 1.2.4).

## Council

2.1.2. The Council meeting of Ministers for Economic and Financial Affairs on 11 June (→ point 2.5.15) discussed the medium and long-term prospects for the EMS (→ point 2.1.5). Ministers also considered employment and investment in the Community (→ point 2.1.3) and reached agreement on a number of tax proposals (→ point 2.1.57 *et seq.*).

## Economic situation

### Investment and employment in the Community

2.1.3. The Council discussed investment and employment in the Community as part of the work undertaken at the request of the European Council at its meeting in Brussels in March<sup>1</sup> on the possibility of combating unemployment through more employment-intensive economic growth.

For this purpose it had before it a report drawn up by the Coordinating Group for Economic and Financial Policies on the

basis of a Commission working paper and a report by the Economic Policy Committee entitled 'Profitability and rates of return in the Community'. In conclusion, the Council asked the Commission to continue its work and to present to it, along with the annual economic report, proposals for measures likely to promote economic growth that was more job-creating, particularly through stronger growth in investment, which should not be only on rationalization.

### Economic outlook and Member States' fiscal policies in 1986

2.1.4. On 1 July,<sup>2</sup> in preparation for the Council's second-quarter review of the economic situation in the Community, the Commission sent the Council a communication on the economic outlook and on the fiscal policies to be pursued by Member States in 1986. It considers that the general thrust of the budgetary reform policies recommended for 1984<sup>3</sup> and 1985<sup>4</sup> remains valid.

It bases the general guidelines which it proposes for Member States' budgets in 1986 on the following essential features of its latest economic forecasts:

- (i) continued economic growth in the Community at a moderate rate in both 1985 and 1986: growth of GDP in volume terms is expected to be 2.3% in the two years (as against 2.1% in 1984);
- (ii) continued marked deceleration in inflation: 5.4% in 1985 and 4.4% in 1986 (6.3% in 1984);
- (iii) slight acceleration in the growth of employment, which will just be sufficient to halt the increase in unemployment: 11.2% in 1985 and 11.1% in 1986 (10.9% in 1984);

<sup>1</sup> Bull. EC 3-1985, points 1.2.3 and 1.2.4.

<sup>2</sup> COM(85)336 final.

<sup>3</sup> Bull. EC 6-1983, point 2.1.4.

<sup>4</sup> Bull. EC 6-1984, point 2.1.3.

(iv) decrease in the contribution of exports to growth, which should be offset by a gradual strengthening of internal demand;

(v) increase in the surplus on current transactions with the rest of the world: from 0.4% of GDP in 1985 to 0.7% in 1986 (0.1% in 1984);

(vi) lastly, decrease in the general government borrowing requirement, *on the basis of present policies*: from 5.2% of GDP in 1985 to 4.9% in 1986 (5.5% in 1984).

Since these are general qualitative guidelines applicable to all the member countries, the Commission's communication highlights the following essential requirements in particular:

(i) reduction in total budgetary expenditure in relation to GDP so as to prevent the interest burden from adversely affecting external payments equilibrium and crowding out high-priority productive and social security expenditure;

(ii) on the revenue side, a lowering of indirect labour costs through a reduction in social security contributions, and a boost to private investment through general tax reductions;

(iii) on the expenditure side, priority for spending which increases the productive capacity of the economy as a whole and helps to raise the level of skills of the labour force or to increase employment.

## European Monetary System

### Medium- and long-term prospects for the EMS

2.1.5. After hearing interim reports from the Chairmen of the Monetary Committee and the Committee of Governors of the Central Banks, the Council discussed the medium- and long-term outlook for the EMS, and in particular for the ECU. It asked the two Committees to continue their examination of the matter.

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

2.1.6. At its meeting on 10 June the Committee of Governors of the Central Banks of the Member States of the Community formally adopted the measures designed to strengthen the European Monetary System (EMS) which it had accepted in principle in March<sup>1</sup> and which had been endorsed at Palermo by the Ministers for Economic and Financial Affairs.<sup>2</sup> Changes were made to the operating arrangements of the EMS, laid down in the agreement of 13 March 1979,<sup>3</sup> and to the rules governing the operations of the European Monetary Cooperation Fund. The measures complement those contained in the proposed Council Regulation providing for the acquisition and holding of ECUs by other holders, which was presented to the Council in May.<sup>4</sup>

The provisions concerning the mobilization mechanism, remuneration and the acceptability limit will enter into force on 1 July.

### Operation of the EMS

2.1.7. Following the inclusion of the drachma in the ECU on 17 September 1984,<sup>5</sup> the Bank of Greece joined the EMS on 1 July 1985, but will not initially participate in the exchange-rate mechanism.

### International monetary system

2.1.8. The Group of Ten (now actually 11 since Switzerland is a full member), in which the Commission participates as an observer, met at ministerial level in Tokyo on 21 June. As requested by the Heads of State or Government attending the Williamsburg Summit in 1983, Ministers examined the report drawn up by their deputies

<sup>1</sup> Bull. EC 3-1985, point 2.1.6.

<sup>2</sup> Bull. EC 4-1985, point 2.1.1.

<sup>3</sup> Bull. EC 3-1979, point 2.1.1.

<sup>4</sup> Bull. EC 5-1985, point 2.1.2.

<sup>5</sup> Bull. EC 9-1984, point 2.1.4.

on the operation of the international monetary system and ways in which it could be improved.

They endorsed the report's main conclusion, namely that, while the basic structure of the present monetary system remains valid and does not require any major institutional change, there is nevertheless a need to improve the operation of the system, which has shown signs of weakness. The report contains a number of recommendations on strengthening the procedures for IMF monitoring of the main industrialized countries' economic policies: such procedures should make an effective contribution to greater consistency of policies and, consequently, to stabilization of exchange rates.

The report will be given a preliminary examination by the IMF Interim Committee in Seoul in October.

### **Economic Policy Committee**

2.1.9. At its 155th meeting, held on 24 June, the Economic Policy Committee, in its reduced 'budgets' composition, examined the budgetary guidelines for 1985 in preparation for the Council's second-quarter examination of the economic situation in the Community.

## **Internal market and industrial affairs**

### **Completion of the internal market**

#### **White Paper**

2.1.10. On 14 June the Commission sent to the European Council a White Paper on the completion of the internal market. This describes the measures to be taken to achieve the removal of all physical, technical and tax barriers between the Member States

by 1992 and sets out a timetable for their adoption, divided into two main stages (→ point 1.3.1 *et seq.*).

### **A people's Europe**

2.1.11. The *ad hoc* Committee on a People's Europe sent to the European Council its second and final report, thus finishing the task entrusted to it by the European Council at Fontainebleau (→ point 1.4.1 *et seq.*).

2.1.12. In a resolution adopted on 14 June Parliament made an urgent appeal to the European Council to provide the necessary political thrust for the immediate implementation of the practical measures recommended in this report (→ point 2.5.13).<sup>1</sup>

### **Council**

2.1.13. The Council meeting on internal market issues on 10 June (→ point 2.5.15) made considerable progress in examining a proposal for a Regulation instituting a European Economic Interest Grouping, on which a common position was reached on 27 June (→ point 2.1.23), and by adopting the proposal for a Directive on the right of establishment and freedom to provide services by architects in the Community, which had been pending for more than 18 years (→ point 2.1.16). On the other hand, there was no advance on the proposal on the easing of controls and formalities applicable to nationals of the Member States when crossing intra-Community borders,<sup>2</sup> since half of the Member States indicated their preference for a minimalist approach (excluding from the scope of the Directive entry at ports and airports).

Similarly, no progress was made with freedom of establishment for pharmacists<sup>3</sup> or

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<sup>1</sup> OJ C 175, 15.7.1985.

<sup>2</sup> OJ C 47, 19.2.1985; Bull. EC 12-1984, point 2.1.9.

<sup>3</sup> OJ C 35, 18.2.1981; Bull. EC 2-1981, point 2.1.8; OJ C 40, 15.2.1984; Bull. EC 1-1984, point 2.1.4.



for self-employed commercial agents.<sup>1</sup> At its economic and financial affairs meeting on 11 June the Council reached agreement on four proposals dealing with tax exemptions (→ point 2.1.57).

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2.1.14. In June Parliament adopted resolutions concerning the consolidation of the internal market, the removal of obstacles to traffic at the Community's internal borders, the strengthening of the citizen's right to petition Parliament, and the European passport (→ point 2.5.13).<sup>2</sup>

## Free movement of persons and freedom to provide services

### *Removal of restrictions*

2.1.15. On 6 June the Commission amended<sup>3</sup> its proposal for a Council Directive on a right of residence for nationals of Member States in the territory of another Member State.<sup>4</sup> Two changes are made to the proposal: the first stipulates that the Directive is not to apply to nationals of a Member State who go to another Member State for the sole purpose of vocational training at a university or an institute of higher learning; the other deletes the requirement that such persons must furnish proof of sufficient resources to provide for their own needs and those of any dependants.

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

#### Architects

2.1.16. The Council adopted a Directive aimed at bringing about effective freedom of establishment and freedom to provide services for architects throughout the Community.<sup>5</sup>

Implementation of this Directive, considered to be a pilot project for freedom of movement for 'technical' professions following the measures already adopted in a number of other areas (notably medicine), will be a real move towards applying the principle of the mutual recognition of diplomas recommended by the European Council at its meetings in Fontainebleau<sup>6</sup> and Brussels and by the *ad hoc* Committee on a People's Europe.<sup>7</sup>

The Directive leaves it to Member States to determine the conditions relating to architects' training on their own territory, but specifies the conditions to which diplomas must conform to qualify for recognition in the other Member States—notably the minimum length of studies (four years). This may have to be supplemented by a period of professional experience in a Member State if access to the profession, whether as an employee or in a self-employed capacity, is subject to such a requirement in the host Member State.

For graduates of *Fachhochschulen* in the Federal Republic of Germany, who have completed three years of study, a period of satisfactory and certified professional experience is stipulated as a necessary and sufficient pre-condition.

The Directive contains provisions aimed at enabling the profession to be exercised by virtue of acquired rights by holders of diplomas in architecture enjoying such a right at the time the Directive comes into force. This right is also extended to Italian civil engineers whose training corresponds to that of an architect and who are currently fully entitled to pursue the profession of architect, as well as—again by virtue of acquired rights—to Greek civil engineers.

<sup>1</sup> OJ C 13, 18.1.1977; OJ C 56, 2.3.1979.

<sup>2</sup> OJ C 175, 15.7.1985.

<sup>3</sup> OJ C 171, 10.7.1985; COM(85) 292 final.

<sup>4</sup> OJ C 207, 17.8.1979; Bull. EC 7/8-1979, point 2.1.14; OJ C 188, 25.7.1980.

<sup>5</sup> OJ C 239, 4.10.1967.

<sup>6</sup> Bull. EC 6-1984, point 1.1.9 (section 6).

<sup>7</sup> Bull. EC 3-1985, point 2.1.8.

The Directive similarly lays down requirements regarding proof of good character and good repute, professional regulation and discipline, and the use of the title.

This Directive is to become effective in two years' time.

## Doctors

2.1.17. On 18 and 19 June, on the occasion of the tenth anniversary of the entry into force of the Directives on freedom of establishment and the mutual recognition of doctors' diplomas in the Community,<sup>1</sup> the Commission and the Advisory Committee on Medical Training held a symposium on medical training in the 21st century. After an opening address by Lord Cockfield, Vice-President of the Commission with special responsibility for the internal market, a number of contributions were made—followed by discussions—on developments in medical training since the entry into force of the Directives and on medical training after the year 2000.

2.1.18. The Advisory Committee also held a plenary meeting from 18 to 20 June at which it adopted two reports followed by recommendations on training in industrial medicine and the conditions for specialist training. It also discussed a report on methods for the monitoring of basic medicinal training.

## Free movement of goods

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

#### Industrial products

2.1.19. On 28 June the Council reached a common position on the proposal for a Directive limiting the marketing and use of certain dangerous substances and preparations (second PCB/PCT Directive) (→ point 2.1.102).

2.1.20. The Nomenclature of Iron and Steel Products Coordinating Committee (Cocor) adopted four Euronorms relating to creep-resistant steel sheet and strip; non-prestressed concrete reinforcing bars; single-reduced electrolytic chromium-coated steel; and double-reduced electrolytic chromium-coated steel.

This brings the total number of Euronorms thus recognized to 149.

#### Foodstuffs

2.1.21. In June Parliament delivered its opinion<sup>2</sup> on the Commission's proposal for a Directive relating to quick-frozen foodstuffs for human consumption.<sup>3</sup> It welcomed the proposal, which it sees as capable of increasing consumer protection and guaranteeing the quality of frozen foods. It nevertheless regretted the absence of a standard sampling and analysis procedure, and called on the Commission to promote new technical developments (including the use of colours in labelling which change in response to changes in temperature).

2.1.22. Parliament also delivered its opinion<sup>2</sup> on the proposal for a Directive laying down the list of simulants to be used for testing the migration of constituents of plastic materials and articles intended to come into contact with foodstuffs.<sup>4</sup> It endorsed the proposal, but asked for a number of technical amendments to be made.

## Business law

### European Economic Interest Grouping

2.1.23. On 27 June the Council reached a common position on the proposal for a

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<sup>1</sup> OJ L 167, 30.6.1975.

<sup>2</sup> OJ C 175, 15.7.1985.

<sup>3</sup> OJ C 267, 6.10.1984; Bull. EC 9-1984, point 2.1.14.

<sup>4</sup> OJ C 102, 14.4.1984; Bull. EC 4-1984, point 2.1.13.

Regulation on the institution of a European Economic Interest Grouping.<sup>1</sup>

The proposal had been before the Council for more than 12 years, though negotiations lasted less than four years.

This will provide Community firms for the first time with a Community instrument corresponding to the scale of the common market, directly encouraging cooperation and permitting members of such groupings to dovetail a part of their economic activity while preserving their legal and economic independence. However, it will be four years before this form of cooperation exists in all the Member States, this being the period allowed for giving effect to the Regulation in national legislation. The form of the European Economic Interest Grouping, which permits businesses from different Member States to group together flexibly for a specific venture, is directly inspired by experience in France, where the economic interest grouping has existed since 1967 and has been a great success.<sup>2</sup>

In future it will be possible for these groupings to be formed at European level, which will facilitate cooperation between small and medium-sized businesses, which at present encounter legal and other difficulties in collaborating on a European scale.

European firms will be able to choose to create groupings in all areas where joint action proves necessary or useful. The EEIG will be able, for instance, to provide support for research and development,<sup>3</sup> the submission of public tenders even outside the Community, the promotion of products, the bulk purchasing of raw materials and the provision of joint services.

## Industrial property

2.1.24. On 19 June the Council adopted, on a proposal from the Commission,<sup>4</sup> a resolution relating to the establishment of a Community framework for the legal protection of the topographies of semiconductor products.

By this resolution the Council committed itself to examining the proposal for a Directive on this subject which the Commission will be sending it shortly with a view to its adoption as rapidly as possible.

The resolution enabled the Commission formally to petition the United States authorities to apply the transitional provisions of the Semiconductor Chip Protection Act 1984 in order to protect the semiconductor products of firms from the Community.

## Public contracts

2.1.25. On 13 June Parliament gave its opinion<sup>5</sup> on the Commission's report on 'Public supply contracts — conclusions and perspectives' sent to the Council in December 1984.<sup>6</sup> It approved the proposals contained in the report and asked the Commission to present a new proposal for a Directive which would provide rules for public contracts and apply to a wider field.

## Small-business — Business cooperation — Distributive trades

### Small business

2.1.26. The Working Party on Small and Medium-sized Enterprises and the Artisanat met on 20 and 21 June to consider various issues connected with setting up a European information exchange network that will

<sup>1</sup> Supplement 1/74 — Bull. EC; OJ C 14, 15.2.1974; OJ C 103, 28.4.1978.

<sup>2</sup> The Groupement d'Intérêt Economique (GIE) was introduced in France by an Order of 23 September 1973, and 9 000 GIE are registered at the present time. This structure has even been used for large-scale European joint ventures such as Airbus Industrie.

<sup>3</sup> It thus fits into the wider complex of actions undertaken at Community level to improve the competitiveness of European firms in high-technology industries, such as the Esprit programme, innovation aids for small business and block exemption for R&D agreements.

<sup>4</sup> Bull. EC 5-1985, point 2.1.13.

<sup>5</sup> OJ C 175, 15.7.1985.

<sup>6</sup> Bull. EC 12-1984, point 2.1.22.

include subcontracting in its purview.<sup>1</sup> A series of specific points of concern to small businesses in the Community were discussed, including starting up businesses, job creation, demographic statistics and sources of such figures, and the interaction between small businesses, their business environment and deregulation measures.

For the first time Spanish and Portuguese delegations sat in as observers.

## Industry

### Council

2.1.27. The first joint Council meeting on industry and telecommunications was held on 3 June. The Member States welcomed the initiative.

The Council noted the rapid progress of work under the Community telecommunications policy in pursuit of the main aims approved at the Council meeting on industry in December 1984.<sup>2</sup> The Council hoped that the Member States' postal and telecommunications authorities would coordinate any action they take within the European Conference of Postal and Telecommunications Administrations (CEPT). The Commission welcomed this cooperation with the CEPT and hoped that it would be stepped up and made more effective.

The Council took note of two further major proposals for Directives put up by the Commission in May<sup>3</sup> — one on standardization of information and telecommunications technology, the other on the mutual recognition of conformity tests for telecommunications terminals.

The Council held a wide-ranging debate on the Commission proposal to make a start with the definition phase to pave the way for the gradual introduction of an integrated broadband communications network in the Community (RACE) from 1995 onwards.<sup>4</sup> This matter was discussed in greater detail at the Council meeting on research (→ point 2.1.164).

The Council welcomed the decisions by the European Broadcasting Union to recommend the C-MAC and D2 MAC Packet standards for direct television broadcasting by satellite.<sup>5</sup> The Member States agreed to introduce no other standards pending a Commission proposal.

Finally, the Council undertook to act at the earliest opportunity on the conclusions of the study on the feasibility of a videocommunication system to facilitate links between political leaders in the Community.<sup>6</sup>

### Round table

2.1.28. On 14 June Mr Delors and other Members of the Commission held talks with a delegation from the round table of European industrialists led by Mr Pehr Gyllenhammar, Chairman of the Volvo Group.<sup>7</sup>

At the joint press conference afterwards, Mr Gyllenhammar outlined the projects devised by the round table so far: the 'missing links' programme for major transport and communications infrastructure projects throughout Europe (e.g. the cross-channel and Nordic links, extension of high-speed rail networks and a broadband telecommunications network for the future); 'Euroventures', venture capital companies, in several Community countries; and a European technology institute, which, the round table hopes, will boost the efficacy of research and higher education in Europe.

Mr Delors in turn outlined the Commission's basic thinking on technological cooperation. The Commission recently presented a communication entitled 'Towards a European technology Community' (→ point 1.5.1).

<sup>1</sup> Bull. EC 4-1984, point 2.1.17.

<sup>2</sup> Bull. EC 12-1984, point 2.1.31.

<sup>3</sup> Bull. EC 5-1985, point 2.1.21.

<sup>4</sup> Bull. EC 3-1985, point 2.1.147.

<sup>5</sup> Bull. EC 5-1985, point 2.1.22.

<sup>6</sup> Bull. EC 5-1985, point 2.1.23.

<sup>7</sup> The round table was founded in Paris on 4 April 1983 by a group of chairmen of leading industrial companies in Europe. Its basic aim is to help to strengthen and expand Europe's industrial and technological base.

**Steel<sup>1</sup>****Market situation**

2.1.29. The production forecasts for the second quarter proved slightly low.

Crude steel production in the Community is expected to total roughly 31.5 million tonnes — 10.3 million tonnes in April, 10.5 million tonnes in May, 10.7 million tonnes in June — compared with the 29.8 million tonnes forecast. Over the same period in

1984 production totalled 30.66 million tonnes. It therefore already looks as if the first six months' figures will be better than those for the same period last year.

However, production in the Community fell back slightly in May 1985. Excluding Greece and Ireland, output stood at 10 451 000 tonnes, 0.6% down on the May 1984 total of 10 519 000 tonnes. Production was down in every Member State except Luxembourg and the United Kingdom, as can be seen from Table 1.

Table 1 — *Production of steel in the Community*

	May 1985	% change (May 1985/ May 1984)	First five months		% change
			1985	1984	
			1 000 tonnes		
Belgium	976	- 7.5	4 584	4 831	- 5.1
Denmark	43	- 20.4	190	265	- 28.3
Germany (FR)	3 403	- 1.9	16 870	16 511	+ 2.2
France	1 694	- 0.6	8 295	8 280	+ 0.2
Italy	2 143	- 2.7	10 275	10 310	- 0.3
Luxembourg	329	+ 2.5	1 680	1 676	+ 0.2
Netherlands	430	- 12.3	2 247	2 298	- 2.2
United Kingdom	1 413	+ 17.7	6 720	6 500	+ 3.4
Community	10 431	- 0.6	50 861	50 671	+ 0.4

At the start of 1985, new orders for ordinary rolled steel products at the Community's steelworks were at much the same level as at the same point in 1984.

**Forward programme**

2.1.30. On 14 June the Commission approved the forward programme for steel for the third quarter of 1985, for transmittal to the Council for assent and to the ECSC Consultative Committee for its opinion.<sup>2</sup>

This programme includes the economic analysis and market assessment taken as the basis for calculating the rates of abatement used for fixing the production quotas for the third quarter.<sup>3</sup>

Under the seasonal impact of the summer holidays, demand for steel is expected to

<sup>1</sup> International relations are dealt with in the 'Commercial policy' and 'Relations with industrialized countries' sections of the 'External relations' chapter.

<sup>2</sup> COM(85) 298.

<sup>3</sup> OJ L 134, 23.5.1985; Bull. EC 5-1985, point 2.1.16.

fall slightly, though probably less sharply than it did during the same period in 1984.

Table 2 sums up the supply and demand balance for crude steel in the Community.

Table 2

	Outturn					Forecast	
	2nd quarter 1984	3rd quarter 1984	4th quarter 1984	1st quarter 1985	2nd quarter 1985 <sup>2</sup>	3rd quarter 1985	
Real consumption	26.22	23.92	25.79	27.32	26.80	25.80	
Stock change	+ 0.50	+ 0.35	- 0.50 <sup>1</sup>	- 0.40 <sup>2</sup>	- 0.20	0	
Imports	2.40	2.31	2.45 <sup>1</sup>	2.50 <sup>2</sup>	2.60	2.60	
Exports	6.34	6.55	7.38	6.00	5.80	5.80	
Production	30.66	28.51	30.22	30.42	29.80	29.00	

<sup>1</sup> Provisional.  
<sup>2</sup> Forward programme estimate.

Table 3 sets the quarter production figures against the production quotas for each product.

Table 3

Product category	Production (finished rolled products)				Production quota <sup>1</sup>		
	2nd quarter 1984	3rd quarter 1984	4th quarter 1984	1st quarter 1985	2nd quarter 1984	3rd quarter 1984	4th quarter 1984
Ia Hot-rolled wide strip, including hoop and sheet	5 468	5 219	5 749	5 509	5 635	5 176	5 675
Ib Cold-rolled sheet	3 786	3 371	3 699	3 832	3 917	3 625	3 786
Ic Galvanized sheet	978	869	951	952	941	897	975
Id Other coated flat products	778	687	803	841	838	714	870
II Reversing-mill plate	1 303	1 229	1 270	1 286	1 350	1 306	1 378
III Heavy sections	1 047	921	1 109	1 197	1 235	1 059	1 127
IV Wire rod	2 972	2 435	2 867	2 890	2 940	2 680	2 835
V Reinforcing bars	1 844	1 595	1 800	1 668	1 941	1 817	1 894
VI Merchant bars	2 258	1 859	2 193	2 314	2 356	2 205	2 356

<sup>1</sup> Including supplements and other adjustments; cannot be compared with the theoretical quotas calculated when the rates of abatement were fixed: Bull. EC 5-1985, point 2.1.16.

Assuming that the economy grows by 2.25% in 1985, the programme advocates that the Community should produce 29 million tonnes of crude steel in the third quarter

of 1985, compared with 28.51 million tonnes over the same period last year. Exports to non-Community countries are expected to reach 5.8 million tonnes, while

firmer prices should keep imports to around 2.6 million tonnes.

### Scrap market

2.1.31. Scrap exports to non-Community countries rose sharply in 1984 to 6 301 000 tonnes compared with 5 684 000 tonnes in 1983. The leading exporters are the United Kingdom (3 447 000 tonnes), France (1 159 000 tonnes) and the Netherlands (671 000 tonnes). Italy is the Community's biggest scrap importer, taking 3 859 000 tonnes from other Community countries in 1984 (1983: 3 412 000 tonnes) and 1 096 000 tonnes from non-Community countries (1983: 1 034 000 tonnes).

The Commission re-examined the issue, as requested by the Council on 26 March.<sup>1</sup> It noted that scrap dealers were now under considerably less pressure, particularly from the fluctuating dollar: the composite price<sup>2</sup> stood at USD 66, compared with USD 90 in February, and the dollar itself had depreciated since the start of the year.

After considering a number of ways of improving the situation, the Commission decided:

- (i) not to pursue the idea of tax relief on undertakings' scrap stocks, since this would have no real impact on the pattern of supply;
- (ii) instead, to conclude an agreement with scrap dealers to ensure the utmost transparency in dealings between them and users of electric furnaces; and
- (iii) to fund studies on ways of improving scrap collection in certain regions of the Community and to look into the financial viability of direct reduction processes.

### Ferromanganese

2.1.32. On 19 June the Commission revoked the approval given, under Article 46 of the ECSC Treaty, on 23 July 1984 to a voluntary restraint system to control deliveries by ferromanganese manufacturers.<sup>3</sup> Approval was conditional upon the firms

submitting an acceptable restructuring and capacity-shedding plan by the agreed time limit. They failed to do so.

Consumption of high-carbon ferromanganese has been declining in favour of other manganese alloys. According to the analysis made for the general objectives for 1990,<sup>4</sup> specific consumption of manganese can be expected to fall to only 3.4 kg per tonne of steel, compared with 6 kg/t today.

This decline could have threatening consequences for the market. The Commission's departments will be keeping in touch with the producers concerned.

### *Information technology and telecommunications*

2.1.33. The Commission sent the European Council in Milan a memorandum entitled 'Towards a European technology Community' (→ point 1.5.1).

## Industrial innovation and the information market

### Transnational measures to promote innovation

#### *Consultative Committee on Innovation and Technology Transfer*

2.1.34. The Consultative Committee on Innovation and Technology Transfer held its seventh<sup>5</sup> meeting in Luxembourg on 6 and 7 June.

The agenda included discussion of the first annual progress report,<sup>6</sup> which the Commission adopted on 3 June, on the implementation of the plan for the transna-

<sup>1</sup> Bull. EC 3-1985, point 2.1.21.

<sup>2</sup> Price set in the USA each week, in the light of supply and demand.

<sup>3</sup> Bull. EC 7/8-1984, point 2.1.33.

<sup>4</sup> Bull. EC 5-1985, point 2.1.15.

<sup>5</sup> Bull. EC 2-1985, point 2.1.22.

<sup>6</sup> COM(85) 274 final.

tional development of the supporting infrastructure for innovation and technology transfer.<sup>1</sup> The Committee noted with satisfaction the promising early results obtained in the implementation of the plan.

It also unanimously delivered a favourable opinion on a draft list, presented by the Commission departments concerned, of activities to be carried out as a matter of priority in the context of the innovation plan for 1985, and approved the Icone project, the aim of which is to set up a comparative register of national and European standards.

### *Eurotechalert*

2.1.35. The expert working party convened under the auspices of the Consultative Committee on Innovation and Technology Transfer with a view to setting up a European technology monitoring network (Eurotechalert) held its final meeting in Luxembourg on 4 June. Through this network, research results obtained at national level are to be summarized by expert teams into short abstracts which will then be translated into the Community languages and made available to specialized journals in the Community that are interested in the topic. Eurotechalert is to become operational in December 1985, and seven Member States will initially take part in the scheme.

### *Calls for proposals*

2.1.36. As part of its efforts to develop a supporting infrastructure for innovation and technology transfer and in the wake of projects launched in 1984,<sup>2</sup> the Commission has published two calls for proposals.<sup>3</sup> These relate to:

(i) the promotion of European conferences on technology and innovation; organizers of such conferences can obtain financial assistance of up to 30 000 ECU to cover the additional costs incurred in achieving a Community dimension;<sup>4</sup>

(ii) transnational cooperation between technology and innovation management advisory services; financial support will be awarded to successful applicants to cover up to 50% of the costs.

### **Specialized information**

2.1.37. At its 49th meeting,<sup>5</sup> held on 26 and 27 June, the Scientific and Technical Information and Documentation Committee (STIDC) endorsed the publication—under the five-year (1984-88) programme for the development of the specialized information market in Europe<sup>6</sup>—of a fresh call for proposals concerning the creation of data banks in the fields of industry and biotechnology, using the most up-to-date methods and techniques for the capture, storage, processing and transmission of data.

This call for proposals will also extend to the use of optical discs for modernizing data bases and data banks.<sup>7</sup>

The Committee noted the progress made in the implementation of the five-year programme and heard a report by its 'Analytical task force' on the new priorities to be introduced into the 1986-87 work plan.

It was also informed of the resolution adopted in New York by the United Nations Intergovernmental Committee for Science and Technology for Development on the subject of scientific and technical information in the service of development. This resolution is based largely on the STIDC's preparatory work and the opinion it delivered in November 1984 concerning the structure of a future world information network.

<sup>1</sup> OJ L 353, 15.12.1983; Bull. EC 11-1983, point 2.1.29.

<sup>2</sup> OJ C 210, 10.8.1984.

<sup>3</sup> OJ C 125, 22.5.1985.

<sup>4</sup> In particular, costs relating to translation and interpreting and the printing of texts in languages other than the original.

<sup>5</sup> Bull. EC 3-1985, point 2.1.31.

<sup>6</sup> OJ L 314, 4.12.1984; Bull. EC 11-1984, point 2.1.25.

<sup>7</sup> OJ L 190, 30.7.1985.



Lastly, the Committee endorsed projects aimed at promoting exports of information to the Middle and Far East, thereby enabling the Commission to conclude study contracts on this topic.

2.1.38. Following the conclusions of the European Council meeting in Brussels on 29 and 30 March,<sup>1</sup> in which the establishment of the information market was identified as a specific objective, the Commission has initiated wide-ranging consultations among its departments in order to prepare a communication to the Council on the development of a common policy for the information market.

It has at the same time entered into detailed consultations with the public authorities and industrial representatives concerned in the various Member States on the framing of a Community policy aimed at establishing the information market.

## Customs union

### Simplification of customs formalities

#### Computerization of administrative procedures in intra-Community trade

2.1.39. On 19 June the Commission sent the Council a proposal for a Decision relating to the coordinated development of computerized administrative procedures (CD project).<sup>2</sup>

This proposal is further to the communication on this question sent by the Commission to the Council on 20 November 1984.<sup>3</sup> It specifies the measures to be taken in connection with the CD project and the respective spheres of competence of the Commission and Member States. It also provides for the creation of a management committee, composed of representatives of the Member States and chaired by a representative of the Commission, to see to

the successful accomplishment of the work entailed by the project.

The Commission has the job, through this committee, of adopting Community measures concerning, in particular, syntax rules for the interchange of data, data elements, codes and message formats to be used in data interchange and the standards to be applied for the security and protection of data exchanged between the Commission and the Member States. The adoption of Community provisions regarding systems descriptions is also planned for the functions and facilities to be covered by the systems so that these will answer to Community requirements.

Computerization is to be seen as an interim solution until such time as all controls on intra-Community trade are removed.

In carrying out their different roles in the project, the Commission and the Member States will follow the computerization framework and work programme set out in the November 1984 communication. They will also take into account the long-term objectives of the Caddia programme<sup>4</sup> and the opinions expressed by that programme's Steering Committee.

### General legislation

#### Accession to certain European conventions

2.1.40. The Commission sent the Council, on 18 June<sup>5</sup> and 24 June<sup>6</sup> respectively, two proposals for Decisions concerning the accession of the Community to two Council of Europe agreements, one on the temporary importation, free of duty, of medical, surgical and laboratory equipment for use on free loan in hospitals and other medical institutions for purposes of diagnosis or

<sup>1</sup> Bull EC 3-1985, point 1.2.4.

<sup>2</sup> OJ C 167, 6.7.1985; COM(85) 295 final.

<sup>3</sup> OJ C 15, 16.1.1985; Bull. EC 11-1984, point 2.1.27.

<sup>4</sup> OJ C 112, 26.4.1984; OJ L 96, 3.4.1985.

<sup>5</sup> COM(85) 287 final.

<sup>6</sup> COM(85) 313 final.

treatment,<sup>1</sup> the other on the exchange of blood-grouping reagents.<sup>1</sup>

### Reliefs from customs duty

2.1.41. On 26 June the Commission amended<sup>2</sup> two Regulations adopted on 29 July 1983<sup>3</sup> laying down provisions for the implementation of Articles 50 to 59 and 70 to 78 of the Regulation of 28 March 1983 setting up a Community system of reliefs from customs duty (educational, scientific and cultural materials, and articles for the use of handicapped persons).<sup>4</sup> The purpose of the amendments is to provide that the phrase entered on the T No 5 document for the admission to a Member State free of import duties of an article from another Member State is such as to ensure that the article in question is indeed put to a use giving entitlement for continued relief from customs duty.

### Customs procedures with economic impact

#### Temporary importation

2.1.42. On 13 June the Council, taking into account the opinion delivered by Parliament,<sup>5</sup> adopted a Regulation,<sup>6</sup> proposed by the Commission in April,<sup>7</sup> putting back to 1 January 1986 the date of entry into force of the Regulation of 21 December 1982 on temporary import arrangements.<sup>8</sup>

The Commission adopted the appropriate implementing measures on 17 June.<sup>9</sup>

#### Processing under customs control

2.1.43. On 11 June the Commission sent the Council a proposal<sup>10</sup> for a Regulation to amend the list annexed to the Regulation of 26 September 1983<sup>11</sup> as regards arrangements for processing under customs control.

## Common Customs Tariff

### Nomenclature

#### *International Convention on the harmonized commodity description and coding system*

2.1.44. On 10 June the Commission, represented by Mr Friedrich Klein, Director-General of the Customs Union Service, along with representatives of the 10 Member States and 20 other countries, signed the harmonized system Convention, subject to ratification, at a special ceremony held at the headquarters of the Customs Cooperation Council in Brussels. The United States, Canada and Japan have not yet signed but are expected to do so in the near future. The Convention was approved by the Customs Cooperation Council in June 1983 and is scheduled to enter into force on 1 January 1987.

The preparation of the harmonized system is a landmark in the facilitation of international trade. Developed over 10 years by experts from 60 countries with the full participation of the Community, the harmonized system is a multi-purpose international goods nomenclature which brings together in a single, integrated instrument the descriptions needed for customs tariffs, statistical nomenclatures and transport classifications. It is intended to replace the Customs Cooperation Council Nomenclature, which is currently used by almost 150 countries as the basis for their customs tariffs.

<sup>1</sup> Bull. EC 6-1979, point 2.1.30; Bull. EC 6-1982, point 2.1.39.

<sup>2</sup> OJ L 167, 27.6.1985.

<sup>3</sup> OJ L 220, 11.8.1983; Bull. EC 7/8-1983, point 2.1.30.

<sup>4</sup> OJ L 105, 23.4.1983; Bull. EC 3-1983, point 2.1.28.

<sup>5</sup> OJ C 175, 15.7.1985.

<sup>6</sup> OJ L 155, 14.6.1985.

<sup>7</sup> OJ C 117, 11.5.1985; Bull. EC 4-1985, point 2.1.27.

<sup>8</sup> OJ L 376, 31.12.1982.

<sup>9</sup> OJ L 158, 18.6.1985; OJ L 171, 29.6.1984.

<sup>10</sup> COM(85) 257 final.

<sup>11</sup> OJ L 272, 5.10.1983.

The significance of the harmonized system is simple but profound. By virtue of the involvement of the United States, Canada, Japan and other leading trading countries, it will for the first time permit the establishment of a unified, world-embracing trade classification system. This will not only directly facilitate the flow of world trade but will also make it easier to assess the economic impact of trade between major trading partners. Negotiations in GATT should become easier, or at least clearer, and a basis will have been laid for future developments in the field of international computerized data exchange.

It is also worth noting that the successful implementation of the Convention will represent a considerable political success for the Community and for the Commission in particular. Commission staff have been prominent in negotiating the Convention in the Customs Cooperation Council, and the outcome should strengthen the Community's role in international customs and commercial relations, since the Community as such will be a full contracting party.

A great deal of work has to be carried out before the new Convention can be duly implemented. The Commission, in close cooperation with Member States' administrations, is now heavily involved in the necessary implementation programme. Among the tasks which have to be carried out by the Commission are the complete transformation of the existing tariff/statistical nomenclature into the harmonized system format, adaptation of every Community directive, regulation or decision which mentions a tariff/statistical reference, and technical renegotiation of the Community's tariff commitments in GATT and under bilateral or multilateral trade agreements with non-member countries. Member States in addition must face the considerable task of revising their 'working tariffs' and operating procedures (which are often computerized) and of training staff and commercial operators in the use of the new system.

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2.1.45. On 24 May and 18 and 25 June the Commission adopted three Regulations for the purpose of ensuring uniform application of the CCT nomenclature, classifying sliced sugar beet under subheading 12.04 A,<sup>1</sup> cut cigarette rag under subheading 24.02 C,<sup>2</sup> and maize flour under subheading 11.01 E and maize groats and meal under subheading 11.02 A V.<sup>3</sup>

The Committee on Common Customs Tariff Nomenclature adopted a number of tariff measures, in the form of classification slips, explanatory notes and agreements on the classification of goods, concerning subheadings 12.04 A, 23.04 B, 23.06 B;<sup>4</sup> 28.56 D, 38.19 X, 39.02 C II;<sup>5</sup> 73.40 B, 84.54 B;<sup>6</sup> 60.05 A II b) 4 bb) 11 ccc);<sup>7</sup> 02.04 B, 07.06 A II, 23.07 B.<sup>8</sup>

## Economic tariff matters

### Suspensions

2.1.46. On 4 June the Council adopted a Regulation temporarily suspending the autonomous CCT duty on a number of industrial products.<sup>9</sup>

### Tariff quotas

2.1.47. In June the Council adopted Regulations opening, allocating and providing for the administration of Community tariff quotas in respect of the following products:

(i) 38 000 head of heifers and cows, other than those intended for slaughter, of certain mountain breeds, falling within CCT subheading ex 01.02 A II at a rate of duty of 4%, a first instalment of 30 000 head being allocated among the Member States and a second instalment of 8 000 head constitut-

<sup>1</sup> OJ L 140, 29.5.1985.

<sup>2</sup> OJ L 160, 20.6.1985.

<sup>3</sup> OJ L 167, 27.6.1985.

<sup>4</sup> OJ C 130, 29.5.1985.

<sup>5</sup> OJ C 142, 11.6.1985.

<sup>6</sup> OJ C 152, 21.6.1985.

<sup>7</sup> OJ C 153, 22.6.1985.

<sup>8</sup> OJ C 158, 28.6.1985.

<sup>9</sup> OJ L 170, 1.7.1985.

ing a reserve to meet the subsequent requirements of certain Member States (1 July 1985 to 30 June 1986);<sup>1</sup>

(ii) 5 000 head of bulls, cows and heifers, other than those intended for slaughter, of certain Alpine breeds, falling within CCT subheading ex 01.02 A II at a rate of duty of 4%, a first instalment of 4 200 head being allocated among the Member States and a second instalment of 800 head constituting a reserve (1 July 1985 to 30 June 1986);<sup>1</sup>

(iii) certain eels falling within CCT subheading ex 03.01 A II (1 July 1985 to 30 June 1986);<sup>2</sup>

(iv) processing work in respect of certain textile products under Community outward-processing traffic;<sup>2</sup>

(v) rum, arrack and tafia, falling within CCT subheading 22.09 C I, originating in the African, Caribbean and Pacific States (1985/86);<sup>3</sup>

(vi) herrings falling within CCT subheading 03.01 B I a) 2;<sup>2</sup>

(vii) rum, arrack and tafia, falling within CCT subheading 22.09 C I, originating in the overseas countries and territories associated with the EEC (1985/86);<sup>3</sup>

(viii) cod, dried, salted or in brine, falling within CCT subheading 03.02 A I b);<sup>2</sup>

(ix) ferrophosphorus falling within CCT subheading ex 28.55 A;<sup>2</sup>

(x) 2'-tert-pentylantraquinone falling within CCT subheading ex 29.13 F.<sup>2</sup>

2.1.48. In June the Council adopted two Regulations increasing the Community tariff quota for 1985 for the following products:

(i) yarn spun entirely from waste silk other than noil, not put up for retail sale, falling within CCT subheading 50.05 A;<sup>4</sup>

(ii) certain grades of ferro-chromium falling within CCT subheading ex 73.02 E I.<sup>4</sup>

## Competition

### State aids

#### Regional aids

##### *Netherlands*

2.1.49. The Commission gave its consent to certain changes proposed by the Dutch Government under the four-yearly review of its investment premium scheme of regional assistance (*Investeringspremieregeling*): inclusion of the municipality of Eelde in the Level III area of Overig Groningen, at the rate of 25%; continued application of IPR aid, at a rate of 15%, in the development centres of Hardenberg and Steenwijk until 1 January 1989; withdrawal of IPR aid in the development centre of Eindhoven with effect from 1 July 1985 and in the Level III region of Midden-Limburg with effect from 1 January 1989.

Together, these changes will result in a reduction of some HFL 100 million (or 25-30%) in current expenditure and in an immediate fall of 145 000 in the number of people covered by the scheme, to be followed by a further fall of 235 000 on 1 January 1989, when the scheme will no longer apply in the region of Midden-Limburg.

#### Industry aids

##### *Textiles*

##### *France*

2.1.50. On 5 June the Commission decided that the two schemes planned by the French Government for the textile and clothing industries (both to be financed by parafiscal charges), in respect of which it

<sup>1</sup> OJ L 155, 14.6.1985.

<sup>2</sup> OJ L 147, 6.6.1985.

<sup>3</sup> OJ L 169, 29.6.1985.

<sup>4</sup> OJ L 154, 13.6.1985.

had initiated the Article 93(2) procedure,<sup>1</sup> did not satisfy the conditions necessary to qualify for one of the exemptions in Article 92(2) and (3) of the EEC Treaty and that France should refrain from putting its plan into effect.

After scrutiny of the schemes and after hearing the comments of third parties, the Commission concluded that they could not be regarded as compatible with the common market. In view of the restructuring undertaken by the industries concerned (resurgence in investment, rationalization and retooling, improved trading performance and production), the Commission took the view that the proposed aids would distort competition and affect intra-Community trade. It also took account of the fact that the French textile and clothing industries had, over many years, benefited from considerable public financial support, whether under general, regional or specific aid schemes, which had contributed significantly to the positive developments observed.

Furthermore, the Commission concluded that the schemes did not comply with certain principles relating to industry aids, notably with some of the conditions laid down in the Community guidelines for aids to the textile and clothing industries.

#### *List of aids for the textile and clothing industries*

2.1.51. The Commission brought up to date the list of aids for the textile and clothing industries which it had produced in 1981, in close association with the Member States, for the period from 1975 to 1979.<sup>2</sup> The list was made up primarily of specific industry aids; regional and general aids were only included to provide a wider view of the aids available to the two industries.

This updating illustrates the great importance attached by the Commission to the issue of transparency in respect of national aids—which coincides with the views expressed by Parliament, the Economic and Social Committee, the national authorities,

the textile and clothing manufacturers' associations and the unions.

The new list, which was compiled by the Commission on the basis of completed questionnaires transmitted by the national authorities of the Member States before 20 June, essentially covers the years 1980-83 and gives details of the aids or aid schemes applicable, with particular reference to their legal bases, terms, forms, budget resources allocated and disbursed, number of cases of application, number of jobs assisted and results achieved.

## Public undertakings

### Insurance

#### *Greece*

2.1.52. On 30 May the Commission, acting under Article 90(3) of the EEC Treaty, transmitted to the Greek Government a decision finding that certain measures which had been taken by Greece discriminated against insurance companies from other Member States writing business on the Greek market and were therefore incompatible with the common market.

More particularly, the decision relates to the provisions introduced by Section 13 of Act No 1256/1982, under which the Greek Government has made it obligatory for all public property to be insured exclusively by Greek public-sector insurance companies and for Greek public credit banks to recommend their customers to insure with a public insurance company. The economic importance of the measures taken is illustrated by the fact that the market in public property accounts for some 25% of annual insurance premium income and that credit granted by public banks accounts for some 80% of the credit market in Greece. The effect of the Section 13 provisions, designed to favour Greek public undertakings, is

<sup>1</sup> Bull. EC 7/8-1985, point 2.1.77.

<sup>2</sup> Bull. EC 7/8-1981, point 1.4.1 *et seq.*

therefore to exclude from certain major sections of the insurance market in Greece not only Greek private companies but also insurance companies from other Member States established in Greece.

The Commission therefore held them to be a measure, within the meaning of Article 90(1) of the EEC Treaty, entailing discrimination and restrictions that are incompatible with the Treaty provisions, notably those governing freedom of establishment. This Article states that, in the case of public undertakings and undertakings to which Member States grant special or exclusive rights, Member States shall neither enact nor maintain in force any measure contrary to the rules of the Treaty. The Commission is required to ensure the application of this provision and may address the necessary decisions or directives to the Member States where it observes breaches of Community law.

This decision embodies the Commission's determination to be more active in future in examining measures concerning public undertakings taken by Member States where such measures are likely to be incompatible with the Treaty: they may concern the right of establishment as in the case in point or, for example, competition law or the free movement of goods.

## Financial institutions and taxation

### Financial institutions

#### *Banks*

2.1.53. On 6 June the 13th meeting of the Banking Advisory Committee of the European Community was held at the Training Centre of the Nederlandsche Bank in Voorthuizen, the Netherlands.

The chairman of the Committee, Mr Huib J. Muller, Executive Director of the Nederlandsche Bank, presented a report summa-

rizing the work done by the Committee during the period of his chairmanship from 1982 to 1985.

At the conclusion of this meeting the chairman's term of office came to an end. The Banking Advisory Committee elected the previous deputy chairman, Mr T. O'Grady Walshe, General Manager of the Central Bank of Ireland, as chairman and Mr T. Padoa-Schioppa, Deputy Director-General of the Banca d'Italia, as deputy chairman.

The meeting dealt primarily with questions concerning the definition of own funds of credit institutions and with other matters concerning the techniques of calculating the capital adequacy of such institutions as well as other 'ratios' for monitoring the solvency and liquidity of banks.

### Taxation

#### *Indirect taxes*

#### Capital duty

2.1.54. On 10 June the Council amended<sup>1</sup> its Directive of 17 July 1969<sup>2</sup> concerning indirect taxes on the raising of capital.<sup>3</sup> The aim is to facilitate contributions of risk capital to businesses by reducing their tax cost. Such measures—in conjunction with other action taken to overcome the economic crisis—are prompted by the need to stimulate investment.

#### Turnover taxes

2.1.55. On 11 June the Council reached agreement on the proposal for a 20th VAT Directive,<sup>4</sup> designed to authorize the Federal Republic of Germany, by way of derogation from the sixth Directive,<sup>5</sup> to use the VAT mechanism to grant special aid to

<sup>1</sup> OJ L 156, 15.6.1985.

<sup>2</sup> OJ L 249, 3.10.1969; OJ L 303, 13.11.1974.

<sup>3</sup> OJ C 267, 6.10.1984; Bull. EC 9-1984, point 2.1.38.

<sup>4</sup> OJ C 214, 14.8.1984; Bull. EC 7/8-1984, point 2.1.83.

<sup>5</sup> OJ L 145, 13.6.1977.

farmers to compensate for the dismantling of monetary compensatory amounts. The Council was able to approve the Directive after addition of the following statement proposed by the Commission, dealing with the latter's responsibilities in relation to own resources: 'On the basis of information furnished by the Federal Republic of Germany and after consulting the Advisory Committee on Own Resources, the Commission shall fix the definitive amount of VAT own resources relating to the operations covered by this Directive for which the Federal Republic of Germany is liable. For this purpose, a special closing date appropriate to this procedure shall be adopted.' The substance of this agreement will be finalized only after a conciliation meeting with Parliament.

2.1.56. On 28 June the Commission sent the Council a communication<sup>1</sup> concerning the application of Article 27(1) of the sixth Council Directive of 17 May 1977 on value-added tax<sup>2</sup> to a request for derogation submitted by the United Kingdom. This derogation, which is limited to a period of two years, is intended to prevent tax evasion by introducing a system for the application of VAT in cases where the marketing structure of certain firms is based upon the sale of their products to unregistered retailers.

The Council will be deemed to have taken a decision to this effect if, by the end of two months, neither the Commission nor any Member State has requested that the matter be raised by the Council.

### Tax exemption

2.1.57. On 11 June the Council reached agreement on a compromise concerning four proposals for Directives dealing with tax exemptions (for travellers,<sup>3</sup> for small consignments<sup>4</sup> and for fuel<sup>5</sup> presented by the Commission in 1983 and 1984.

#### *Exemptions for travellers*

2.1.58. The personal exemption granted to adult travellers (sixth Directive)<sup>3</sup> in

respect of articles purchased, after tax, will increase to 350 ECU from 1 October 1985, and the exemption for children under 15 will go up to 90 ECU. Greece, Ireland and Denmark will enjoy derogations from these exemptions.

These figures are to be reviewed every two years to prevent a drop in their real value as time goes on.

The following quantitative exemptions will apply from 1 October:

still wine: 5 litres (equivalent to a standardized cardboard box of 6 bottles) (for Denmark: 4 litres);

tea: 200 g;

coffee: 1 000 g.

2.1.59. Since the Commission considered that the Directive approved by the Council did not conform to the guidelines drawn up by the European Council, it sent the Council on 11 June a fresh proposal for a Directive on the subject, dealing with the procedure for adapting the amounts of the exemptions.<sup>6</sup>

#### *Exemptions for small consignments*

2.1.60. The Council also agreed that the tax exemption for small postal consignments of a non-commercial character sent from one Member State to another (fourth Directive)<sup>4</sup> should be increased to 100 ECU from 1 October, with a derogation for Ireland limiting the exemption to 75 ECU per item. These figures will be reviewed periodically by the Council with a view to maintaining their real value.

2.1.61. As regards small consignments of a non-commercial character sent from a

<sup>1</sup> COM(85) 267 final.

<sup>2</sup> OJ L 145, 13.6.1977.

<sup>3</sup> OJ C 114, 28.4.1983; Bull. EC 4-1983, point 2.1.60; OJ C 81, 22.3.1984; Bull. EC 2-1984, point 2.1.62.

<sup>4</sup> OJ C 3, 6.1.1984; Bull. EC 12-1983, point 2.1.58; OJ C 189, 17.7.1984; Bull. EC 7/8-1984, point 2.1.86.

<sup>5</sup> OJ C 95, 6.4.1984; Bull. EC 3-1984, points 2.1.58 and 2.1.162.

<sup>6</sup> COM(85) 321 final.

non-member country to one of the Member States, the Commission sent the Council on 20 June a proposal for a third Directive<sup>1</sup> amending that of 19 December 1978.<sup>2</sup> This would set the amount of the VAT and excise exemption at the same level as the customs exemption contained in the proposal for a customs regulation.<sup>3</sup>

### *Exemptions for fuel*

2.1.62. As regards the two proposals for Directives concerning the exemption for fuel in the fuel tanks of coaches,<sup>4</sup> the Council agreed that the exemption limit should be raised to 600 litres from 1 October. The Council will decide before 1 July 1986, on a proposal from the Commission, on the increase in the maximum exemptions for fuel in the fuel tanks of lorries.

### *Direct taxes*

2.1.63. On 25 June the Commission sent the Council amendments<sup>5</sup> to its proposal for a Directive on the harmonization of the laws of the Member States relating to tax arrangements for the carryover of losses of undertakings.<sup>6</sup> Taking into account the opinion delivered by Parliament on 17 January,<sup>7</sup> the Commission proposes that the period for which losses may be set off should be extended from two to three years.

It also proposes a new wording for Article 2, to make it clearer that Member States remain free to apply their national rules in determining to what extent profits or losses of permanent establishments or subsidiaries in other countries should be taken into account.

## Employment, education and social policy

### **Council**

2.1.64. The Council met twice in June to examine the main Commission proposals on employment, education and social pol-

icy: a meeting of the Council and the Ministers for Education within the Council was held on 3 June (→ point 2.1.65), and a Council meeting on labour and social affairs was held on 13 June (→ point 2.1.66).

### *Meeting of the Council and the Ministers for Education meeting within the Council*

2.1.65. On 3 June the Council and the Ministers for Education meeting within the Council adopted a resolution containing an action programme on equal opportunities for girls and boys in education (→ point 2.1.69). They also adopted conclusions regarding measures to be taken to improve the treatment of the European dimension in education (→ point 2.1.68).

Ministers exchanged views on how to strengthen cooperation between higher education and industry in training to meet technological change (→ point 2.1.70) and between higher education establishments themselves, which was the main topic of the meeting (→ point 2.1.71).

### *Council meeting on labour and social affairs*

2.1.66. On 13 June the Council meeting on labour and social affairs adopted several instruments concerning employment problems and living and working conditions. It reached an overall compromise on the main problems posed by the proposal for a Directive on noise.<sup>8</sup> It approved conclusions concerning a programme of specific measures for employment.<sup>9</sup> It examined the proposal for a Directive on parental leave and leave

<sup>1</sup> OJ C 167, 6.7.1985; COM(85) 305 final.

<sup>2</sup> OJ L 366, 28.12.1978.

<sup>3</sup> OJ C 324, 5.12.1984; Bull. EC 11-1984, point 2.1.35.

<sup>4</sup> C 95, 6.4.1984; Bull. EC 3-1984, points 2.1.58 and 2.1.162.

<sup>5</sup> OJ C 170, 9.7.1985; COM(85) 319 final.

<sup>6</sup> OJ C 253, 20.9.1984; Bull. EC 9-1984, point 2.1.41.

<sup>7</sup> OJ C 46, 18.2.1985; Bull. EC 1-1985, point 2.1.17.

<sup>8</sup> OJ C 289, 5.11.1982; Bull. EC 10-1982, point 2.1.45; OJ C 214, 14.8.1984; Bull. EC 7/8-1984, point 2.1.102.

<sup>9</sup> OJ C 165, 4.7.1985.



for family reasons,<sup>1</sup> concentrating on the parental leave aspect, and discussed the proposal for a Directive on equal treatment for men and women in occupational social security schemes.<sup>2</sup> Agreement was reached on the proposal for a Decision on the comparability of vocational training qualifications between Member States.<sup>3</sup> The Council adopted a resolution on guidelines for a Community policy on migration (→ point 2.1.74)<sup>4</sup> and held a policy debate on action to be taken concerning the proposals for Directives on the information and consultation of workers<sup>5</sup> and on voluntary part-time work.<sup>6</sup>

Finally, it discussed the Commission communication on statistical machinery to establish the order of priority to be applied when granting European Social Fund Assistance to regions.<sup>7</sup>

## Financial instruments

### European Social Fund

2.1.67. On 19 June the Commission approved applications for European Social Fund assistance for 1985 in the following amounts:

	ECU
Item 6000 — Operations for people under 25 in less favoured regions (Greenland, Greece, French overseas departments, Ireland, the Mezzogiorno and Northern Ireland)	653 484 225
Item 6001 — Operations for people under 25 in other areas of high long-term unemployment and/or areas undergoing industrial and sectoral restructuring	965 056 702
Item 6010 — Measures to promote employment in less favoured regions	163 630 000
Item 6011 — Measures to promote employment in other areas of high long-term unemployment	230 885 563
<i>Total Chapter 60</i>	2 013 056 490
Item 6100 — Specific measures to promote the implementation of projects of an innovative nature and exchanges of experiences	73 125 341
Grand total	2 086 181 831

## Education and vocational training

### European dimension in education

2.1.68. The Council and the Ministers of Education meeting within the Council adopted conclusions as to ways of improving the treatment of the European dimension in education drawing on the solemn declaration of the European Council at Stuttgart,<sup>8</sup> the statements concerning a people's Europe issued by the Fontainebleau European Council (→ point 1.4.1 *et seq.*)<sup>9</sup> and the education action programme of 1976. The conclusions see the European dimension as having three facets: teaching

in schools of languages of other Member States,<sup>10</sup> the encouragement of contacts

<sup>1</sup> OJ C 333, 9.12.1983; Bull. EC 11-1983, point 2.1.80; OJ C 316, 27.11.1984; Bull. EC 11-1984, point 2.1.62.

<sup>2</sup> OJ C 134, 21.5.1983; Bull. EC 4-1983, point 2.1.71.

<sup>3</sup> OJ C 264, 4.10.1983; Bull. EC 9-1983, point 2.1.48; OJ C 208, 8.8.1984; Bull. EC 7/8-1984, point 2.1.99.

<sup>4</sup> Bull. EC 2-1985, point 1.3.1 *et seq.*

<sup>5</sup> OJ C 297, 15.11.1980; Supplement 3/80 — Bull. EC; OJ C 217, 12.8.1983; Supplement 2/83 — Bull. EC; Bull. EC 6-1983, point 1.3.1 *et seq.*

<sup>6</sup> OJ C 62, 12.3.1982; Bull. EC 12-1981, points 1.1.4 and 1.1.5; OJ C 18, 22.1.1983; Bull. EC 12-1982, point 2.1.56.

<sup>7</sup> Bull. EC 7/8-1984, point 2.1.89.

<sup>8</sup> Bull. EC 6-1983, point 1.6.1 *et seq.*

<sup>9</sup> Bull. EC 6-1984, point 1.1.9.

<sup>10</sup> Bull. EC 6-1984, point 2.1.53.

between pupils in different Member States (particularly through school exchanges and trips) and teaching about the process of European integration. This latter element should be encouraged partly through initial and in-service training for teachers, and partly through the development of appropriate teaching materials.

### Cooperation in education

2.1.69. The Council and the Ministers for Education meeting within the Council adopted a resolution on equal opportunities for girls and boys in education<sup>1</sup> setting out an action programme which aims to ensure equal opportunities for access to all forms of education and all types of training.

The programme selects vocational guidance and the diversification of career choice as a key to the creation of genuine equality: only with proper guidance and information from school personnel trained and equipped for this specific task can both girls and boys be encouraged to make career choices more appropriate to their personal fulfilment and less the result of social pressures. It also includes work on teacher training, on removing sexist stereotypes from textbooks and on encouraging specific measures in schools.

### Higher education

2.1.70. The Ministers for Education held a major debate on cooperation between higher education and industry in training to meet technological change, concentrating on problems which had been encountered, the approaches taken by the Member States and the main directions and procedures for Community measures. This debate helped to pinpoint the elements of a Community strategy in this area, notably:

(i) the encouragement of high-level training with the cooperation of firms with a view to meeting the manpower needs created by the development of industrial strategies and R&D, particularly within the framework of Community programmes;

(ii) contributing to the increased effectiveness of training programmes run in cooperation between higher education and industry by exchanging experience and supporting joint innovative action;

(iii) gradually eliminating existing barriers to such cooperation by encouraging greater mobility within Europe for those involved;

(iv) multiplying opportunities for contact and cooperation on training projects at national, regional, local and Community level.

The Commission intends to put its proposals for a major programme to the Council before August.

2.1.71. Ministers also held an exchange of views on how best to strengthen cooperation in higher education at Community level. They reviewed progress made—especially the intensification of joint programmes of studies between higher education establishments, and the work already carried out by the network of national information centres on the academic recognition of diplomas and periods of study abroad. The Commission will be holding a major conference on European cooperation in higher education during the autumn and expects to make proposals for further activities before the end of the year.

2.1.72. Finally, the Council and Ministers of Education adopted a recommendation inviting Member States to recognize, or to encourage the competent authorities to recognize, the doctorate conferred by the European University Institute at Florence.

### Education and training of migrants

2.1.73. On 13 June the Council adopted conclusions<sup>2</sup> concerning the implementation of the Directive of 25 July 1977 on

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<sup>1</sup> OJ C 166, 5.7.1985.

<sup>2</sup> OJ C 165, 4.7.1985.

the education of the children of migrant workers.<sup>1</sup>

## Living and working conditions and social protection

### Social integration of migrants

2.1.74. On 13 June the Council adopted a resolution on guidelines for a Community policy on migration, taking note of the Commission's communication on the matter.<sup>2</sup> The Council recognizes the need for priority to be given to certain measures in the area of Community legislation on free movement of workers and the desirability of promoting cooperation and consultation between Member States and the Commission as regards migration policy and also *vis-à-vis* non-member countries. It confirms its determination to implement the social security provisions contained in association and cooperation agreements and its desire for everyone within the Community to have an equal opportunity to benefit and to make a contribution. It considers that a number of initiatives aimed at harmonious coexistence of nationals of Member States and migrants should be adopted.

These include a joint declaration condemning xenophobia and racism, pilot schemes in the field of information and a Community-level dialogue with associations of migrant workers.

### Labour law and industrial relations

2.1.75. Representatives of management and labour and the national construction industry training centres met in Brussels on 20 and 21 June to discuss the feasibility of setting up a European documentation unit for vocational training in the industry. Given the changes facing this industry (employing more than 6 million workers) and the adjustments that would have to be made to vocational training, the participants felt that a joint service should be set up, based on a network of national points of contact, making it possible to increase

the number of lines of communication already in existence, transmit regularly updated information, cut response times for specific questions raised by the parties involved and encourage joint consideration of major changes in vocational training. Those attending the meeting recommended that the European Centre for the Development of Vocational Training should provide the framework for these activities.

### Equal rights for men and women

2.1.76. 'Women and television' was the subject of a seminar organized by the Commission at the Institute of Sociology of the Université libre de Bruxelles from 3 to 5 June. The seminar was held to discuss, with representatives of television organizations from all Member States, research into the image and employment of women in television, with particular reference to positive action programmes.

2.1.77. Seminars with personnel managers from industry were held in the United Kingdom and France, the objective being to arouse their interest in undertaking positive action for female employees and to acquaint them with progress already made in a number of companies that had launched such programmes. A similar seminar was held in the Netherlands with the cooperation of the State Secretary for Women's Affairs, Mrs Kappeyne van de Coppello.

### Social protection

2.1.78. On 13 June the Council adopted a recommendation on social protection for volunteer development workers.<sup>3</sup> This calls on Member States to take the measures necessary for the achievement of social protection for volunteers sent to developing countries through the intermediary of non-governmental organizations. To this end, it specifies a number of principles on which

<sup>1</sup> OJ L 199, 6.8.1977.

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

<sup>3</sup> OJ L 163, 22.6.1985.

these measures should be based and the procedures for applying these principles.

### Social security for migrant workers

2.1.79. On 13 June the Council adopted two Regulations<sup>1</sup> amending Council Regulations Nos 1408/71<sup>2</sup> and 574/72,<sup>3</sup> consolidated on 2 June 1983.<sup>4</sup>

Consequent upon Greenland's withdrawal from the Communities, the first Regulation safeguards rights acquired before 1 February 1985 by Community nationals who had worked in Greenland, and by such nationals who had worked in the territory of a Member State and who reside in Greenland.

The second makes the necessary amendments to the regulations following changes in national legislation and the rulings by the Court of Justice of the European Communities.

### Health and safety

#### Public health

2.1.80. On 3 June, taking account of the opinion delivered by Parliament,<sup>5</sup> the Commission amended<sup>6</sup> its proposal for a Directive relating to the protection of dialysis patients by minimizing the exposure to aluminium.<sup>7</sup>

2.1.81. In conjunction with the International Union for Health Education, the Commission held in Luxembourg from 19 to 21 June an international symposium on health education, the purpose of which was to provide an opportunity for joint discussion between representatives of health education organizations, public health and national education authorities, the teaching profession and representatives of the other disciplines concerned with the promotion of health, with a view to defining the role of the teaching profession in this connection.

#### Health and safety at work

2.1.82. On 24 June, to take account of the opinions delivered by Parliament<sup>8</sup> and the

Economic and Social Committee,<sup>9</sup> the Commission amended<sup>10</sup> its proposal for a Directive on the protection of workers by the proscription of specified agents and/or work activities.<sup>11</sup>

#### Health and safety (ECSC)

2.1.83. The Mines Safety and Health Commission met in Brussels from 3 to 5 June, with Mr Sutherland, Member of the Commission with special responsibility for social affairs, in the chair for part of the time. The meeting heard an initial technical report on the explosion that occurred at the Simon pit in Lorraine,<sup>12</sup> causing the death of 22 miners.

Two proposals to governments were adopted, concerning safety and health training for persons employed in the onshore oil and gas industries, and measures to reduce the risk of health damage by lead-containing ores in the mining industry. The Safety and Health Commission also approved a draft Commission Directive on the adoption of harmonized standards for electrical equipment for use in gassy mines, to take account of technical progress in accordance with the Council Directive of 15 February 1982.<sup>13</sup>

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2.1.84. On 12 June Parliament adopted resolutions on the social situation and the Council's failure to take decisions on directives relating to social affairs, the labour market and equal treatment for men and women<sup>14</sup> (→ point 2.5.13).

<sup>1</sup> OJ L 160, 20.6.1985.

<sup>2</sup> OJ L 149, 5.7.1971.

<sup>3</sup> OJ L 74, 27.3.1972.

<sup>4</sup> OJ L 230, 22.8.1983; Bull. EC 6-1983, point 2.1.88.

<sup>5</sup> OJ C 172, 2.7.1984; Bull. EC 5-1984, point 2.1.87.

<sup>6</sup> COM(85) 263 final.

<sup>7</sup> OJ C 202, 29.7.1983; Bull. EC 6-1983, point 2.1.93.

<sup>8</sup> OJ C 79, 21.3.1985; Bull. EC 2-1985, point 2.1.55.

<sup>9</sup> OJ C 104, 25.4.1985; Bull. EC 2-1985, point 2.4.25.

<sup>10</sup> COM(85) 262 final.

<sup>11</sup> OJ C 270, 10.10.1984; Bull. EC 9-1984, point 2.1.51.

<sup>12</sup> Bull. EC 3-1985, point 2.1.55.

<sup>13</sup> OJ L 59, 2.3.1982.

<sup>14</sup> OJ C 175, 15.7.1985.

## Regional policy

### Coordination and programmes

#### Regional Policy Committee

2.1.85. Mr Grigoris Varfis, Member of the Commission with special responsibility for regional policy, attended the Regional Policy Committee meeting under the chairmanship of Mr Miedema on 18 June. He addressed the meeting on regional policy questions of immediate concern and the medium-term guidelines. The Committee adopted an opinion on national regional aids and the competition rules.<sup>1</sup> It also took stock of progress on the Member States' preparation of the 1986-90 regional development programmes.

### Financial instruments

#### *European Regional Development Fund*

#### ERDF Regulation

2.1.86. On 29 June the Commission transmitted to the Council a proposal<sup>2</sup> for amendments to the ERDF Regulation<sup>3</sup> to enable Portugal and Spain to receive Fund assistance from 1 January 1986. The method

	%	
	Lower limit	Upper limit
Belgium	0.61	0.82
Denmark	0.34	0.46
Germany (FR)	2.55	3.40
Greece	8.35	10.64
Spain	17.95	23.93
France	7.47	9.96
Ireland	3.81	4.61
Italy	21.59	28.79
Luxembourg	0.04	0.06
Netherlands	0.68	0.91
Portugal	10.65	14.20
United Kingdom	14.48	19.31

used for sharing out ERDF resources has been adjusted to take account of the accession of the two new Member States.

The new ranges were determined on the basis of a comparative analysis of the situation in the less-favoured areas of Spain and Portugal and that in the present ERDF-assisted regions. They have not altered the existing relationships between the ranges of the Ten.

For a transitional five-year period the Commission proposal also allows ERDF rates of contribution of up to 70% for projects or programmes in Portugal. This higher rate is designed to take account of the country's limited capacity to finance the investments necessary for its development.

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2.1.87. Further to the specific measures provided for under the old non-quota section of the Fund, on 11 June the Commission determined the steel-making areas in France<sup>4</sup> covered by the second series of specific Community measures for certain zones adversely affected by restructuring of the steel industry.<sup>5</sup> They are the departments of Nord, Meurthe-et-Moselle and Moselle, the arrondissements of Autun and Charolles in the department of Saône-et-Loire and the arrondissements of Charleville-Mézières and Sedan in the department of the Ardennes. A Community contribution of 25 million ECU is now earmarked for these areas as a whole.

#### *Business and innovation centres*

2.1.88. The European Business and Innovation Centre Network (EBN) held its first working seminar at Enschede, the Netherlands, on 20 and 21 June. Some 30 managers of business and innovation centres and science parks discussed the results of the net-

<sup>1</sup> Bull. EC 2-1985, point 2.1.56.

<sup>2</sup> OJ C 181, 19.7.1985; COM(85) 331 final.

<sup>3</sup> OJ L 169, 28.6.1984; Bull. EC 6-1984, points 1.3.4 and 1.3.5.

<sup>4</sup> OJ L 167, 27.6.1985.

<sup>5</sup> OJ L 27, 31.1.1984; Bull. EC 1-1984, point 2.1.54.

work's initial accomplishments, notably the inventory of the centre's management practices and business venture methods.

This inventory takes the form of a handbook and is intended to help existing network members to improve their operation and performance in setting up innovative small and medium-sized firms. It also forms a sound basis for the launching of new centres.

### *Coordinated application of different financial instruments*

#### **Integrated Mediterranean programmes**

2.1.89. On 25 June the Council reached a common position on the proposal for a Regulation concerning the integrated Mediterranean programmes.<sup>1</sup> This will be transmitted to Parliament under the conciliation procedure — to take place in July. The procedure for adopting the Regulation, which also includes consultation of Portugal and Spain, could be definitively completed by the Council before the end of July.

'... The agreement reached gives legislative form to the political agreement reached by the European Council in Brussels<sup>2</sup> which laid down the main features of the specific Community measure in favour of the southern regions of the Community as constituted at present. The object of the measure is to improve the socio-economic structures of those regions, particularly in Greece, in order to facilitate their adjustment to the new situation created by enlargement under the best possible conditions; it will take the form of a Community contribution to the implementation of integrated Mediterranean programmes for a maximum of seven years.

The regions and areas which are to benefit under the IMPs are:

- (i) the whole of Greece;
- (ii) in France, the regions of Languedoc-Roussillon, Corsica, Provence-Alpes-Côte d'Azur, Aquitaine and Midi-Pyrénées and the departments of Drôme and Ardèche, with the exception of the conurbations of Marseilles, Bordeaux and Toulouse and with restrictions for the built-up coastal strip with all-year-round tourist activity;

(iii) in Italy, the whole of the Mezzogiorno, the regions of Liguria, Tuscany, Umbria and Marche, the Apennines in Emilia-Romagna, and some lagoon areas on the northern Adriatic, with the exception of the conurbations of Rome, Naples, Palermo, Florence and Genoa and with restrictions for certain built-up areas with all-year-round tourist activity.

The IMPs are to be multiannual operations which relate in particular to investments in the productive sector, the creation of infrastructures, and better use of human resources; they will concern the various spheres of economic activity: agriculture, fisheries and related activities, including the agri-food industries; energy; crafts and manufacturing, including building and public works; services, including tourism.

A detailed list of operations which contribute to meeting the objectives of the IMPs is annexed to the Regulation.

As regards their financing, the decision on allocation was taken by the European Council. The financial assistance for IMPs from the Community budget will take the form of:

- (i) a contribution of 2 500 million ECU from the existing Funds (ERDF, European Social Fund, EAGGF Guidance Section);
- (ii) an additional budget allocation of 1 600 million ECU.

The IMPs submitted by Greece will qualify for an amount of 2 000 million ECU from both categories of budget resources.

It is estimated that over the seven-year period the IMPs could receive EIB loans totalling 2 500 million ECU from own resources and from the resources of the New Community Instrument (NCI).

With regard to the budget allocations from the existing Funds, the draft Regulation stipulates that increases in real terms accruing to the Funds during the period concerned will help to finance the IMPs, but transfers from the Funds to other priority or less-prosperous regions will not be adversely affected.

To secure Community cofinancing the three recipient countries will have to submit IMPs to the Commission before the end of 1986.

The rate of Community assistance for IMP operations may not exceed 70% of the total cost of the project, whatever the form such assistance

<sup>1</sup> Bull. EC 4-1985, point 2.1.67.

<sup>2</sup> Bull. EC 3-1985, point 1.2.8.

(budget resources or loans) may take, except in the case of Greece. The rate of Community budget assistance for France and Italy must not exceed the maxima applied under the rules of the Funds by more than 10 points. In the case of operations not covered by the Regulations governing the structural Funds, the IMP subsidy may not exceed the existing ceiling for the Regional Fund (55%). Amounts in excess of the maximum rates in force for the existing Funds must be financed from the additional budget allocation (1 600 million ECU).

The Commission will examine the IMPs. In determining the amount of Community assistance for IMPs note will be taken, first and foremost, of the actual needs of the various regions and their situation as regards economic and social development, priority being given to the least-favoured regions and to those most affected by enlargement.

Account will also be taken of other criteria, in particular the effort made by the Member State measured in terms of its situation.

The decision-making procedure provides that the draft programme proposed by the Commission for each IMP will be submitted to an Advisory Committee made up of representatives of the Member States, which will deliver its opinion by a qualified majority vote...<sup>7</sup>

2.1.90. Speaking to the press after the Council meeting, Mr Delors welcomed the fact that the Council had largely followed the Commission's latest proposal,<sup>1</sup> notably as regards the Commission's management responsibilities (delegation of powers for financing decisions in accordance with an *ad hoc* procedure involving consultation of a committee made up of representatives of the Member States).

2.1.91. Meanwhile, on 13 June, Parliament had delivered its opinion<sup>2</sup> on this proposal.<sup>1</sup> Regretting that the resources allocated to the IMPs were insufficient to attain the stated objectives of global development, it called on the Commission to submit a financing plan for IMPs for the period 1986-92. It also asked the Commission to submit, before adopting the programmes, the main guidelines and data resulting from the programmes as a whole.

### *Aid for disaster victims*

2.1.92. On 13 June Parliament also adopted resolutions on aid to regions

adversely affected by the severe winter and to a flooded area in the Belgian province of East Flanders (→ point 2.5.13).<sup>2</sup>

## Environment and consumers

### Environment

#### Council

2.1.93. This year's second Council meeting on environmental matters took place in Luxembourg on 27 and 28 June (→ point 2.5.15). The Council formally adopted two Directives—on containers of liquids for human consumption<sup>3</sup> and on the assessment of the effects of certain public and private projects on the environment.<sup>4</sup> Two Decisions were also adopted—one on gathering, coordinating and ensuring the consistency of information on the state of the environment and natural resources in the Community (Corine),<sup>5</sup> the other concerning a supplement in respect of cadmium to Annex 4 to the Convention for the protection of the Rhine against chemical pollution.<sup>6</sup> In addition, Parliament having delivered its opinion,<sup>2</sup> an amending Regulation on the implementation in the Community of the Convention on international trade in endangered species of wild fauna and flora (Cites) was formally adopted.<sup>7</sup> The Council had expressed its agreement with the substance of these five texts in December 1984 and March 1985.

The Council also worked out a common approach to the second PCB/PCT Directive (→ point 2.1.102) and the Regulation on the European Economic Interest Grouping (EEIG) (→ point 2.1.23). Significant progress was also made with the file on air

<sup>1</sup> Bull. EC 4-1985, point 2.1.67.

<sup>2</sup> OJ C 175, 15.7.1985.

<sup>3</sup> OJ L 176, 6.7.1985; EC 3-1985, point 2.1.80.

<sup>4</sup> OJ L 175, 5.7.1985; Bull. EC 3-1985, point 2.1.77.

<sup>5</sup> OJ L 176, 6.7.1985; Bull. EC 12-1984, point 2.1.119.

<sup>6</sup> OJ L 175, 5.7.1985; Bull. EC 12-1984, point 2.1.121.

<sup>7</sup> OJ L 173, 3.7.1985; Bull. EC 3-1985, point 2.1.78.

pollution due to exhaust gases from motor vehicles (most of the meeting was devoted to this subject) (→ point 2.1.97), and a detailed exchange of views took place on the other items on the agenda.

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

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

##### *Limit values and quality objectives for discharges of certain dangerous substances*

2.1.94. The Council made significant progress on the proposal for a Directive concerning discharges of certain dangerous substances into the aquatic environment.<sup>1</sup> The Council reached agreement on the main features of this proposal, which defines the basic principles to be applied for determining limit values and quality objectives for the substances included in List 1 in the Annex to the Directive of 4 May 1976 (particularly toxic substances).<sup>2</sup> It instructed the Permanent Representatives Committee to continue its work, taking particular account of Parliament's opinion, with a view to reaching agreement on the first specific substances to be covered by the Directive and to determining the limit values and quality objectives applicable to those substances.

##### *Titanium dioxide*

2.1.95. The Council took note of the progress made since its last meeting<sup>3</sup> with the proposal for harmonizing programmes for the reduction and eventual elimination of pollution caused by waste from the titanium dioxide industry.<sup>4</sup> Following its discussions, the Council asked the Permanent Representatives Committee to expedite its examination of all matters still outstanding. This should include a thorough comparative analysis of the various values suggested by the Member States, but should not disregard the economic aspects of the problems

at issue, particularly with respect to distortions of competition.

##### *Pollution by oil and other dangerous substances*

2.1.96. On 11 June the Commission sent to the Council and Parliament its first report on the operation of the Community information system for the control and reduction of pollution caused by hydrocarbons discharged at sea,<sup>5</sup> as required by the Council Decision of 3 December 1981.<sup>6</sup> In the report the Commission analyses the major difficulties encountered in implementing this system, describes how it operates and how it should develop, reviews the use made of it by the Member States and examines its shortcomings with a view to their being remedied.

#### **Air pollution**

##### *Noxious emissions from motor vehicles*

2.1.97. On the basis of the approach adopted in March,<sup>7</sup> and after protracted discussions, the Council, the Commission and the Member States reached agreement on solutions to the problem of air pollution due to exhaust gases from motor vehicles, although Denmark entered a general reservation.

According to this agreement, which is very close to the amended Commission proposal laid before the Council on 21 June<sup>8</sup> in the light of the opinions delivered by Parliament<sup>9</sup> and the Economic and Social Committee,<sup>10</sup> the future European emission standards are to be as follows:

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

<sup>2</sup> OJ L 129, 18.5.1976; Bull. EC 5-1976, point 2232.

<sup>3</sup> Bull. EC 3-1985, point 2.1.67.

<sup>4</sup> OJ C 138, 26.5.1983; Bull. EC 4-1983, point 2.1.82; OJ C 167, 27.6.1984; Bull. EC 6-1984, point 2.1.75.

<sup>5</sup> COM(85) 285 final.

<sup>6</sup> OJ L 355, 10.12.1981; Bull. EC 12-1981, point 2.1.81.

<sup>7</sup> Bull. EC 3-1985, points 2.1.70 and 2.1.71.

<sup>8</sup> COM(85) 288 final.

<sup>9</sup> OJ C 94, 15.4.1985 and OJ C 12, 14.1.1985.

<sup>10</sup> OJ C 25, 28.1.1985.



Vehicle category	Operative date (New models/ new cars)	Emission standards (grams/test)
Over 2 litres	1.10.1988/1989	CO 25; HC + NO <sub>x</sub> 6.5; NO <sub>x</sub> 3.5
1.4 to 2 litres	1.10.1991/1993	CO 30; HC + NO <sub>x</sub> 8
Less than 1.4 litres	A. 1.10.1990/1991  B. The European standard will be decided in 1987, as will its operative date, which will be not later than 1992/1993.	CO 45; HC + NO <sub>x</sub> 15; NO <sub>x</sub> 6

The Commission will complete its initial proposals by bringing forward measures before the end of the year—firstly, to limit gaseous emissions from vehicles over 3.5 tonnes and particulate emissions from diesel vehicles; secondly, to strengthen monitoring of the operation of anti-pollution measures; and, finally, to introduce new speed limits. Moreover, the Commission may, if necessary, help the Greek authorities to apply appropriate measures in Greece. The Member States for their part will use their best endeavours to promote the introduction of unleaded petrol on their territories as soon as possible.

2.1.98. Mr Clinton Davis, the Member of the Commission with special responsibility for the environment, said after the Council meeting that the negotiations had been tough but he was delighted with the degree of success. 'We have been dealing with an issue of great complexity, with far-reaching political and economic implications. Member States have made big sacrifices in reaching this agreement; Europe's environment as a whole will be the better for it.'

2.1.99. On 13 June Parliament adopted a resolution on the laying down of European standards for exhaust gases (→ point 2.5.13).<sup>1</sup>

#### *Emissions from large combustion plants*

2.1.100. The Council held a fresh exchange of views on the amended proposal for a Directive on the limitation of emis-

sions of pollutants into the air from large combustion plants.<sup>2</sup> While reaffirming the significance of this proposal, which is an important part of the fight against air pollution, the Council noted that the technical work which the Commission had been requested to conduct<sup>3</sup> was not yet completed, because of its extremely complex nature. Consequently, the Council called on the Permanent Representatives Committee to expedite its work, emphasizing the importance of finding solutions which would enable it to adopt the Directive in the near future.

2.1.101. On 14 June Parliament adopted a resolution (→ point 2.5.13)<sup>1</sup> confirming the opinion it had given on this proposal in November 1984.<sup>4</sup>

#### **Chemicals**

##### *Dangerous substances*

2.1.102. In response to the opinion delivered by Parliament in May,<sup>5</sup> the Commission amended<sup>6</sup> its proposal for a Directive concerning restrictions on the marketing and use of certain dangerous substances (second PCB/PCT Directive)<sup>7</sup> on 17 June.

<sup>1</sup> OJ C 175, 15.7.1985.

<sup>2</sup> OJ C 49, 21.2.1984; Bull. EC 12-1983, point 2.1.118; OJ C 76, 22.3.1985; Bull. EC 2-1985, point 2.1.62.

<sup>3</sup> Bull. EC 3-1985, point 2.1.72.

<sup>4</sup> OJ C 337, 17.12.1984; Bull. EC 11-1984, point 2.1.87.

<sup>5</sup> OJ C 141, 10.6.1985; Bull. EC 5-1985, point 2.1.73.

<sup>6</sup> COM(85) 302 final.

<sup>7</sup> Bull. EC 10-1984, point 2.1.83.

The Council reached a common position on the proposal, which would considerably strengthen Community regulations now in force, notably by banning from 30 June 1986 at the latest the marketing of PCB/PCTs in closed-system electrical equipment (such as transformers), condensers, heat-transmitting and hydraulic fluids etc., and in respect of PCB/PCT levels in preparations and mixtures subject to the regulations.

The Directive also provides for a ban from 30 June 1986 on the placing on the second-hand market of appliances, plant and fluids containing PCB/PCTs.

#### *Lead in paint*

2.1.103. The Council held a brief exchange of views on the memorandum from the United Kingdom delegation proposing that the Community adopt more stringent control measures for lead in paint. The Commission stated that it was prepared to make appropriate proposals to the Council.

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

##### *Flora and fauna*

###### *Baby seals*

2.1.104. The Council took note of a proposal for a Directive,<sup>1</sup> transmitted by the Commission on 14 June, to keep in force after 1 October 1985<sup>2</sup> the ban on the importation into Member States of skins of certain seal pups and of derived products. While the Council did not reach a decision at this meeting, it stressed the political importance which it attached to the proposal.

###### *International cooperation*

2.1.105. The third ministerial-level meeting of the OECD Environment Committee was held in Paris from 18 to 20 June with Mrs Huguette Bouchardeau, the French

Minister for the Environment, in the chair. The main subjects discussed concerned the dovetailing of environmental policy with other policies, measures to prevent and combat pollution, management of natural resources and the strengthening of cooperation with the developing countries on environmental matters. In his introduction to the fourth topic, Mr Clinton Davis, the Member of the Commission with special responsibility for the environment, outlined Community strategy for development and the environment. In particular, he called on the OECD countries to consider the idea of setting up a fund to enable the developing countries to take account of the environmental dimension in their development projects.

The final declaration adopted by Ministers contains general guidelines for action on the environment by the OECD countries in the coming years.

#### **Consumers**

##### **New impetus for consumer protection policy**

2.1.106. Convinced of the need for a new impetus for Community consumer policy, the Commission decided on 26 June to send the Council a communication in which it takes stock of the action taken to date and presents its future guidelines.<sup>3</sup>

These new guidelines are designed to achieve three main aims:

- (i) products should conform to acceptable health and safety standards;
- (ii) consumers must be able to benefit from the common market;
- (iii) consumer interests should be taken more into account in other Community policies.

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<sup>1</sup> COM(85) 246 final.

<sup>2</sup> OJ L 91, 9.4.1983; Bull. EC 3-1985, point 2.1.79.

<sup>3</sup> COM(85) 314 final.

Nineteen initiatives in five areas, each with its own schedule, are planned for the period up to 1989. They will supplement those proposed by the Commission in its White Paper on completing the internal market (→ point 1.3.1 *et seq.*). They will amend the present law with regard to the labelling of foodstuffs; the classification, packaging and labelling of dangerous household cleaning products; the regulation of package tour contracts and the introduction of consumer education in primary and secondary schools.

In taking these initiatives the Commission wishes to affirm its determination to ensure the welfare of Community citizens and help maintain economic growth, while contributing to the implementation of a people's Europe.

### International cooperation

2.1.107. As part of the cooperation in respect of consumer protection between the Commission and Sweden, set out in the exchange of letters of 15 December 1980,<sup>1</sup> a fourth meeting was held in Brussels on 12 June.

The developments which have taken place in this field both in Sweden and in the Community were studied.

Several important subjects were broached, in particular accidents in the home, product safety (especially of toys) and measures concerning the protection of children.

Other items raised included consumer redress, package tours, and control of advertising in the electronic media (with satellite television an imminent prospect); the need to cover these matters more thoroughly was stressed.

## Agriculture

### Council

2.1.108. The Council meeting on 11 and 12 June was remarkable for Germany's use

of the 'Luxembourg compromise' to prevent adoption of the Regulations setting prices for cereals and rape for 1985/86 (→ point 2.1.109 *et seq.*). The last compromise worked out by the Presidency and the Commission, on 16 May, involved a price reduction of 1.8% for both cereals and rape.<sup>2</sup> This was the first time that Germany had formally invoked the 'Luxembourg compromise', or at least its second paragraph, under the terms of which 'where very important interests are at stake discussion must be continued until unanimous agreement is reached'. When the President called for a vote on the Regulations in question, six delegations (Denmark, France, Germany, Greece, Ireland and the United Kingdom) refused to participate, so that the Council was unable to take a decision despite the fact that a majority of the delegations had previously expressed their support for the measure.

The Council adopted a series of decisions on veterinary harmonization (→ point 2.1.126) but reached no conclusion on the administration of hormones to farm animals or on heat-treated milk.

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

2.1.109. At the end of the meeting the Council issued the following statement:

'On 11 and 12 June the Council re-examined the questions connected with the prices for cereals and rape which had not been resolved at its meeting from 13 to 16 May.'<sup>3</sup>

Despite the efforts made by the Presidency and the Commission, it emerged that for these problems it was impossible to find a compromise acceptable to all delegations. In particular, the delegation of the Federal Republic of Germany noted that some of the solutions envisaged for cereals involved major national interests. For its part, the Commission emphasized that it seriously doubted whether the Council could reach an agreement that would satisfy the requests made by the Federal Republic of Germany.

<sup>1</sup> Bull. EC 12-1980, point 2.1.77.

<sup>2</sup> Bull. EC 5-1985, point 1.2.1.

<sup>3</sup> Bull. EC 5-1985, points 1.2.1 and 2.1.82 *et seq.*

The Presidency accordingly considered that a vote should be taken in accordance with Article 43 of the Treaty. The German delegation replied that, in view of the major national interests involved, it could not agree to a vote. Other delegations stated that in these circumstances they did not feel able to take part in the vote.

Owing to the diverging positions adopted, the vote which the Presidency felt had to be taken in accordance with the provisions of the Treaty failed to produce the qualified majorities required.'

2.1.110. After the voting, the Commission made the following statement:

'The Commission regrets that the Council has not been able to fix the prices for cereals and for rapeseed at the present meeting despite the fact that majority support for these proposals had earlier been recorded. The Commission notes that it has been formally established that the Council has failed to act.

If the necessary decisions are not taken before the beginning of the marketing years relating to these products the Commission, which must ensure continuity in the functioning of the CAP and safeguard Community finance, will be obliged to take the necessary precautionary measures on the basis of the arrangements under the relevant common organizations of the market. It is, in fact, essential to avoid speculation which could lead to distortions in trade in the products concerned and to the creation of individual rights which it would be impossible to revoke once the Council has taken the necessary decisions, in particular under Article 3a of Regulation (EEC) No 2727/75 and Article 24a(3) of Regulation (EEC) No 136/66.'

2.1.111. Parliament debated the Council's failure to break the deadlock on farm prices on 13 June. Both Mr Delors, the Commission President, and Mr Andriessen, the Vice-President with special responsibility for agriculture, spoke in the debate (→ point 2.5.9). Mr Delors said that the real issue went beyond agricultural policy and involved more than just one country: the fault lay in the gap between words and deeds. Mr Andriessen deplored the fact that the Council was shirking its obligations, as had become clear after the vote.

2.1.112. The Council President, Mr Filippo Maria Pandolfi, stated at a press conference that the entire Community had reached a critical stage. However, the vote

had been in the Community's interest: there was practically no room for manoeuvre left, and even protracted new negotiations would have been unsuccessful. A non-decision would have fostered the illusion that agreement was possible at a later date, and the damage to the Community would have been even greater than recognition of the fact that agreement was impossible.

The Belgian Minister of Agriculture, Mr Paul De Keersmaeker, said that it was a black day for the Community. The delegations that were most anxious for a decision on the substantive issues were those which made a decision impossible by invoking the Luxembourg protocol. Mr De Keersmaeker did not conceal his 'great disappointment' at the German attitude, particularly in view of the forthcoming European Council in Milan.

2.1.113. On 19 June the Commission adopted, as planned, interim protective measures for rapeseed and durum wheat, for which the marketing year begins on 1 July, and for other cereals, whose marketing year begins on 1 August.

Announcing these decisions to the Member States, the Commission stated once again that—for the execution of the tasks entrusted to it by the Treaty—it would, if the Council still failed to act, be compelled to take such management measures as were essential to ensure continuity of operation of the CAP for these two products, without prejudice to the Council's final decisions.<sup>1</sup>

The measures adopted on 19 June include the following specific actions:

#### *Rape*

From 1 July:

- (i) a reduction of 1.8% in the present buying-in price;
- (ii) the amount of aid for processing to be fixed by reducing the target price for 1984/85 by 1.8%;

<sup>1</sup> OJ C 153, 22.6.1985.

(iii) application of a bonus of 1.25 ECU/100 kg instead of 2.50 ECU/100 kg from 1 July onwards to quantities of double-zero rapeseed delivered to intervention.

#### *Durum wheat*

From 1 July:

(i) intervention measures will still be implemented in accordance with the arrangements in force during 1984/85;

(ii) aid per hectare will be maintained at the level set for 1984/85;

(iii) the levy will be determined on the basis of the threshold price applicable during 1984/85.

From 1 August these measures will be supplemented by the system of monthly increases in force during 1984/85.

#### *Other cereals*

From 1 August:

(i) there will be a reduction of 1.8% in the present buying-in price;

(ii) the levy will be determined on the basis of the threshold price applicable during 1984/85, adjusted by the effect of the 1.8% reduction in the buying-in price.

All these measures will be adopted before 1 July and 1 August respectively if the Council still fails to act.

Immediate application:

The 1.8% reduction in the present buying-in price will take effect immediately in certain southern areas where early harvesting takes place.<sup>1</sup> The intervention prices set for the new marketing year will apply from 16 May in Greece (barley) and from 1 June in Greece, Italy and certain regions in the south of France (cereals other than durum wheat).

2.1.114. On 20 June the Commission called on the Council, pursuant to Article 175 of the Treaty, to take a decision on its proposals for rape and cereal prices as soon as possible, and reserved the right to bring

an action before the Court of Justice should the Council fail to act.

## **Economic aspects of the common agricultural policy**

### **Agri-monetary measures**

2.1.115. On 11 June the Council adopted three Regulations consolidating existing agri-monetary provisions which are at present dispersed among several Regulations which have been frequently amended. The Regulations in question had first been proposed by the Commission early in 1980. They concern the value of the unit of account and the conversion rates to be applied for the purposes of the common agricultural policy, monetary compensatory amounts in agriculture, and the conversion rates to be applied in agriculture.

These Regulations will enter into force on 1 January 1986.

Pursuant to Article 4(4) of Regulation 1372/81 concerning the application of MCAs for certain products not found in Annex II to the Treaty, the Commission undertook the twice-yearly re-examination provided for, as a result of which the list of products subject to MCAs remains unchanged.

2.1.116. On 11 June the Council reached agreement on the proposal for a 20th VAT Directive with the purpose of authorizing Germany to use the VAT mechanism to grant special aid to German farmers to compensate for the dismantling of MCAs (→ point 2.1.55).

## **Market organizations**

### *Wine*

#### **Market trends**

2.1.117. The measures relating to intervention, compulsory distillation and sup-

<sup>1</sup> OJ L 163, 22.6.1985.

port for table wines adopted by the Commission early in the year were effective, and the market for these wines as a whole is making a steady recovery.<sup>1</sup>

Red wines in France are recovering steadily and have reached, on average, 78% of their guide prices; in Italy they have reached 88% of the guide prices, price quotations in the north of the country being very high. The fact that there are no price quotations in the south does not mean that no wine is being sold but that less is available at this time of year.

Prices for all white wines are rising steadily and more sharply than those for red wines. On average they are 96% of guide prices in France and 80% of guide prices in Italy.

Data on all distillation operations opened for 1984/85<sup>2</sup> show that about 30 million hl was withdrawn from the market, broken down as follows:

(i) distillation of by-products of wine-making (Article 39 of Regulation 337/79):<sup>3</sup> 1 580 000 hl, of which 1 300 000 hl in France, 200 000 hl in Italy and 80 000 hl in Greece;

(ii) distillation of wine from grape varieties classified as both wine grapes and table grapes (Article 40 of Regulation 337/79):<sup>4</sup> 1,580 000 hl, of which 204 000 hl in France, 1 370 000 hl in Italy and 6 000 hl in Greece;

(iii) preventive distillation (Article 11 of Regulation 337/79) and compulsory distillation (Article 41 of Regulation 337/79) (the figures given are for both types of operation because of an overlap between them; some of the quantities referred to in contracts for preventive distillation are delivered for compulsory distillation): 12 020 000 hl, of which 4 400 000 hl in France, 7 000 000 hl in Italy, 550 000 hl in Greece and 70 000 hl in Germany;

(iv) support distillation (Article 15 of Regulation 337/79) after reduction of the quantities covered by contracts:<sup>5</sup> 2 448 000 hl, of which 1 087 000 hl in France,

1 268 000 hl in Italy, 93 000 hl in Greece and 0 hl in Germany;

(v) distillation under the 'special price support guarantee' (Article 12a of Regulation 337/79):<sup>6</sup> 12 387 000 hl, of which 4 454 000 hl in France, 7 523 000 hl in Italy, 370 000 hl in Greece and 40 000 hl in Germany.

It is at present impossible to give estimates for the forthcoming harvest.

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2.1.118. On 19 June the Commission transmitted to the Council a proposal<sup>7</sup> to amend the general rules for the import of wines<sup>8</sup> with a view to simplifying certain administrative formalities. Its chief purpose is to authorize producers in non-Community countries where producers are subject to an effective system of supervision to themselves issue the certificates and analysis reports which accompany wines imported into the Community, provided they have been empowered to do so by the competent authorities of those countries. This change should facilitate trade in both directions.

2.1.119. On 18 June the Commission set the reference prices for the 1985/86 marketing year in the wine sector.<sup>9</sup> Since the guide prices for this year were set at the same level as for the preceding year and the costs incurred in bringing Community wines to the same marketing stage as imported wines have not increased substantially since the

<sup>1</sup> OJ L 16, 19.1.1985; Bull. EC 1-1985, point 2.1.38; OJ L 67, 7.3.1985; Bull. EC 3-1985, point 2.1.90; see also Bull. EC 2-1985, points 1.1.1 and 1.1.2.

<sup>2</sup> OJ L 16, 19.1.1985; Bull. EC 1-1985, point 2.1.38; OJ L 67, 7.3.1985; Bull. EC 3-1985, point 2.1.90; see also Bull. EC 2-1985, points 1.1.1 and 1.1.2; OJ L 231, 29.8.1984; Bull. EC 7/8-1984, point 2.1.131.

<sup>3</sup> Quantities delivered up to December 1984.

<sup>4</sup> Quantities distilled up to 31 May.

<sup>5</sup> These figures represent 62% of the quantities covered by contracts and approved for this distillation pursuant to Regulation 1381/85 (OJ L 136, 25.5.1985).

<sup>6</sup> Pending the results, these figures refer to the quantity committed.

<sup>7</sup> COM(85)284 final.

<sup>8</sup> OJ L 54, 5.3.1979.

<sup>9</sup> OJ L 159, 19.6.1985.

last occasion on which prices were determined, the reference prices were also set at the same level as for the previous marketing year.

### *Milk and milk products*

#### **Market trends**

2.1.120. On 18 June the Commission altered, with effect from 19 June, the rates of the refunds applicable to certain milk products, in particular butter, butteroil, whole-milk powder, condensed milk, fresh products and Cheddar cheese.<sup>1</sup> The refund for butter was increased from 125,23 to 173.33 ECU/100 kg.

The increase in the rate of refund on butter and butteroil led the Commission to suspend<sup>1</sup> cut-price sales of intervention butter for export pursuant to the Regulation of 31 July 1984<sup>2</sup> and to repeal<sup>1</sup> the Regulation on special sales of butter exported in the form of ghee.<sup>3</sup>

As a result of the Council's decisions regarding prices for the 1985/86 milk year, the Commission altered the aids for liquid skimmed milk and skimmed-milk powder intended as feed for animals<sup>4</sup> and the aid for skimmed milk processed into casein and caseinates.<sup>5</sup>

The Commission also adjusted, with effect from 1 April until the end of the 1985/86 milk year, the amounts to be collected by way of co-responsibility levy in the milk and milk products sector.<sup>1</sup>

The Regulation on the supply of milk and certain milk products to schoolchildren was amended not only by altering the amounts of Community aid granted for the different products but also by making the system more flexible so as to take better account of the various customary practices in the Member States as regards both the consumption of milk products and the administration of the scheme.<sup>6</sup>

In the interests of proper management of the market in butter, for the 1985/86 milk

year the Commission brought forward by 30 days the time limit for payment for butter bought in by intervention agencies; payment is to be made between the 90th and 140th day after the day on which the butter is taken over by the intervention agency.<sup>7</sup>

\*

2.1.121. The agreement to adjust minimum export prices, reached by the GATT International Dairy Products Council on 31 May, came into force on 5 June.

The minimum price is lowered from USD 1 200 per tonne fob to USD 1 000 for butter, from USD 1 440 to USD 1 200 for butteroil and from USD 950 to USD 830 for whole-milk powder.

The prices for skimmed-milk powder, buttermilk and cheeses, on the other hand, remain unchanged.

The other participants have halted sales of butter below the minimum price. Butter more than 18 months old may be sold below the minimum price subject to a minimum quantity requirement and provided that prior notice is given.

### *Sugar*

2.1.122. The Commission set the amount of the levy in connection with the offsetting of storage costs for sugar for the 1985/86 marketing year.<sup>1</sup> Preferential sugar was finally removed from the system with effect from 1 July. The levy remains the same as for the previous marketing year—4.25 ECU/100 kg of white sugar.

2.1.123. The Commission also adopted, on 20 June, a Regulation on the adjustment of certain export refunds fixed in advance in the sugar sector.<sup>8</sup>

<sup>1</sup> OJ L 159, 19.6.1985.

<sup>2</sup> OJ L 208, 3.8.1984; Bull. EC 7/8-1984, point 2.1.135.

<sup>3</sup> OJ L 209, 4.8.1984; Bull. EC 7/8-1984, point 2.1.135.

<sup>4</sup> OJ L 158, 18.6.1985; OJ L 160, 20.6.1985.

<sup>5</sup> OJ L 155, 14.6.1985.

<sup>6</sup> OJ L 165, 25.6.1985.

<sup>7</sup> OJ L 168, 28.6.1985.

<sup>8</sup> OJ L 162, 21.6.1985.

The Regulation of 18 June 1968 laying down general rules for granting export refunds on sugar provides that if, between the date on which an application for an export licence with advance fixing of the refund is lodged and the date of export, there is an alteration in the prices for sugar set under the common organization of the market in the sugar sector, an adjustment may be made to the refund.<sup>1</sup>

This is already provided for in the case of white sugar and raw sugar exported in the natural state from 1 July with advance fixing of the refund before that date.<sup>2</sup>

The recently adopted Commission Regulation provides for this system to apply also to white sugar and raw sugar exported in the form of goods not covered by Annex II to the Treaty, sugar syrups, candy sugar and flavoured or coloured sugar.

To ensure equal treatment, this possibility is also to be made available on the same terms for isoglucose.

### *Beef/veal*

2.1.124. On 11 June the Council adopted two Regulations<sup>3</sup> on 'GATT tariff quotas' for the import into the Community, between 1 July 1985 and 30 June 1986, of 5 000 head of bulls, cows and heifers and 38 000 head of heifers and cows, other than those intended for slaughter (→ point 2.1.47).

### *Hops*

2.1.125. On 18 June the Commission sent to the Council a report on the production and marketing of hops for the 1984 harvest and a proposal for a Council Regulation laying down, in respect of hops, the amount of aid to producers, also for the 1984 harvest.<sup>4</sup> The Commission proposes setting an identical amount of aid (300 ECU/ha) for aromatic, bitter and other varieties.

The Commission notes that the market is still depressed and that the world area under hops has not been reduced sufficiently to

solve the problem of structural surpluses. The yield of alpha acid from the 1984 harvest will further increase world stocks.

The area under hops will continue to decline so long as there is no major upturn in the brewing industry.

## **Agricultural legislation**

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

2.1.126. On 12 and 20 June the Council adopted eight Directives on veterinary matters.

Three of these Directives concern measures relating to classical swine fever and African swine fever.<sup>5</sup>

Administrative changes are made in the system whereby regions are recognized as free or officially free of classical swine fever. It will be the responsibility of the Member State in question to suspend the status of these regions on the occurrence of a case of swine fever.

The Commission will intervene, under the Standing Veterinary Committee procedure, if the suspension lasts two months. Community rules are laid down for countries which are contaminated by or are accidental victims of African swine fever. It will be the Commission's responsibility, under the abovementioned procedure, to undertake any 'regionalization' of the infected countries. Such 'regionalization' will be positive, that is to say it will define the areas from which live pigs, fresh pigmeat and pigmeat-based products may be exported. Under the same procedure, in the case of an accidentally affected country, the Commission will determine the area from which such products may not be exported ('negative regionalization'). The Commission will

<sup>1</sup> OJ L 143, 25.6.1968.

<sup>2</sup> OJ L 221, 18.8.1984.

<sup>3</sup> OJ L 155, 14.6.1985.

<sup>4</sup> OJ C 178, 16.7.1985; COM(85) 290 final.

<sup>5</sup> OJ L 168, 28.6.1985.



be able to decide whether certain meat-based products shall be exempt from such prohibition in the light of the processing to which they have been subjected.

Medical check-ups for persons employed to work with or handle meat or meat products are the subject of three other Directives.<sup>1</sup> Such persons are required to show, by a medical certificate, that there is no impediment to their employment. The medical certificate must be renewed every year, unless another staff medical check-up scheme offering equivalent guarantees is recognized by the Commission under the Standing Veterinary Committee procedure.

Microbiological control is the subject of two Directives which regulate the performance of such control in slaughterhouses and cutting plants.<sup>1</sup> The implementing rules have yet to be drawn up.

2.1.127. The Commission has sent to the Council a proposal for a Directive concerning the examination of animals and fresh meat for the presence of residues.<sup>2</sup> There is a need for a general arrangement concerning checks carried out in the Community.

2.1.128. As regards the administration of protective measures:

(i) foot-and-mouth disease has persisted in Italy and outbreaks have occurred in hitherto unaffected areas; the Commission has had to amend the scope of the restrictions to take account of the development of the disease and the measures carried out locally by the Italian authorities;<sup>3</sup>

(ii) African swine fever has appeared in Belgium; on 18 March, in view of the gravity of the disease, the Commission prohibited the export from Belgium of live pigs, fresh pigmeat and unsterilized pigmeat-based products;<sup>4</sup> these restrictions were lifted on 24 March for two areas of Belgium and on 18 April for a large part of the area where the outbreaks had occurred;<sup>5</sup> resurgence of the disease led to an extension of the area of Belgium subject to restrictions;<sup>6</sup>

(iii) the Commission adopted two Decisions on classical swine fever: the first

relates to live pigs,<sup>5</sup> systematically defining the areas of Germany, the Netherlands and Belgium which are subject to restrictions and allowing the Member States to control the introduction onto holdings of pigs for breeding and production; the second amends the territorial scope of the restrictions on meat exported from Germany and the Netherlands.<sup>5</sup>

Finally, because of the spread of foot-and-mouth disease in Argentina, Member States must prohibit from 15 May the import of offal of bovine animals from that country.<sup>7</sup>

2.1.129. On 14 June Parliament endorsed<sup>8</sup> the proposal made by the Commission last October for a Directive on public health and animal health problems affecting the importation of meat products from non-member countries.<sup>9</sup>

### Plant health legislation

2.1.130. The Council continued its examination of the Commission's proposals, made in June 1984,<sup>10</sup> to amend the Directive of 21 December 1976<sup>11</sup> which established the Community plant health regime, but without reaching agreement. The proposals are important in that they seek further to facilitate intra-Community trade in plants and plant products and to simplify procedures for updating technical provisions of the regime.

2.1.131. On 22 May the Commission amended<sup>12</sup> the Directive of 21 December 1978 prohibiting the placing on the market and use of plant protection products con-

<sup>1</sup> OJ L 168, 28.6.1985.

<sup>2</sup> OJ C 132, 31.5.1985; COM(85) 192 final.

<sup>3</sup> OJ L 104, 16.4.1985; OJ L 108, 20.4.1985; OJ L 153, 12.6.1985; OJ L 154, 13.6.1985; OJ L 165, 25.6.1985.

<sup>4</sup> OJ L 84, 26.3.1985.

<sup>5</sup> OJ L 108, 20.4.1985.

<sup>6</sup> OJ L 179, 11.7.1985.

<sup>7</sup> OJ L 111, 24.4.1985.

<sup>8</sup> OJ C 175, 15.7.1985.

<sup>9</sup> OJ C 286, 25.10.1984; Bull. EC 10-1984, point 2.1.106.

<sup>10</sup> OJ C 186, 13.7.1984; Bull. EC 6-1984, point 2.1.109.

<sup>11</sup> OJ L 26, 31.1.1977.

<sup>12</sup> OJ L 154, 13.6.1985.

taining certain active substances.<sup>1</sup> Pursuant to these amendments, the use of DDT is totally prohibited in the Community and certain other substances may no longer be used.

### Animal feed

2.1.132. In June the Commission amended<sup>2</sup> the Annexes to the Council Directive of 23 November 1970 concerning additives in feedingstuffs,<sup>3</sup> chiefly in order to extend the authorization period for the national use of certain additives including carbadox and olaquinox, pending the results of current studies.

2.1.133. On 10 June Parliament approved<sup>4</sup> the proposals for amending the Council Directives concerning undesirable substances in animal feedingstuffs, straight feedingstuffs and compound feedingstuffs.<sup>5</sup> The Council should, therefore, shortly be examining the Commission proposals in order to resolve the delicate problem of the use in feedingstuffs of raw materials contaminated by certain harmful substances.

### Seeds and propagating material

2.1.134. In June the Council adopted new arrangements, introducing stricter criteria, applicable from 1 July, on the equivalence of seed multiplied and produced in non-Community countries.

This permits the marketing in the Community of seeds of sugar and fodder beet, fodder plants, cereals and oil and fibre plants from 21 countries.

### Competition

2.1.135. Under Articles 92 to 94 of the Treaty the Commission decided to make no objection to the introduction of proposed schemes notified by:

#### Germany

Subsidy for the rearing of horses to maintain and improve breeding standards;

*Schleswig-Holstein*: aid for quality products with a view to the introduction and general use of a regional label for quality products; aid for carryover stocks in the light of the situation as regards markets and prices.

*Hessen*: aid in the form of interest-rate subsidies granted to agricultural holdings whose existence is threatened and which have not been granted funds by the public authorities by way of encouragement;

*Baden-Württemberg*: aid for conversion and adaptation in response to administrative measures to limit production.

#### Denmark

Draft budget for 1984/85 for the pigmeat producers' fund; draft amendment to the 1984 budget for the beef/veal and dairy producer's fund.

#### Greece

Measures to assist farmers whose holdings were damaged by fire in 1984;

Aid for stockfarmers, poultry farmers and beekeepers adversely affected by weather conditions in 1985;

A 1985 programme including various aids for increased crop productivity;

A 1985 programme including various aids for increased livestock productivity;

Aid for training farmers in 1985;

A draft 1985 programme of aids for increasing livestock potential.

#### Italy

*Umbria*: amendment of Regional Acts No 17 of 24 April 1979 and No 68 of 4 April 1981—measures involving interest-rate sub-

<sup>1</sup> OJ L 33, 8.2.1979.

<sup>2</sup> OJ L 165, 25.6.1985.

<sup>3</sup> OJ L 270, 14.12.1970.

<sup>4</sup> OJ C 175, 15.7.1985.

<sup>5</sup> OJ C 258, 26.9.1984.

sidies for medium and long-term loans to economically sound cooperatives which are experiencing temporary difficulties.

#### France

Aid for 1985 to winegrowers experiencing difficulty in Languedoc-Roussillon (low-interest operating credit).

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

#### Germany

*Hessen*: aids for the use of pasture-land and to guarantee employment on small and medium-sized holdings; these are aids granted per hectare of pasture-land to small stock-farms.

#### Belgium

Aid for a canning firm in Geer; the Commission has been unable to obtain the information it requested concerning this aid.

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

#### Italy

Act No 194 of 4 April 1984 concerning various measures to support agriculture; they are to be implemented by the regions, and the text of a ministerial circular stating the criteria for granting aid, which the Commission asked for, has been supplied by the Italian authorities.

#### France

Aid for beef/veal: France decided to withdraw the offending measure (aid for feeding cattle during the winter of 1984/85).

## European Agricultural Guidance and Guarantee Fund

### Guarantee Section

2.1.138. On 12 June the Commission sent the Council a proposal<sup>1</sup> for amending Regulation 3247/81 on the financing by the EAGGF Guarantee Section of certain intervention measures, particularly those involving the buying-in, storage and sale of agricultural products by intervention agencies.<sup>2</sup>

The purpose of the amendment is to adjust the Regulation to take account of changes which have occurred in the organization of the market in wine and trends in the market in olive oil.

2.1.139. The Commission also amended, on 6 June,<sup>3</sup> Regulation 467/77 on the method and the rate of interest to be used for calculating the costs of financing intervention measures comprising buying-in, storage and disposal.<sup>4</sup> This has proved necessary as a consequence of the extension of the periods for payment in certain sectors for products placed in public storage.

## Fisheries

### Resources

#### *Internal aspects*

#### Community measures

#### *Prohibition measures*

2.1.140. On 17 June, in order to reduce the quantities of juvenile herring caught when fishing for sprat, the Commission adopted a Regulation fixing the periods bet-

<sup>1</sup> COM(85) 270 final.

<sup>2</sup> OJ L 327, 14.11.1981.

<sup>3</sup> OJ L 148, 7.6.1985.

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

ween 1 July and 29 September during which fishing for sprat with trawls of a mesh size less than 32 mm by vessels with an overall length of less than 80 feet (24.38 m) is prohibited in the Skagerrak and the Kattegat.<sup>1</sup> The periods in question run from 1 to 14 July and from 16 to 29 September.

### *Technical measures*

2.1.141. On 28 June the Commission asked the Council<sup>2</sup> to extend from 1 October 1985 to 31 May 1986 the derogation from Regulation (EEC) No 171/83 of 25 January 1983 concerning by-catches taken while fishing for Norway pout in the North Sea.<sup>3</sup> This would be the second temporary measure taken in this connection.<sup>4</sup>

### *National measures*

#### *Protection of local stocks*

2.1.142. Under Article 19 of Regulation No 171/83 of 25 January 1983,<sup>3</sup> the Commission approved the following national measures:

(i) on 3 June, a draft Order made by the Secretary of State for Scotland under the Inshore Fishing (Scotland) Act 1984, applying to certain fishing zones along the coast of Scotland up to six miles from the base lines;

(ii) on 10 June, a set of 15 draft by-laws drawn up by the Lancashire and Western Sea Fisheries District Committee applying to all or part of the waters coming under the Committee's jurisdiction, but in all cases within three miles of the base lines;

(iii) on 12 June, two French Orders, the one applying to a zone inside the Charente estuary which has been established as a fishing reserve, and the other to a number of river estuaries in Brittany;

(iv) on 21 June, a set of 21 draft by-laws drawn up by the South Wales Sea Fisheries District Committee in March 1984 applying to all or part of the waters coming under the Committee's jurisdiction, but in all cases within three miles of the base lines.

The Commission found that six other draft United Kingdom by-laws forming part of the set referred to in the preceding paragraph did not fall within the scope of Regulation (EEC) No 171/83.<sup>3</sup>

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

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

(i) on 6 June, a draft United Kingdom statutory instrument on the enforcement from 1 April 1985 of certain provisions of Regulation (EEC) No 2057/82 of 29 June 1982<sup>5</sup> with regard to UK vessels fishing in all waters and vessels from other Member States fishing in UK waters.

### *External aspects*

#### *Bilateral relations*

##### *Seychelles*

2.1.144. On 4 June the Council adopted a Regulation<sup>6</sup> on the conclusion of the Agreement between the Community and the Government of the Republic of Seychelles on fishing off Seychelles.<sup>7</sup>

##### *Poland*

2.1.145. Further to the statement made by the Council on 4 December 1984,<sup>8</sup> to the effect that the conclusion by the Community of fisheries agreements with certain Baltic countries would be in the interest of fishermen in certain Member States, an

<sup>1</sup> OJ L 158, 18.6.1985.

<sup>2</sup> COM(85) 181 final.

<sup>3</sup> OJ L 24, 27.1.1983.

<sup>4</sup> OJ L 253, 21.9.1984; Bull. EC 9-1984, point 2.1.99.

<sup>5</sup> OJ L 220, 29.7.1982; OJ L 169, 28.6.1983; OJ L 276, 10.10.1983.

<sup>6</sup> OJ L 149, 8.6.1985.

<sup>7</sup> Bull. EC 1-1984, point 2.1.94; Bull. EC 5-1985, point 2.1.99.

<sup>8</sup> Bull. EC 12-1984, point 2.4.15.

initial round of exploratory talks took place between the Commission and a delegation from Poland in Brussels on 19 and 20 June.

### Faeroe Islands

2.1.146. No rules having been adopted to govern salmon fishing in the Faeroese zone at the second annual meeting of the North Atlantic Salmon Conservation Organization, which took place from 3 to 7 June, bilateral consultations were held between the Community and a delegation from the Faeroe Islands in Brussels on 27 June.

Following these consultations, total catches of salmon in the Faeroese zone during the season running from 1 October 1985 to 31 May 1986 will be limited to 550 tonnes, to be fished exclusively by vessels registered in the Faeroe Islands.

### Multilateral relations

2.1.147. On 21 June the Commission sent to the Council a proposal for a Regulation laying down certain technical measures for the conservation of fishstocks in the Antarctic.<sup>1</sup> This proposal is intended to implement with respect to Community fishermen the recommendations notified on 5 October 1984 by the Commission for the conservation of Antarctic marine living resources. On 5 April these recommendations became binding upon all contracting parties, and thus upon the Community.

### Markets and structures

#### Structures

2.1.148. Pursuant to Regulation (EEC) No 355/77 of 15 February 1977 on common measures to improve the conditions under which agricultural (and fishery) products are processed and marketed,<sup>2</sup> the Commission decided on 28 June to grant approximately 9 million ECU to 38 investment projects in the fisheries sector as part of the first instalment of EAGGF guidance

aid for 1985, broken down as shown in Table 4.

Table 4 — *First 1985 instalment of aid from the EAGGF Guidance Section*

	Number of projects	Aid (ECU) <sup>1</sup>
Belgium	1	154 250
Denmark	9	919 520
FR of Germany	3	1 032 616
France	3	334 778
Ireland	3	2 752 500
Italy	3	2 049 783
United Kingdom	16	1 765 025
Total	38	9 008 473

<sup>1</sup> ECU: April 1985 rate.

2.1.149. As regards State aids, the Commission decided to initiate the scrutiny procedure laid down in Article 93(2) of the EEC Treaty in respect of price-ceiling arrangements applicable to diesel fuel for French fishing vessels. This is a price-adjustment mechanism for diesel fuel for the fishing industry, introduced to phase out the difference that existed at a certain time between the current price and the new market price. This is done at a pace determined by the rate of variation in the general consumer-price index. The mechanism was first introduced in 1982 and seems to have been reapplied in March. It may be considered an aid to fishermen without any *quid pro quo* and therefore, save in exceptional cases, incompatible with the common market.

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2.1.150. On 14 June Parliament adopted a resolution on budgetary control with regard to the measures taken under the common fisheries policy (→ point 2.5.13).<sup>3</sup>

<sup>1</sup> COM(85) 315 final.

<sup>2</sup> OJ L 51, 23.2.1977.

<sup>3</sup> OJ C 175, 15.7.1985.

## Transport

### Council

2.1.151. The Council met on 24 June (→ point 2.5.15) and arrived at a common approach to the social legislation on road transport (→ point 2.1.153). It also held an initial discussion on the Commission communication 'Progress towards a common transport policy — maritime transport' (→ point 2.1.155) and took note of the outcome of the Commission's talks with the Austrian Government for a resumption of transport negotiations (→ point 2.1.156). Ministers issued a declaration strongly condemning criminal acts against civil aviation.

The Council failed to decide what steps should be taken to comply with the judgment delivered by the Court of Justice on 22 May in the action brought against the Council by Parliament.<sup>1</sup> There were differences of opinion between Member States as regards the assessment of the Court's ruling and the operational conclusions to be drawn from it.

### Inland transport

#### *Railways*

#### Improvement of the financial situation

2.1.152. On 4 June the Commission amended<sup>2</sup> its proposal for a Council Decision amending the Decision on the improvement of the financial situation of railway undertakings and the harmonization of rules governing financial relations between them and States<sup>3</sup> as requested in the opinion delivered by Parliament.<sup>4</sup>

#### *Road transport*

#### Social conditions

2.1.153. The Council unanimously reached a common position on the adjust-

ment of the social legislation on road transport. This should permit greater flexibility over daily driving time (9 hours, increased to 10 hours twice a week), an increase in average weekly rest time (45 hours) and rearrangement of the daily rest period (12 hours if non-consecutive or 11 consecutive hours).

The agreement is not entirely in line with the proposal from the Commission, which, for example, set the weekly rest period at 48 hours and the daily rest period at 12 hours with no provision for non-consecutive periods.<sup>5</sup>

#### Taxation

2.1.154. The Council meeting of Ministers for Economic Affairs and Finance reached agreement on the tax exemption limit for the fuel in the tanks of motor coaches (→ point 2.1.62).

### Sea transport

2.1.155. The Council meeting gave the Ministers for Transport an opportunity for an initial discussion of the Commission communication 'Progress towards a common transport policy — maritime transport'.<sup>6</sup>

After first approving the Commission's review of the present serious situation of the Community shipping industry, the Council proposed to examine as a matter of urgency four proposals in the communication on:

- (i) coordinated action to safeguard free access to cargoes in ocean trades;
- (ii) applying the principle of freedom to provide services to maritime transport;

<sup>1</sup> Bull. EC 5-1985, point 1.1.1 *et seq.*

<sup>2</sup> OJ C 146, 14.6.1985; COM(85) 252 final.

<sup>3</sup> OJ C 36, 10.2.1984; Bull. EC 1-1984, point 2.1.100.

<sup>4</sup> OJ C 94, 15.4.1985; Bull. EC 3-1985, point 2.1.132.

<sup>5</sup> OJ C 100, 12.4.1984; Bull. EC 3-1984, point 2.1.168.

<sup>6</sup> Supplement 5/1985 — Bull. EC; Bull. EC 4-1985, point 1.2.1 *et seq.*

- (iii) detailed rules for the application of Articles 85 and 86 of the Treaty to maritime transport;
- (iv) unfair pricing practices.

## International cooperation

2.1.156. The Council expressed its agreement to the Commission, in close collaboration with the Member States, holding discussions to achieve the most extensive possible cooperation with Austria in combined transport and rail transport.

## Energy

### Council

2.1.157. On 20 June the Council adopted guidelines relating to the proposals for Regulations granting financial support to demonstration projects (→ point 2.1.162) and to technological development in the hydrocarbons sector (→ point 2.1.160). The Council also endorsed the Commission's analysis and basic guidelines for the situation in the oil-refining industry and the impact of petroleum product imports from non-member countries (→ point 2.1.159). However, the Member States' positions on energy pricing remained unchanged with major differences persisting.<sup>1</sup> Finally, the Council held a preliminary debate on the Commission's recent communication on the Community's new energy policy objectives for 1995.<sup>2</sup>

## Specific problems

### Solid fuels

#### *Market situation*

2.1.158. After the ECSC Consultative Committee had given its opinion,<sup>3</sup> the Commission adopted on 17 June the definitive version of its report entitled 'The mar-

ket for solid fuels in the Community in 1984 and the outlook for 1985'.<sup>4</sup>

### Oil and gas

#### *Refining and imports*

2.1.159. The Council re-examined the Commission communication on the situation in the oil-refining industry and the impact of petroleum product imports from non-member countries.<sup>5</sup>

Having considered the additional information supplied by the Commission, the Council agreed, as its guidelines, on the need to continue:

- (i) to keep a close eye on developments in the petroleum products market, and in particular to speed up the transmission of relevant information to the Commission;
- (ii) rationalizing and modernizing the capacity of the Community's refining industry;
- (iii) urging the major industrialized partners to cooperate in maintaining or if necessary creating conditions of access to their markets enabling international trade in petroleum products to function in a balanced fashion, and
- (iv) talks with the producer countries.

#### *Technological development*

2.1.160. The Council adopted a series of guidelines relating to the proposal for a Council Regulation on a programme of support for technological development in the hydrocarbons sector:<sup>6</sup> the programme will last four years (from 1 January 1986 to 31 December 1989), 140 million ECU (35 million ECU a year) will be needed to fund it, and the Community will pay a maximum

<sup>1</sup> Bull. EC 9-1984, point 2.1.111.

<sup>2</sup> Bull. EC 5-1984, point 2.1.106.

<sup>3</sup> Bull. EC 3-1985, point 2.4.31.

<sup>4</sup> OJ C 177, 15.7.1985; Bull. EC 3-1985, point 2.1.135.

<sup>5</sup> Bull. EC 3-1985, point 2.1.137.

<sup>6</sup> OJ C 325, 6.12.1984; Bull. EC 11-1984, point 2.1.142.

of 40% of the cost of the projects qualifying for financial support.

2.1.161. Parliament had endorsed the proposal on 14 June.<sup>1</sup> It unreservedly supported the Commission's objectives and the means recommended to achieve them and called on the Commission to put small firms first in its support grant decisions.

### Alternative energy sources and energy saving

2.1.162. The Council adopted guidelines on two further proposals for Regulations on the granting of financial support—one on demonstration projects relating to the exploitation of alternative energy sources, energy saving and the substitution of hydrocarbons, the other on pilot industrial projects and demonstration projects on the liquefaction and gasification of solid fuels.<sup>2</sup> The main points agreed were that both these programmes will last four years (from 1 January 1986 to 31 December 1989), that an estimated 260 million ECU (90 million ECU a year) will be needed to fund them, and that the Community will pay a maximum of 40% of the cost of the projects qualifying.

## Research and development

### Community R&D policy

2.1.163. The European Council, meeting in Milan on 28 and 29 June (→ point 1.2.6), approved and endorsed the Commission's memorandum 'Towards a European Technology Community' (→ point 1.5.1 *et seq.*). It noted that a collective effort to master the new technologies was a condition for maintaining European competitiveness and decided, therefore, to give the Community a new technological dimension. It also gave its support to the French Eureka project and noted with interest the agreements already signed by several European companies. Lastly, it asked France, in collaboration

with the Presidency and the Commission, to convene an *ad hoc* committee to discuss European technology.

In two resolutions adopted on 13 June Parliament stressed the need to implement an effective strategy with regard to the Community's technology policy (→ point 2.5.13).<sup>1</sup>

### Council

2.1.164. At a Council meeting of research ministers held in Luxembourg on 4 June there was an exchange of views regarding the provisions of a procedure for informing and consulting the Member States and the Commission about the major scientific and technical facilities now in existence or being planned in the Community (→ point 2.5.15). Ministers noted with satisfaction the Grenoble option for the siting of the European synchrotron project and asked that the question of Community participation in the project be examined in greater depth.

The Council decided that the subject of the European research project 'of particular significance' referred to in its Decision of 22 December 1983 concerning the JRC programme<sup>3</sup> would be the creation of a tritium-handling laboratory at the JRC's Ispra Establishment, to be used exclusively for non-military purposes in the field of controlled thermonuclear fusion. Operating costs have already been provided for in the JRC budget.

Following the joint meeting on industry and telecommunications on 3 June, the Council considered it desirable to implement quickly the definition phase of the RACE programme of research and development,<sup>4</sup> the aim being to design and complete construction of European telecommunications infrastructure by 1995. The definition phase will

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<sup>1</sup> OJ C 175, 15.7.1985.

<sup>2</sup> OJ C 109, 3.5.1985; Bull. EC 2-1985, point 2.1.121.

<sup>3</sup> OJ L 3, 5.1.1984.

<sup>4</sup> Research and development in advanced communications technologies for Europe: Bull. EC 2-1985, point 2.1.147.



last 18 months, the programme being divided into two main parts. The first involves the preparation of an IBC<sup>1</sup> reference model and will be carried out for the most part by the European Conference of Postal and Telecommunications Administrations and the Analysis and Forecasts Group; the second part deals with key activities involving relatively long implementation periods, but requiring a technical and economic assessment and analysis in the short term.

Lastly, the Council asked the Commission to carry out the studies called for in the Presidency's research initiative in connection with the social applications of data processing (IRIS).

### *Effectiveness of the Community's scientific and technical potential*

2.1.165. At the tenth meeting of the Committee for the European Development of Science and Technology, held at the Ispra JRC Establishment on 17 June, a first group of projects was selected as part of the plan to stimulate European scientific and technical cooperation and interchange (1985-88).<sup>2</sup>

Two operations, five twinings and 19 research grants were recommended for selection. The subjects covered range from the study of surface growth mechanisms in various semiconducting compounds to that of the metabolism of genetically lean chickens.

The biggest project comes under the heading of microionics and aims at demonstrating the feasibility of microminiaturized solid-state batteries for incorporation into integrated electronic circuits. It will combine the work of laboratories in Paris, Bordeaux, Nantes, Oxford, Milan, Stuttgart, Thessaloniki and Cambridge. The recommended Community contribution is 3 million ECU over a period of three years.

### *International cooperation*

2.1.166. In June the Commission proposed that the Council conclude two agreements:<sup>3</sup>

(i) one concerning cooperation between the Community and Norway on an R&D programme in the field of metals and mineral substances;<sup>4</sup>

(ii) the other concerning a concerted-action project in the field of 'teleinformatics' (COST 11ter) between the Community and Austria, Finland, Norway, Spain, Sweden, Switzerland and Yugoslavia.

### **COST projects**

2.1.167. The Commission, in conjunction with the European Conference of Ministers of Transport, held an international seminar on electronics and traffic on main roads (Paris, 4 to 6 June). This event provided an opportunity for comparing the outcome of COST project 30 with what has been achieved outside Europe, particularly in the United States and Japan. It also showed how the results of research at European level could be put to use and lead to international standardization, particularly of symbols on variable road signs.

The COST 30 research project related to electronic traffic aids on major roads. Twelve European countries and the Community took part. The project was conducted in two phases: 1977-80 and 1981-85. The report on the second of these was published recently.<sup>5</sup>

During the second phase of the project there was cooperation on the use of on-board microprocessors as part of a guidance system; the use of citizens' band radio; automatic incident detection; and broadcasting of information, weather detection and variable road signs.

A demonstration project was also mounted in the Netherlands (on the Rotterdam/The

<sup>1</sup> Integrated broadband communications. As far as Europe is concerned, this means an infrastructure capable of supporting the existing services and a variety of new services connected with voice, data and image transmission.

<sup>2</sup> OJ L 83, 25.3.1985; Bull. EC 3-1985, point 2.1.141.

<sup>3</sup> COM(85) 244 final; COM(85) 323 final.

<sup>4</sup> OJ L 174, 21.6.1982; Bull. EC 5-1982, point 2.1.151.

<sup>5</sup> EUR 9835 (English, French and German).

Hague motorway) as a practical check on the systems recommended by the project. The main feature is the use of variable road signs to warn drivers of traffic conditions; the signs themselves are controlled by a system of sensors and a computer.

## Sectoral R&D activities

### Energy

#### Nuclear fusion energy

##### JET

2.1.168. On 5 June the Joint European Torus (JET) produced a discharge of 5 million amps maintained for one second over a total impulse duration of 18 seconds, thereby exceeding the maximum performance for which the machine was designed. Thus ends a highly successful six-month run of experiments in the field of controlled thermonuclear fusion, and JET has now been shut down for several months for maintenance and modifications.

The current passing through the plasma (ionized gas) contained in this tokamak-type machine is a vital quality factor: it makes it possible to obtain a plasma that is confined long enough to give rise to a sufficient number of fusion reactions to release large quantities of energy. Related to this is the fact that the requisite temperature of at least 100 million degrees Celsius can only be attained by means of powerful auxiliary heating systems: during the shut-down this summer the present capacity will be increased to 10 MW (the maximum provided for is 25 MW).

The latest JET results consolidate the world lead established over a year ago by this European joint venture.<sup>1</sup>

#### Nuclear fission energy

##### Radioactive waste

2.1.169. Under the third R&D programme (shared-cost projects) on the man-

agement and storage of radioactive waste (1985-89),<sup>2</sup> over 250 research proposals had reached the Commission by 15 June, the closing date for the submission of proposals.<sup>3</sup>

Proposals have been received from 80 different bodies (research centres, universities, firms). Altogether, they represent an expenditure of almost 200 million ECU, more than half of which should be borne by the bodies concerned.

The Community has made available 22 million ECU for the first section (1985-86) of Part A of the third programme on radioactive waste.

Proposals suitable for Community support will now be selected.

#### Technical coal research

2.1.170. On 4 July the Commission published a notice summarizing the new medium-term guidelines for technical coal research (1986-90) which it had adopted under Article 55 of the ECSC Treaty.<sup>4</sup> The guidelines will be of considerable assistance to applicants for financial aid.<sup>5</sup>

### Industry

#### Brite programme

2.1.171. During the period 3 to 14 June, under the guidance of 11 Commission staff who acted as chairmen, 63 experts from all over the Community made a thorough technical evaluation of the 559 proposals submitted to the Commission in response to the call for proposals<sup>6</sup> issued in connection

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<sup>1</sup> Bull. EC 6-1983, point 2.1.260; Bull. EC 10-1983, point 2.1.194; Bull. EC 12-1983, point 2.1.226; Bull. EC 9-1984, point 2.1.120.

<sup>2</sup> OJ L 83, 15.3.1985; Bull. EC 3-1985, point 2.1.141.

<sup>3</sup> OJ C 84, 2.4.1985; Bull. EC 4-1985, point 2.1.110.

<sup>4</sup> OJ C 165, 4.7.1985.

<sup>5</sup> Obtainable from the Commission of the European Communities (DG XVII-B-3), Coal Directorate, Technology Division, rue de la Loi 200, B-1049 Brussels.

<sup>6</sup> OJ C 27, 29.1.1985; OJ C 66, 14.3.1985; Bull. EC 3-1985, point 2.1.148.

with the Brite programme.<sup>1</sup> The standard of the submissions was generally high—as regards the technical quality of the projects and their impact on firms' competitiveness—and it proved difficult to compile a short-list of proposals to be accorded priority of funding. The total value of the proposals received was nearly 900 million ECU, which would call for a Community contribution of almost 450 million ECU. This contrasts sharply with the overall amount of 125 million ECU allocated to the programme by the Council, only 65 million ECU of which is due to be committed at this final stage.

## Telecommunications

2.1.172. Parliament delivered an opinion in June<sup>2</sup> on the Commission's proposal concerning the definition phase of the Community R&D programme in the field of advanced telecommunications technologies (RACE).<sup>3</sup> It welcomed the Commission's initiative as regards the framing of a European telecommunications policy and expressed the hope that, in the development of the European integrated broadband communications system, priority would be given to projects that brought together small and medium-sized firms, universities and/or operators and were of benefit to several Member States, thereby guaranteeing a 'European' bias in the selection process.

## Health and safety

### Radiation protection

2.1.173. Microdosimetry is being used to assess the risks of irradiation from external radiation sources and from radionuclides absorbed as a result of medical treatment or environmental contamination. At present, the main areas of study are: variations in the neutron-quality factor (Q), and their dependence on the nature and quality of the irradiation; interaction processes in the space-related and time-related distribution of radiation; analysis and interpretation of

the relationships between dose and effect, especially at low exposure levels and small doses; the nature of highly sensitive targets; present and future applications of microdosimetry in radiobiology, radiochemistry, radiotherapy and, above all, radiation protection.

All these topics were discussed and analysed at the Ninth International Microdosimetry Symposium, held by the Commission in Toulouse and attended by nearly 200 specialists, at which about 100 communications and papers were presented.

2.1.174. In another area of radiation protection, recent results concerning the survivors of the atomic bomb explosions in Japan have demonstrated the sensitivity of the human brain to the effects of radiation over a well-defined period of foetal development. On 11 and 12 June, in cooperation with the Gesellschaft für Strahlen- und Umweltforschung, the Commission held a symposium in Neuherberg, Germany, on radiation risks to the developing nervous system. Experimental data on the morphology, biochemistry and behaviour of the brain after prenatal irradiation were reviewed and compared with the clinical observations made in Japan. The symposium also provided an opportunity to define future research requirements and to take account of the human and medical problems that arise from exposure to radiation during pregnancy.

### Social research on steel

2.1.175. On 3 June, in accordance with Article 55(2) of the ECSC Treaty, the Commission transmitted to the Council for its assent and to the ECSC Consultative Committee for its opinion (→ point 2.5.24) a memorandum concerning the establishment of a fifth research programme on technical control of nuisances and pollution at the

<sup>1</sup> OJ L 83, 25.3.1985; Bull. EC 3-1985, point 2.1.141.

<sup>2</sup> OJ C 175, 15.7.1985.

<sup>3</sup> OJ C 148, 18.6.1985; Bull. EC 3-1985, point 2.1.147.

place of work and in the environment of iron and steel works.<sup>1</sup>

The fourth programme<sup>2</sup> ended in 1984. The funds allocated to it (15 million ECU) have been exhausted.

2.1.176. On 3 June, pursuant to Article 55(2) of the ECSC Treaty, the Commission

decided to grant financial assistance amounting to 767 200 ECU in respect of eight research projects forming part of the programme on 'Effects on the health of workers of physical and other occupational factors at the workplace'.

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<sup>1</sup> COM(85) 216 final.

<sup>2</sup> OJ C 147, 13.6.1979.

## 2. Enlargement and bilateral relations with Portugal and Spain

2.2.1. The instruments for the accession of Portugal and Spain to the Communities were signed on 12 June (→ point 1.1.1 *et seq.*).

The Commission had transmitted a favourable opinion to the Council on the accession of the two countries on 5 June, and the final technical problems still outstanding were also settled early in the month.

2.2.2. At its 18 and 19 June meeting the Council agreed that from 1 July Portuguese and Spanish delegations could take part, as they wished, as observers in Council proceedings concerning the Community's activities after 1 January 1986. However, this did not rule out the possibility of holding meetings confined to the present Member States.

On 5 June the Commission adopted a number of internal measures relating to procedures for consultation and contact with Portugal and Spain during the interim period up to accession, notably in order to

assess the impact of its future proposals to the Council or its own decisions in connection with enlargement. In certain cases Portuguese and Spanish observers will be invited to take part in panels of experts and committees reporting to the Commission.

### Portugal

2.2.3. On 6 June the Community and Portugal signed the pre-accession Protocol to the Agreement between the Community and Portugal and also the Protocol on the arrangements for the progressive liberalization of imports of motor vehicles into Portugal.

The two protocols were negotiated last December and have been applied tacitly since 1 January pending their signing after certain points concerning their application have been finalized. They will enter into force officially as soon as the two parties have notified each other of the completion of their relevant internal procedures.

### 3. External relations

#### Commercial policy

#### Implementing the common commercial policy

##### Commercial policy instruments

##### Easing of restrictive measures

2.3.1. 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 decided to open quotas for the following:

*Denmark—Poland:* textile products;<sup>2</sup>

*United Kingdom—Hungary:* tableware and other articles of a kind commonly used for domestic or toilet purposes, of porcelain or china or of other kinds of pottery; statuettes

and other ornaments, and articles of personal adornment; articles of furniture;<sup>2</sup>

*Benelux—German Democratic Republic:* textile products;<sup>3</sup>

*Italy—Albania:* TNT;<sup>3</sup>

*Benelux—German Democratic Republic:* textile products;<sup>4</sup>

*Italy—Bulgaria:* natural honey;<sup>4</sup>

*Italy—Hungary:* natural honey; Herend-porcelain;<sup>4</sup>

*Italy—Poland:* unwrought aluminium slabs;<sup>5</sup>

##### Trade protection

2.3.2. The trade protection measures taken in June are shown in Table 5:

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

<sup>2</sup> OJ C 147, 15.6.1985.

<sup>3</sup> OJ C 155, 25.6.1985.

<sup>4</sup> OJ C 162, 2.7.1985.

<sup>5</sup> OJ C 163, 3.7.1985.

Table 5 — Trade protection measures in June

Council	Commission
<i>Anti-dumping proceedings</i>	<i>Anti-dumping proceedings</i>
<i>Definitive anti-dumping duty</i> on imports of:	<i>Rejection of application for the refund</i> of anti-dumping duties collected on certain imports of:
(i) certain glass mirrors originating in South Africa OJ L 148, 7.6.1985 (provisional duty: OJ L 36, 8.2.1985)	(i) cotton yarn originating in Turkey OJ L 167, 27.6.1985 (definitive anti-dumping duty: OJ L 90, 3.4.1982)
(ii) electronic typewriters originating in Japan OJ L 163, 22.6.1985 (provisional duty: OJ L 335, 22.12.1984)	<i>Notice of continuation of the investigation</i> concerning imports of:
(iii) certain ball bearings and tapered roller bearings originating in Japan OJ L 167, 27.6.1985 (provisional duty: OJ L 340, 28.12.1984)	(i) dead-burned (sintered) natural magnesite originating in China or North Korea OJ C 149, 19.6.1985 (provisional duty: OJ L 371, 30.12.1982; extension of provisional duty: OJ L 110, 27.4.1983)
	<i>Notice of reopening of an anti-dumping proceeding</i> concerning imports of:

Table 5 (continued)

Council	Commission
	<p>(i) electronic typewriters, exported by Nakajima All Co. Ltd, originating in Japan OJ C 149, 19.6.1985 (termination of proceeding: OJ L 335, 22.12.1984)</p> <p><i>Notice of initiation of an anti-dumping proceeding concerning imports of:</i></p> <p>(i) certain acrylic fibres originating in Israel, Mexico, Romania or Turkey OJ C 159, 29.6.1985</p> <p><i>Notice of the impending expiry of certain national anti-dumping and countervailing duties and of certain anti-dumping undertakings</i> OJ C 159, 29.6.1985</p> <p><i>Repeal of the definitive anti-dumping duty on imports of:</i></p> <p>(i) broad-flanged beams originating in Spain OJ L 165, 25.6.1985 (definitive anti-dumping duty: OJ L 30, 1.2.1983; suspension of duty: OJ L 116, 30.4.1983)</p> <p>(ii) concrete reinforcing bars originating in Spain OJ L 165, 25.6.1985 (definitive anti-dumping duty: OJ L 33, 4.2.1984; suspension of duty: OJ L 150, 6.6.1984)</p>

### Export credits

2.3.3. On 24 June the Council adopted a Decision on the application of a sectoral agreement—to enter into force on 1 July—on export credits for wide-bodied jet aircraft.<sup>1</sup>

This arrangement lays down conditions different from those generally applied, notably as regards interest rates and repayment periods (up to 12 years). It also bans tied aid loans for these goods.

OECD negotiations are continuing with a view to the conclusion of an agreement to complement the arrangement, covering all other types of aircraft and helicopters.

### Sectoral commercial policy measures

#### *Iron and steel products*

2.3.4. On 5 June the Commission adopted a Decision<sup>2</sup> authorizing the Member States to derogate from the tariff obligations laid down by High Authority recommendation No 1-64 of 15 January 1964<sup>3</sup> so as to grant non-member countries covered by the generalized preferences scheme tariff advantages—in the form of suspensions—in respect of imports into the Community of

<sup>1</sup> Bull. EC 12-1984, point 2.2.9; Bull. EC 2-1985, point 2.2.8.

<sup>2</sup> OJ L 167, 27.6.1985.

<sup>3</sup> OJ 8, 22.1.1964; OJ L 285, 7.10.1981.

certain ECSC iron and steel products. Such concessions had last been authorized on 18 December 1984.<sup>1</sup>

## *Textiles*

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

#### *Renewal of Multifibre Arrangement*

2.3.5. On 28 June the Commission sent the Council a communication<sup>2</sup> on the future of the Multifibre Arrangement (MFA), which is due to expire on 31 July 1986. Under this Arrangement, the GATT Textiles Committee must meet one year before its expiry—i.e. in July 1985—to consider whether it should be renewed, modified or discontinued. The Community must define its position in preparation for this meeting.

This means, at this stage, preparing general guidelines rather than a detailed negotiating brief. The Commission proposes that the Community at this meeting reaffirm its commitment to the ultimate objective of achieving the liberalization of trade in textile products and that it press for the adaptation of the rules governing textile trade to current conditions. It further proposes that the Community undertake to apply future bilateral and multilateral arrangements in a flexible manner. The Commission considers, however, that these objectives will only be attained if parallel liberalization programmes are undertaken by all the countries engaged in international trade in textiles, according to their level of development.

#### *MFA countries*

2.3.6. Consultations between the Community and Hong Kong were held in Brussels on 24 June to examine certain issues relating to the management of the bilateral agreement.

## *Mediterranean preferential countries*

2.3.7. Discussions between the Community and Tunisia concerning the extension for a further two years (1985-86) of the administrative cooperation arrangement for textiles led to the conclusion of an arrangement in Tunis on 11 June.

## *Electronic products*

2.3.8. On 27 June the Commission sought directives from the Council for negotiations within GATT on adjustments to tariff concessions on certain electronic products.<sup>3</sup> Negotiation of the restructuring of the Community's Common Customs Tariff will entail at least: (a) the reduction of the duty on diodes, transistors and similar semiconductor devices, light-emitting diodes and electronic microcircuits to 14% on 1 January 1986, to be further reduced to 12% after two years subject to equivalent concessions being made to the Community by its trading partners; (b) the setting of the customs duty on television image and sound recorders or reproducers, including other kinds of equipment having similar functions should they be classified under other CCT headings, at 14% on 1 January 1986.

## **Relations with industrialized countries**

### **United States**

#### *Steel dispute*

2.3.9. On the basis of the outcome of the negotiations between Mr Willy De Clercq, Member of the Commission with special responsibility for external relations and trade policy, and Mr Malcolm Baldrige, the US Secretary of Commerce, at the beginning

<sup>1</sup> OJ L 338, 27.12.1984.

<sup>2</sup> COM(85) 328 final.

<sup>3</sup> COM(85) 349 final.

of June the Council authorized the Commission to enter into consultations and open negotiations with the US authorities on trade in steel products, a subject of dispute for some months. As regards the 'short-supply' clause of the Arrangement on steel pipes and tubes,<sup>1</sup> 100 000 tonnes of pipes and tubes are to be released immediately by the United States for the all-American pipeline project; the discussions on the products covered by consultation arrangements under certain provisions of the October 1982 Arrangement on carbon steel,<sup>2</sup> which had been interrupted, are to resume with a view to reaching agreement by the end of July. Agreement is also to be sought by the end of October on the related question of the renewal of the 1982 Arrangement,<sup>2</sup> which expires at the end of 1985.

Mr De Clercq issued the following statement:

'I welcome the decision taken by the Council today. In approving the formula negotiated by the Commission with the Secretary of Commerce, Mr Baldrige, the Community has demonstrated once again its capacity for heading off major trading crises while at the same time safeguarding its own interests. Following long and difficult discussions, we have succeeded in laying the foundations for future fair solutions to the three distinct points at issue between the American authorities and the Community in the steel sector. Immediately, 100 000 tonnes of pipes and tubes are to be released for the all-American pipeline project. Only through the vigorous efforts of each of the partners have we been able to arrive at a formula which should both protect the main interests of the Community industry and open up the possibility of a stable framework for its steel exports to the United States.

The negotiations with the United States should begin at an early date on the basis of directives to be proposed to the Council by the Commission.

It is to be hoped that the spirit of conciliation which characterized our discussions on steel will also prevail when we come to discuss the other points of contention still to be resolved between the Community and the United States in other sectors.'

#### *Visit by Mr Bush*

2.3.10. On 27 June Mr George Bush, Vice-President of the United States, met Mr

Delors, President of the Commission. Mr De Clercq was also present.

Conversation ranged over a variety of subjects, the main emphasis being on economic issues. Mr Delors reiterated that the Community was in favour of a new round of GATT multilateral trade negotiations and would continue to work for a broad international consensus. It was agreed that the two sides should endeavour to concert their positions in this area.

Mr Bush referred to the very strong political pressure in the United States for protectionist legislation. Although this involved a variety of sectors, agriculture was a key issue and Mr Bush said that agricultural pressures now constituted in the US a new 'political phenomenon'. In defending the Community's agricultural policy Mr Delors and Mr De Clercq stressed that both the Community and the US were essentially at grips with the same problems of overproduction and budgetary cost. On the specific problems of US citrus exports to the Community, both sides put their case and undertook to support efforts to seek a solution which would prevent the adoption of retaliatory measures.

On technology, both Mr Bush and Mr Delors agreed that there was mutual advantage in EEC-US cooperation.

#### **Canada**

##### *High-level consultations*

2.3.11. On 4 June the 24th round of twice-yearly high-level consultations with Canada was held in Brussels. An exchange of views took place on international economic and trade questions.

With regard to bilateral problems, the Commission delegation expressed serious concern over the lack of progress with the

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<sup>1</sup> OJ L 9, 10.1.1985; Bull. EC 1-1985, point 2.2.13; Bull. EC 2-1985, point 2.2.14; Bull. EC 3-1985, points 2.2.14 and 2.2.15; Bull. EC 5-1985, points 2.2.20 and 2.2.21.

<sup>2</sup> OJ L 307, 1.11.1982; Bull. EC 10-1982, point 1.3.1 *et seq.*; Bull. EC 2-1985, point 2.2.12.



abolition of discriminatory trade practices by Canadian provincial liquor boards.

The Commission delegation also warned against possible Canadian import restrictions in the textile sector. The Canadian side criticized the Commission's recent proposal to renew the existing ban on imports of seal pup skins and derived products for an unlimited period of time (→ point 2.1.104). It also repeated its concern—already expressed during the visit to the Commission on 6 May of Mr John A. Fraser, Canada's Minister for Fisheries and Oceans—about the fishing activities of German vessels in a particular area of the north-west Atlantic for which Canada claims to have special responsibility (conservation of stocks).

### *Beef*

2.3.12. On 6 June the Community and Canada signed an agreement in the form of an exchange of letters under which Canada accorded the Community import opportunities of up to 10 668 tonnes of beef in 1985 instead of the 2 700 tonnes originally offered. The agreement was reached after several rounds of consultations under GATT Article XIX which the Community had requested after Canada's decision to restrict imports of beef during the present calendar year.<sup>1</sup>

### *Nuclear energy cooperation agreement*

2.3.13. On 21 June the Commission and Canada signed an agreement in the form of an exchange of letters between the European Atomic Energy Community and Canada.

This agreement updates and supplements certain provisions of the old Euratom-Canada Agreement for cooperation in the peaceful uses of atomic energy concluded in 1959 and already amended in 1978 and 1981. Specifically, improvements have been made in the procedures governing the retransfer of Canadian materials from the Community to other countries.

It was also agreed that the cooperation agreement, so amended, would remain in force for a further 20-year period with the possibility of further extensions.

## **Japan**

### *Council statement*

2.3.14. On 19 June the Council adopted a statement on EEC-Japan relations in which, having reiterated its concern at the lack of progress made in the recent discussions between the Commission and the Japanese authorities on the opening-up of the Japanese market<sup>2</sup> and stressed the danger which Japan's accumulation of trade and current account surpluses posed for the multilateral trading system, it requested Japan to give a clear undertaking to make a substantial, long-term increase in its imports of manufactures and processed agricultural products, liberalize its financial markets and internationalize the yen.

The Council also asked the Commission to carry out a comprehensive study of EEC-Japan relations to serve as a basis for the discussions to be held in the autumn.

### *High-level consultations*

2.3.15. The 25th round of Commission-Japan twice-yearly high-level consultations was held in Tokyo from 3 to 5 June. The Commission expressed its concern at the threat to the multilateral trading system posed by current imbalances and at the persistence of EEC-Japan trade problems in spite of repeated declarations on the opening-up of their market by the highest Japanese authorities. European-Japanese cooperation in the areas of industry, science and development aid was also discussed, as was the preparation of a new round of GATT trade negotiations.

<sup>1</sup> Bull. EC 1-1985, point 2.2.18; Bull. EC 4-1985, point 2.2.11; Bull. EC 5-1985, point 2.2.22.

<sup>2</sup> Bull. EC 4-1985, point 2.2.12; Bull. EC 5-1985, point 2.2.23.

### *Visit by Mr Narjes*

2.3.16. Mr Karl-Heinz Narjes, Vice-President of the Commission with special responsibility for industrial affairs and research, visited Japan from 15 to 18 June for discussions with various ministers on topics including the advisability of extending research cooperation. Views were exchanged on the most promising areas, such as thermonuclear fusion and new materials.

The Japanese Prime Minister, Mr Yasuhiro Nakasone, expressed interest in the Eureka programme and possible cooperation with the Community in this area.

Mr Narjes proposed that a fourth EEC-Japan symposium be organized at the beginning of October on the transfer of technology and investment. This symposium would be followed by a forum comprising Commission and Keidanren representatives.

### **Australia**

#### *High-level consultations*

2.3.17. The fourth round of ministerial consultations between the Community and Australia were held in Brussels on 14 June.

The Australian delegation was led by Mr Bill Hayden, Minister for Foreign Affairs, and included the Minister for Trade, Mr John Dawkins, and the Minister for Primary Industry, Mr John Kerin. The Commission delegation, headed by Mr De Clercq, also included Mr Andriessen, Mr Narjes and Mr Mosar.

The atmosphere of the consultations, during which both the general international situation and particular bilateral problems were reviewed, was one of openness to dialogue, confirming the frank, imaginative and constructive approach of the Hawke administration to its relations with the Community.

There was a convergence of views on a number of points, in particular on the potential dangers of certain aspects of

United States economic policy and the progress made towards a new round of multilateral trade negotiations. In response to Australian statements on the importance of agriculture in this connection, Mr De Clercq stressed the desirability of dealing with all the various constituent elements of national agricultural policies.

Areas of bilateral concern discussed included industry, energy and, in particular, agriculture (beef and veal, milk products, oenological practices and sugar).

### **New Zealand**

2.3.18. On 4 June Mr De Clercq received Mr M.K. Moore, the New Zealand Minister for Overseas Trade and Marketing, in Brussels. This visit followed that by the Deputy Foreign Minister, Mr F.D. O'Flynn, on 14 May.<sup>1</sup> The atmosphere of the meeting was open and friendly.

Among the topics discussed were the prospects for the next round of multilateral trade negotiations, in particular the role played by the developing countries and certain newly industrialized countries in the context of the forthcoming informal meeting of Trade Ministers in Stockholm, and also the outlook for New Zealand exports of butter to the Community.

Mr Moore invited Mr De Clercq to visit New Zealand early in 1986.

### **European Free Trade Association**

#### *Joint Committees*

2.3.19. The EEC-Austria, ECSC-Austria, EEC-Finland, ECSC-Finland and EEC-Iceland Joint Committees met in Brussels in June.

The two sides reviewed the functioning of the agreements and progress with implementation of the EEC-EFTA cooperation undertakings given in Luxembourg on 9 April 1984, particularly in the areas of

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<sup>1</sup> Bull. EC 5-1985, point 2.2.24.

research and simplification of the rules of origin.

Other items of common interest discussed included the new round of GATT multilateral trade negotiations and amendment of the free-trade agreements in the wake of the Community's enlargement.

In the case of Austria, steel market trends were discussed and also the Community's steel crisis policy and the operation of its steel arrangement with Austria. The Community representative informed the Austrian delegation that the Council had authorized the Commission to hold exploratory talks with Austria on cooperation in the areas of rail transport and combined transport (→ point 2.1.156). The problem of Austria's persistent trade deficit with the Community was also raised.

The discussions in Iceland's case were concentrated mainly on the Community's decision to discontinue the suspension of autonomous duty on salted and dried cod and cod fillets from 1 July. The Community representative explained that this decision had to be seen in the light of the general extension of fishing zones to 200 miles and the need to find new fishing opportunities following the Community's enlargement.

## Sweden

### *High-level consultations*

2.3.20. The annual round of EEC-Sweden high-level consultations was held in Stockholm on 11 June. The Commission delegation was led by Mr De Clercq, the Swedish delegation by Mr Hellström, Minister for Trade.

The two sides reviewed the economic situation in Sweden and in the Community, examined the outlook for the world trading system and expressed their support for a new round of GATT multilateral trade negotiations.

With regard to internal Community developments such as the strengthening of the internal market and the forthcoming

enlargement, Mr De Clercq impressed upon the Swedes that these changes could only be beneficial to the EFTA countries.

The functioning of the free-trade agreements with Sweden was reviewed. Both sides expressed satisfaction at the approval by their respective experts of a framework agreement on research and development.

Lastly, the Swedes expressed serious concern about the Community duty levied on herring.

The next round of high-level consultations will be held in Brussels in the summer of 1986.

## Relations with other countries and regions

### Mediterranean countries

#### Cyprus

2.3.21. Pending the opening of negotiations to establish contractual trade arrangements with Cyprus, on 19 June the Council extended<sup>1</sup> the existing trade arrangements<sup>2</sup> on an autonomous basis until 31 December 1985.

#### Malta

2.3.22. On 19 June the Council also extended<sup>1</sup> the existing trade arrangements with Malta<sup>3</sup> on an autonomous basis pending the opening of negotiations to establish contractual trade arrangements.

2.3.23. On 13 June Parliament adopted a resolution on the situation in Malta (→ point 2.5.14).<sup>4</sup>

<sup>1</sup> OJ L 162, 21.7.1985.

<sup>2</sup> OJ L 335, 22.12.1984; Bull. EC 12-1984, points 2.2.23 and 2.2.24.

<sup>3</sup> OJ L 335, 22.12.1984; Bull. EC 12-1984, point 2.2.25.

<sup>4</sup> OJ C 175, 15.7.1985.

## Yugoslavia

2.3.24. On 18 June the Council gave the Commission negotiating directives for the renewal of the financial protocol to the EEC-Yugoslavia Cooperation Agreement, which expired on 30 June; the second protocol will cover the period 1985-90.

On 24 June the Council also extended on an autonomous basis the trade provisions of the Cooperation Agreement, which expired on 30 June.<sup>1</sup>

2.3.25. At its third meeting, on 18 June,<sup>2</sup> the EEC-Yugoslavia Cooperation Council expressed general satisfaction with the development of trade in 1984, though both sides noted certain problems which they wished to bring up during the negotiations on the new trade arrangements.

The Council hoped that these negotiations would give a new impetus to cooperation between Yugoslavia and the Community. It recognized that the negotiations, to be conducted at the same time as those on the adaptation of the Agreement following enlargement (in accordance with Decision 1/84), should open as soon as possible. The Council took note of the Yugoslav delegation's statement on the need to solve pressing trade problems by transitional measures until the new arrangements came into force.

The Cooperation Council then adopted a Decision (1/85) on the implementation of the cooperation provided for under Title I of the Agreement.

In the field of industrial cooperation, the Decision will promote action aimed at giving businessmen the information they need to overcome the obstacles facing them and establishing contacts between traders, businessmen and the appropriate officials so that complementary sectors can be identified. Special emphasis has been put on science and technology, for which a cooperation programme has been drawn up.

2.3.26. Mr Cheysson visited Belgrade from 26 to 28 June at the invitation of the

Federal Secretary for Foreign Affairs, Mr Raif Dizdarević.

Bilateral cooperation was reviewed in the talks with the Yugoslav authorities.

Detailed discussions also took place on problems connected with the international economic order and the large debt burden of a number of developing countries.

## Southern and eastern Mediterranean countries

2.3.27. At the request of the Commission, the Council resumed work on the Regulation setting out the procedures for implementing the Mediterranean financial protocols in the Community. The Commission believes that it is no longer possible to continue with the *ad hoc* procedure used provisionally for consultations with the Member States on its financing proposals.

At its meeting on 18 and 19 June the Council was still unable to reach agreement on the Commission's proposal.<sup>3</sup>

2.3.28. The EEC-Israel Cooperation Committee met in Brussels on 3 June. The main points covered were the effects of the Community's enlargement and a review of the EEC-Israel Agreement with an eye to possible improvements, as laid down in one of its clauses. The Israel delegation stressed the need to find solutions before the accession of Portugal and Spain. The importance of the statement on the enlarged Community's Mediterranean policy adopted by the Council on 30 March was emphasized by the Community delegation. The development of trade between the Community and Israel was also touched on.<sup>4</sup>

## Asia

### Association of South-East Asian Nations (Asean)

2.3.29. Tunku Ahmad Rithauddeen, Malaysia's Minister for Foreign Affairs,

<sup>1</sup> OJ L 167, 27.6.1985.

<sup>2</sup> Bull. EC 6-1984, point 2.2.33.

<sup>3</sup> OJ C 99, 22.4.1977; COM(78) 18 final.

<sup>4</sup> Bull. EC 3-1985, point 2.2.19.

visited the Commission on 21 June in his capacity as Chairman of the Asean Standing Committee. Tunku Rithauddeen's talks with Mr Cheysson and Mr De Clercq, Members of the Commission, were aimed at preparing the ground for the forthcoming meeting between Asean and its partners,<sup>1</sup> due to be held at Kuala Lumpur from 11 to 13 July, and also the extraordinary meeting of Community and Asean Ministers of Economic Affairs to be held in Bangkok on 17 and 18 October.

In connection with the Kuala Lumpur meeting, Mr Cheysson and Mr De Clercq explained the Community's position with respect to the forthcoming round of GATT negotiations, the future of the MFA and the generalized tariff preferences system over the period 1986-90.

As to the Bangkok meeting, the two sides agreed that a new drive was needed to increase and diversify economic and trade links between the Community and Asean.

## Latin America

### Latin America—Community Interparliamentary Conference

2.3.30. The Latin America—Community Interparliamentary Conference met in Brasilia from 16 to 20 June and resulted in the unanimous adoption of a Final Act.

The debates focused on debt, the situation in Central America, the process of democratization and human rights, the environment, general cooperation between the Community and Latin America and the setting up of the Institute for European-Latin American Relations (Ielar).

Among other things, the Conference proposed:

- (i) the organization by Ielar of a conference on debt problems;
- (ii) the speedy conclusion of a cooperation agreement with Central America;

- (iii) the organization in 1986 of a conference on environmental protection in Latin America and Europe;

- (iv) the strengthening of existing cooperation agreements with Latin American countries and the initiation of cooperation with Argentina and Uruguay;

- (v) the preparation by Ielar of studies and a debate on the specific problems of women, for the next Interparliamentary Conference, due to be held in 1987.

2.3.31. Relations between the Community and Latin America were the subject of three resolutions adopted by Parliament on 13 June (→ point 2.5.13).<sup>2</sup>

### Guatemala

2.3.32. On 19 June Mr Cheysson received Mr Fernando Andrade, Guatemala's Minister of Foreign Affairs, who informed him of the progress made in the democratization of Guatemala and asked for the Community's support in consolidating this process and achieving its objectives.

Mr Cheysson expressed the hope that the elections due to be held in November would take place successfully; this would allow the Community to consider aiding the country's development. In this context he noted the Community's desire to conclude a cooperation agreement with Central America.

### Mexico

2.3.33. The President of Mexico, Mr Miguel de la Madrid Hurtado, at the head of a large delegation, made an official visit to the Commission on 17 June. He had talks with Mr Delors, President of the Commission, before taking part, together with accompanying ministers, in round-table discussions chaired by Mr Delors in which several members of the Commission also took part.

<sup>1</sup> The Community, the United States, Japan, Australia, Canada.

<sup>2</sup> OJ C 175, 15.7.1985.

The discussions focused mainly on EEC-Mexico relations (which the two sides hope to develop), the Community's cooperation with Central America following the meeting at San José in Costa Rica in September 1984,<sup>1</sup> the forthcoming GATT multilateral negotiations and Latin America's economic growth problems resulting from the debt burden.

## Haiti

2.3.34. Haiti's Minister for Foreign Affairs, Mr Jean-Robert Estimé, was received by Mr Cheysson on 20 June. The Minister reiterated the request for the opening of negotiations with a view to a cooperation agreement between the Community and Haiti and also the Dominican Republic.

These two countries could well remain the only two in the Caribbean region without agreements with the Community.

Mr Cheysson promised that the Commission would study the problem and try to find an appropriate solution.

## State-trading countries

### China

2.3.35. In the framework of Community-China cooperation, Mr Yang Jun, Deputy Chairman of the Chinese State Commission for Scientific and Technological Affairs, visited five Member States (France, Belgium, Netherlands, Denmark and Germany) at the head of a large delegation from 2 to 21 June. The delegation had meetings with government figures and representatives of industry and research institutes in the fields of energy, telecommunications and information technology.

The Chinese delegation's first stop was Brussels, where Mr Yang had talks with Mr Narjes, Mr De Clercq and Mr Mosar. The two parties exchanged views on the prospects for industrial and scientific cooperation and agreed it should be stepped up. information technology and telecommuni-

cations were mentioned among possible areas of cooperation. The Chinese delegation also took part in a number of meetings with Commission officials.

## Romania

2.3.36. On 25 June Mr Willy De Clercq, Member of the Commission with special responsibility for external affairs, received Mr Stefan Andrei, Romania's Minister for Foreign Affairs. Mr Andrei called for closer relations between Romania and the Community and the wider opening of the Community to Romanian exports, notably through an improvement of the generalized preferences scheme. He also hoped that progress would be made towards concluding a bilateral cooperation agreement.

## Council for Mutual Economic Assistance (CMEA)

2.3.37. On 14 June Mr Delors and Mr De Clercq received, at his request, Mr Stanislas Matosek, Poland's Ambassador to Belgium. Poland currently chairs the CMEA Executive Committee, and the Ambassador carried a letter from Mr Vyacheslav Sychov, Secretary of CMEA. The substance of Mr Sychov's letter to the Commission was a proposal to establish relations between CMEA and the Community through the adoption of a general EEC-CMEA statement at a high-level meeting.

2.3.38. Mr Delors emphasized that at no time had the Community departed from its constructive attitude towards the CMEA countries and that the political will to establish relations with CMEA had always been there. He therefore welcomed the opportunity to resume dialogue. He said that the Commission would initiate detailed consultations with the Member States on the proposals made by CMEA. Lastly, he stressed that the normalization of relations between the Community and CMEA could also go hand in hand with a normalization of

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<sup>1</sup> Bull. EC 9-1984, point 2.2.25; Bull. EC 12-1984, point 2.2.34; Bull. EC 5-1985, point 2.2.37.

relations between the Community and CMEA member countries.

2.3.39. At its meeting in Milan on 28 and 29 June the European Council held an exchange of views on this subject (→ point 1.2.9).

## Development

### North-South relations

#### Unctad Trade and Development Board

2.3.40. The Unctad Trade and Development Board met in special session from 10 to 15 June, pursuant to Resolution 157 (VI) adopted at the Belgrade Conference in June 1983,<sup>1</sup> in order to discuss the report of a working party of independent experts which had been asked to study the desirability and feasibility of creating an additional financing facility to compensate losses of commodity export earnings.

The meeting was successful, thanks in large measure to the constructive part played by the Community throughout, and concluded with the adoption by consensus of a joint resolution which called for a intergovernmental group of experts to be convened early in 1986 and to report back to the Board at a further special session scheduled for the autumn of that year.

In preparation for the meeting of the group, the World Bank, the IMF and Unctad member States were invited to submit specific contributions.

#### World Food Council

2.3.41. The 11th ministerial meeting of the World Food Council was held in Paris from 10 to 13 June.<sup>2</sup> Discussions focused on international problems of food supplies and famine, the food and economic crisis in Africa, better access to supplies for the undernourished and external economic

obstacles to the achievement of food objectives.

Mr Andriessen, Vice-President of the Commission, speaking on behalf of the Community, pointed to the paradox presented by the fact that many developing countries had agri-food deficits to cover—either by boosting production or purchasing on the world market—while the developed countries were concerned with reducing their surpluses by curbing expansionist trends and seeking external outlets.

In its final communiqué the World Food Council recommended that:

(i) adjustment programmes to tackle debt problems be scheduled in such a way as to take account of developing countries' food and social requirements on a long-term and continuing basis;

(ii) all developed countries should redouble their efforts to adjust their manufacturing and/or agricultural sectors in order to open up stable and growing outlets for the developing countries' exports;

(iii) the GATT Committee on Trade in Agriculture, in accordance with its terms of reference, should be encouraged to pursue and, if possible, speed up the introduction of more effective rules and procedures on trade and domestic farm policies with regard to the problems of developing countries;

(iv) the International Wheat Council (IWC) should continue studying possibilities for a new agreement with provisions designed to facilitate the developing countries' essential imports, having regard to the exporting and importing countries and also producers and consumers;

(v) the IWC should continue exploring the possibility of raising the overall minimum commitment under the Food Aid Convention to some 10 million tonnes.

<sup>1</sup> Bull. EC 6-1983, point 2.2.47.

<sup>2</sup> Tenth meeting: Eighteenth General Report, point 765.

Lastly, the roots of the disputes currently troubling world trade in foodstuffs and possible solutions had to be studied carefully.

### Group on North-South Economic Issues

2.3.42. The Group on North-South Economic Issues, meeting on 12 and 13 June, reviewed progress made in the North-South Dialogue following a series of meetings held within the framework of the United Nations and OECD and following the Western Economic Summit in Bonn. The prevailing impression was that while there had not been any spectacular progress, the dialogue seemed to be taking place in a more pragmatic atmosphere than in the past. Moreover, the industrialized countries had moved towards clearer recognition of their responsibilities in the sphere of economic policy and there was growing awareness of the fact that the major problems facing the developing countries—the debt burden, trade, finance, monetary issues—were linked.

The Community suggested that it would be advisable to seek lasting solutions to the debt problem, which was one of a number of related problems and represented a threat to the financial system and the stability of the indebted countries.

The Group would continue work on these lines by focusing on the North-South aspects of the proposed new round of GATT trade negotiations and also on the question of indebtedness and related problems, notably investment.

It was noted that discussions on the reform of Unctad had not made any progress. As to Unido, shortly to become a specialized agency, there was a general consensus that it should concentrate the bulk of its efforts on providing technical assistance for needy countries on the basis of sectoral and regional priority criteria.

### Programmed food aid

2.3.43. On 6 June the Commission decided on the following food aid oper-

ations: Mauritania 500 tonnes of skimmed-milk powder and 200 tonnes of butteroil; Cape Verde 300 tonnes of skimmed-milk powder and 100 tonnes of butteroil; Niger 200 tonnes of skimmed-milk powder; Djibouti 4 000 tonnes of cereals; Honduras 800 tonnes of skimmed-milk powder; Nicaragua 5 000 tonnes of cereals, 1 800 tonnes of skimmed-milk powder, 300 tonnes of butteroil, 500 tonnes of vegetable oil and 3 500 tonnes of beans.

2.3.44. Following a favourable opinion from the Food Aid Committee, the Commission had decided on 3 July last year to allocate Sri Lanka 40 000 tonnes of cereals. The quantity has now been lowered to 30 000 tonnes.

### Alternative operations in place of food aid

2.3.45. In June an operation in Honduras was approved pursuant to the 1984 Council Regulation<sup>1</sup> which provides, under special circumstances, for financial support for agricultural development and food projects in place of food aid operations.

Since 1974 Honduras has received a large amount of aid from the Community in the form of financial and technical assistance and food aid.

The level of cereals production last year made the country temporarily self-sufficient, largely thanks to favourable weather conditions. Since Honduras has been allocated food aid in the form of 5 000 tonnes of cereals, the Commission decided to allocate the exchange value (1.6 million ECU) to this operation.

The alternative operation will fulfil two objectives—namely, improvement of the balance of payments through the supply of agricultural inputs and support for the economic and social development of Honduras, since the counterpart funds raised from the sale of these inputs on the local market will be used for schemes to improve

<sup>1</sup> OJ L 165, 23.6.1984; Bull. EC 6-1984, point 2.2.54.



the living conditions of the poorest sections of the population.

## Emergency aid

### The fight against hunger in Africa

2.3.46. In June the Commission sent the Council a report<sup>1</sup> in which it reviews the food situation in Africa, the implementation of the Community's aid operations since the Dublin European Council<sup>2</sup> and possible future operations.

The key sections of this report were included in a communication which the Commission subsequently put before the Milan European Council.<sup>3</sup>

The Commission noted in the report that the most pressing food requirements of the 20 African countries most severely hit by the drought appear to have been covered and that the Community had made a considerable contribution to international solidarity efforts by undertaking to supply the equivalent of 2.3 million tonnes of cereals.

The Community has made a special push to help the eight hardest-hit countries. To date, 65% of the Dublin plan aid (1 232 000 tonnes cereal equivalent) has already been distributed or is in the process of being provided by the Commission and the Member States.

The Commission and the Member States have coupled emergency food aid with various operations to tackle other emergency-related needs (health care) and restart productive activities (seed, utilization of local resources and labour, etc.).

Major problems have arisen nevertheless in the implementation of the international relief operation, which in some cases still persist.

Having studied all the problems, the Commission believes that an overall long and short-term anti-drought strategy should be developed by means of measures:

(i) to improve early warning systems by better coordination and the stepping-up of European efforts in this connection with a view to such systems covering the whole of Africa;

(ii) to help the stricken countries mobilize and maintain all their means of transport—but some countries are so poorly off for road and rail transport that the best course would be to have Community transport available to get the food through in time;

(iii) to streamline the machinery for action, in particular by establishing a permanent crisis management staff of the Member States, with its coordinating centre at the Commission organized around the existing crisis unit;

(iv) to help the restarting of economic activities in the stricken countries in 1986 (e.g. by funding programmes for importing inputs), and in the longer term the carrying-out of agri-food development and environmental conservation programmes, by drawing up a coherent and coordinated European programme in each of the countries asking for the Community's assistance in this connection.

2.3.47. The European Council, meeting on 28 and 29 June, examined the communication from the Commission and adopted certain conclusions on this subject (→ point 1.2.8). It reacted favourably to the Commission's proposal for a special reserve allocation to mobilize an additional 500 000 tonnes cereal equivalent.

2.3.48. In addition, the Commission made the following aid allocation decisions in June as part of the Dublin plan:

Mali: 750 000 ECU for the purchase of 1 780 tonnes of seed for the next crop;

Niger: 1 500 000 ECU, of which 1 000 000 ECU to finance the transport of aid into the interior and 500 000 ECU to Caritas, Unicef

<sup>1</sup> COM(85) 308 final.

<sup>2</sup> Bull. EC 12-1984, point 1.2.7.

<sup>3</sup> COM(85) 335 final.

and the Red Cross for the supply of food to famine victims.

2.3.49. Mr Natali, Vice-President of the Commission, visited Sudan at the end of May on his tour of the drought-stricken countries.

On 5 June Mr Natali and Mr Hashim Hashim, representing the Ambassador of Sudan, signed the financing agreement for the project to rehabilitate Sudan's railway in order to distribute food aid.

The execution of this project, which will cost 10 million ECU and was scheduled in Sudan's indicative programme under Lomé II, has been brought forward and thus integrated into the Dublin plan aid measures.

The project should enable the Sudanese Government to transport food aid swiftly and cheaply from Port Sudan to the drought-hit areas between Kordofan and Darfur, using the existing railway line and a system of through wagons.

The project will be executed over a 12-month period and will make it possible to deliver some 500 000 tonnes of cereals to the people hardest hit in the areas concerned.

2.3.50. On 12 and 13 June Parliament adopted two resolutions, one on drought and famine in Africa and one on Ethiopia (→ point 2.5.13).<sup>1</sup>

### Emergency food aid

2.3.51. In June the Commission decided on the following emergency food aid allocations:

- (i) 70 tonnes of skimmed-milk powder to the World Council of Churches for distribution in Lebanon;
- (ii) 200 tonnes of butteroil and 370 tonnes of beans to Christian Aid for distribution in Mozambique.

### Emergency aid operations

2.3.52. On 11 June the Commission approved emergency aid of 500 000 ECU

under Article 950 of the budget for victims of the recent events in Lebanon.

The aid will be administered by the ICRC (250 000 ECU) and Unrwa (250 000 ECU) and will mainly be used to cover hospital expenses and medical supplies.

2.3.53. Parliament adopted on 13 June a resolution concerning aid for Bangladesh (→ point 2.5.14).<sup>1</sup>

### Stabex

2.3.54. On 21 June the Commission approved the following four transfers, totalling 6 355 743 ECU, for the 1984 application year under the export earnings stabilization system (Stabex):

Cape Verde: 312 197 ECU (bananas);

Western Samoa: 195 780 ECU (bananas);

Comoros: 815 095 ECU (cloves);

Ethiopia: 4 996 671 ECU (beans).

Moreover, analysis of other requests for transfers for this application year, appraisal of which has not yet been completed, shows that total transfers will remain within the financial package available for 1984, namely 159 179 488 ECU.

### Financial and technical cooperation

#### *ACP States and OCTs*

2.3.55. In June the Commission took decisions involving the allocation of fourth and fifth EDF resources totalling 32 500 000 ECU to finance projects and programmes which it administers in the following sectors:

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<sup>1</sup> OJ C 175, 15.7.1985.

Table 6

Sector/country	Project	million ECU	
		Grants	Loans
<i>Rural production</i> Liberia	Oil-palm plantations	4.2	
<i>Economic infrastructure</i> Liberia	Ports and waterways Railways (delivery of food aid)	2.9	9.5
Sudan		10	
<i>Social development</i> Guinea	Water engineering, housing	5.9	

## Relations with NGOs

2.3.56. In the period 1 January to 30 June a total of 13.2 million ECU was committed by the Commission for the cofinancing of 108 projects presented by 69 NGOs.

The Commission also committed 1 450 000 ECU to 25 campaigns to increase European public awareness of development issues.

## Institutions

### ACP-EEC

#### ACP-EEC Council of Ministers

2.3.57. Preceded by a meeting of the ACP-EEC Committee of Ambassadors, the tenth meeting of the ACP-EEC Council of Ministers was held in Luxembourg on 21 June under the chairmanship of Mr Pascal Nze, Minister of Planning and Regional Development of the Republic of Gabon.<sup>1</sup>

The Community delegation was led by Mr Mario Fioret, State Secretary at the Italian

Ministry of Foreign Affairs and President of the Council; the Commission was represented by Mr Lorenzo Natali.

The meeting, which marked the tenth anniversary of ACP-EEC cooperation and was the first to be attended by Angola and Mozambique, was chiefly concerned with the implementation of the provisions of the new Convention, the consequences of enlargement and the situation in southern Africa.

The Council examined progress made in the action undertaken to combat drought, desertification and famine. The ACP States laid emphasis on the medium-term strategies aimed at achieving food self-sufficiency. For its part the Community outlined the measures taken in implementation of the Dublin plan. The Council took the necessary steps to ensure that, if required, additional funds can be made available quickly under the Convention.

The Council referred to the consequences of Community enlargement to include Portugal and Spain, which was causing the ACP States some concern, especially as regards their agricultural exports. The ACP States regretted that Portuguese accession had not proved an opportunity to increase their overall quantity of preferential sugar. The two sides agreed that the negotiations on the accession protocol would begin next autumn.

As regards trade, the Community reassured the ACP States of its readiness to consult them before taking any decision on the rules currently under examination regarding use of vegetable oils and fats in cocoa products and the level of aflatoxin in certain products imported into the Community. It also stated that the proposal for the 1986 GSP would be brought forward as soon as possible. The two sides instructed the ACP-EEC Customs Cooperation Committee to examine as quickly as possible the ACP request for a derogation from the rules of origin for canned tuna from Mauritius.

<sup>1</sup> Bull. EC 2-1985, point 2.2.38.

With regard to Stabex, the Council approved an experts' report on improvements in the operation of the system. It instructed the Committee of Ambassadors to take a final decision on the use of any unexpended balances from the second ACP-EEC Convention and the replenishment of certain resources transferred under Lomé I; the Committee was further directed to look into certain requests for application of the system to exports to all destinations.

In addition, the Council adopted measures in the fields of industrial and agricultural cooperation to expedite implementation of the new Convention.

Finally, it heard a report by the ACP Chairman of the Article 108 Committee, Mr Imra Fong Poen, Suriname's Minister of Transport, Trade and Industry, on the previous day's discussions by the Committee, which had been set up under the second Convention with a view to improving financial and technical cooperation. It took the necessary procedural steps, authorizing representatives of the Article 108 Committee to continue work in preparation for the next Council meeting.

The Council discussed the situation in southern Africa and heard statements by the representatives of Botswana, Zambia, Senegal and Liberia. The Community stated that the proposal for a meeting between the Foreign Ministers of the Ten and those of the front-line countries was under examination in the European political cooperation context. The Ten looked favourably on the proposal, but the practical details had yet to be settled.

## International organizations and conferences

### United Nations

#### United Nations Conference on Trade and Development

##### *Fourteenth special session of the Trade and Development Board*

2.3.58. The Trade and Development Board met in special session from 10 to 15 June (→ point 2.3.40).

### World Food Council

2.3.59. The 11th ministerial meeting of the World Food Council was held in Paris from 10 to 13 June (→ point 2.3.41).

### FAO

2.3.60. The 87th meeting of the FAO Council was held in Rome from 17 to 28 June. After a review of the international food and agriculture situation, discussions focused on a 'world food security pact' and a 'code of conduct on the use of pesticides'.

The Council decided that these points would be placed before the FAO Ministerial Conference in November for adoption. The Community representative came out in favour of both the world food security pact and the code on pesticides and asked for a clause in the pesticides code to enable the Community to be a full participant.

### International Labour Organization

2.3.61. The 75th session of the International Labour Conference was held in Geneva from 7 to 27 June. It adopted new standards (conventions and recommendations) in the fields of health services at the workplace and labour statistics. There was also an initial round of discussions on a draft convention and recommendation on the safe use of asbestos.

The Conference also adopted a resolution and conclusions on equality of opportunity and treatment for women in employment which will be presented at the conference on the UN Decade for Women to be held in Nairobi in July.

### International Monetary Fund and World Bank

2.3.62. The seventh annual meeting of the Caribbean Group for Cooperation in Economic Development (CGCED) was held at

World Bank headquarters in Washington from 17 to 21 June. The meeting reviewed the current economic situation of the Caribbean countries and various sectors of activity important for the region (energy, tourism, airport maintenance).

Aid donors were represented at the meeting in addition to all the developing countries of the region; attending on behalf of the Community were Commission representatives responsible for Community development policy and representatives of the four Member States carrying out bilateral operations (France, the Netherlands, Germany and the United Kingdom).

## **General Agreement on Tariffs and Trade**

### **Council**

2.3.63. The GATT Council held a special meeting on 5 June to review the state of the international trading system. Such meetings, held twice yearly, provide the Contracting Parties with an opportunity to consider outstanding developments in the period under consideration and monitor compliance with commitments, in particular those concerned with rolling back protectionism.

2.3.64. The Council's regular session was on 6 June, and was devoted largely to the prospect of a new round of multilateral trade negotiations and the report by the panel investigating Community tariff preferences on citrus products.

Discussions on the first of these two topics produced a useful exchange of views with the developing countries; it appears that the principle of a new negotiating round is no longer in dispute, though most developing countries mentioned a number of preconditions which would have to be met. Talks will continue with the object of arriving at a consensus on the organization, objectives and timetable of the new round.

Regarding the second point, the Community, backed by a number of other Member States, reiterated its view that the report of the panel on citrus products should not be adopted, since its interpretation of the GATT rules on free-trade zones was unsatisfactory. The dispute settlement procedure has not yet run its course; nevertheless, the United States has announced unilateral measures against imports of pasta from the Community, leaving the Community with little choice but to take countermeasures.

### **Group on Quantitative Restrictions and Other Non-tariff measures**

2.3.65. The Group met on 20 June to undertake a multilateral review of existing quantitative restrictions and other non-tariff measures. Since the Community announced certain liberalization moves in March other Contracting Parties have also put forward proposals. The Group will continue with its present remit and will be paying special attention not only to quantitative restrictions but also to non-tariff measures affecting developing countries.

### **Committee on Import Licensing**

2.3.66. The Commission took part in the 13th meeting of the Committee on Import Licensing, which was held in Geneva on 12 June. The Committee continued to work towards fuller definitions of various GATT rules on import licensing procedures, and also prepared the ground for the biennial review of the operation of the General Agreement.

### **Committee on Trade and Development**

2.3.67. The Commission took part in the 56th meeting of the Committee on Trade and Development, held in Geneva on 25 and 26 June. Consultations took place with Canada and Switzerland on the application of the Part IV rules, an evaluation in effect of those countries' policies on trade with

the developing world; similar consultations had previously taken place with other Contracting Parties.

#### Subcommittee on the Trade of Least-developed Countries

2.3.68. The Commission took part in the seventh meeting of the Subcommittee, which met in Geneva on 24 June to review the development of international trade in the light of the interests of the least-developed countries and to study recent trade policy measures taken in their favour. The Subcommittee also continued working on proposals for further action under GATT to help least-developed countries.

### Organization for Economic Cooperation and Development

#### Group on North-South Economic Issues

2.3.69. The Group met in Paris on 12 and 13 June (→ point 2.3.42).

#### Trade Committee

2.3.70. The Trade Committee met on 11 and 12 June to discuss the presentation of proposals on the dismantling of trade restrictions due to be put forward in mid-October. There was also a policy debate on the Committee's work on trade in high-technology products. Regarding trade in services, the preliminary work has now been done and the OECD Secretariat is to prepare a report on the findings.

## 4. Financing Community activities

### Budgets

#### General budget

##### 1985 budget

##### *Second reading by Parliament*

2.4.1. At its June part-session Parliament gave a second reading to the new draft general budget for 1985 (→ points 1.6.1 to 1.6.6).

Parliament amended the appropriations entered by the Council at second reading<sup>1</sup> by increasing payment appropriations by 33

million ECU and commitment appropriations by 94 million ECU. The extra revenue was found by restoring 30 million ECU of interest which should be payable on the Commission's own resources accounts in the Member States. Setting the VAT rate at 1% both covered the extra expenditure and reduced by 700 000 ECU the non-refundable advances made by the Member States for 1985.<sup>2</sup>

The increases voted were mainly in two sectors. There were 10 amendments concerning cooperation with developing and other non-member countries, four of which

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<sup>1</sup> Bull. EC 5-1985, point 2.3.2.

<sup>2</sup> Bull. EC 3-1985, point 1.1.5.

increased commitment appropriations by 39 million ECU and payment appropriations by 28 million ECU, so raising total commitment appropriations for 1985 in this sector to 1 322.8 million ECU and payment appropriations to 1 043.7 million ECU. These amounts should enable the Community to meet its legal and moral obligations in this area. By concentrating its efforts on this field, Parliament emphasized its concern with famine and the refugee problem in the developing countries. Turning to the structural Funds, Parliament restored 50 million of the 121 million ECU which the Council in its second reading<sup>1</sup> of the new draft budget had removed from Parliament's first reading total<sup>2</sup> for appropriations for commitment for the Regional Fund and the Social Fund. This brought total appropriations for commitments for these two Funds in the 1985 budget to 4 300 million ECU.

Parliament, which has long agreed with the Commission that the Community's increasingly important borrowing and lending operations should be incorporated in the budget in an appropriate manner, restored the presentation of capital operations and debt management originally proposed in the Commission's preliminary draft. These sections no longer appear as an annex to the budget, as they did in the Council's new draft, but in a Part II, like the revenue and appropriations in Part I.

On this basis the President of Parliament declared the 1985 budget finally adopted on 13 June.

### *Implementation of the intergovernmental agreement on the financing of the 1985 budget*

2.4.2. On 27 June the Commission sent the Council a communication on the implementation of the intergovernmental agreement on the financing of the 1985 budget.<sup>3</sup> In it the Commission set out the practical arrangements (schedule of payments, rate of exchange to be used, measures to be taken if a Member State does not make payments within the time allowed) for monthly payments of VAT and calls for funds according to the Commission's cash needs.

### 1986 budget

#### *Preliminary draft*

2.4.3. On 27 June the Commission sent the Council and Parliament the preliminary draft general budget of the Communities for 1986 (→ points 1.6.7 to 1.6.14).<sup>4</sup>

The breakdown of payment and commitment appropriations and reserves is shown in Tables 7, 8 and 9.

<sup>1</sup> Bull. EC 5-1985, point 2.3.2.

<sup>2</sup> Bull. EC 5-1985, point 2.3.1.

<sup>3</sup> COM(85) 346 final; Bull. EC 3-1985, point 1.1.5; Bull. EC 4-1985, point 2.3.2.

<sup>4</sup> COM(85) 324 final.

Table 7 — *Community expenditure by sector*  
Payment appropriations

ECU

	1985 budget		1986 preliminary draft budget		Change (3/1)	
	Amount	%	Amount	%	Amount	%
	(1)	(2)	(3)	(4)	(5)	(6)
<b>1. Support for agricultural markets</b>						
EAGGF Guarantee (Ch. 10 to 29)	19 691 000 000	69.25	20 688 000 000	59.02	+ 997 000 000	+ 5.06
Total 1	19 691 000 000	69.25	20 688 000 000	59.02	+ 997 000 000	+ 5.06
<b>2. Structural policies</b>						
EAGGF Guidance (Ch. 30 to 34)	632 464 700	2.22	865 000 000	2.47	+ 232 535 300	+ 36.77
Specific agricultural measures (Ch. 38)	55 277 300	0.19	81 430 000	0.23	+ 26 152 700	+ 47.31
Fisheries (Ch. 40 to 46)	111 731 400	0.39	236 026 500	0.67	+ 124 295 100	+ 111.24
Regional Fund (Ch. 50 and 51)	1 610 000 000	5.66	2 600 000 000	7.42	+ 990 000 000	+ 61.49
EMS (Ch. 52)	p.m.	—	p.m.	—	—	—
Supplementary measures (UK) (Ch. 53)	p.m.	—	p.m.	—	—	—
Mediterranean programmes (Ch. 55)	10 000 000	0.04	151 000 000	0.43	+ 141 000 000	+ 1410.00
Miscellaneous regional measures (Ch. 54 and 56)	42 200 000	0.15	41 876 500	0.12	— 323 500	— 0.77
Transport (Ch. 58)	35 550 000	0.13	73 575 000	0.21	+ 38 025 000	+ 106.96
Social Fund (Ch. 60 and 61)	1 410 000 000	4.96	2 399 000 000	6.84	+ 989 000 000	+ 70.14
Miscellaneous social measures (Ch. 64, 65 and 69)	180 721 000	0.64	65 876 363	0.19	— 114 844 637	— 63.55
Education and culture (Ch. 63 and 67)	20 346 000	0.07	38 814 125	0.10	+ 14 468 125	+ 71.11
Environment and consumers (Ch. 66)	15 165 000	0.05	22 840 345	0.07	+ 7 675 345	+ 50.61
Total 2	4 123 455 400	14.50	6 571 438 833	18.75	+ 2 447 983 433	+ 59.37
<b>3. Research, energy and industry</b>						
Energy (Ch. 70 and 71)	86 765 000	0.31	50 235 000	0.14	— 36 530 000	— 42.10
Research and investment (Ch. 72 and 73)	561 641 900	1.98	637 724 995	1.82	+ 76 083 095	+ 13.55
Information and innovation (Ch. 75)	13 735 000	0.05	21 295 300	0.06	+ 7 560 300	+ 55.04
Industry and internal market (Ch. 77)	44 650 000	0.16	69 338 500	0.20	+ 24 688 500	+ 55.29
Total 3	706 791 900	2.49	778 593 795	2.22	+ 71 801 895	+ 10.16



<b>4. Refunds and reserves</b>						
Refunds to the Member States (Ch. 80)	1 070 265 000	3.76	1 239 920 000	3.54	+ 169 655 000	+ 15.85
Other refunds (Ch. 82, 86 and 87)	23 994 776	0.08	2 053 438 117	5.86	+ 2 029 443 341	+ 8457.00
Miscellaneous guarantees (Ch. 79, 83, 84 and 85)	172 503 000	0.61	p.m.	—	— 172 503 000	—
Reserves (Ch. 101)	5 000 000	0.02	400 000 000	1.14	+ 395 000 000	+ 7900.00
<b>Total 4</b>	<b>1 271 762 776</b>	<b>4.47</b>	<b>3 693 358 117</b>	<b>10.54</b>	<b>+ 2 421 595 341</b>	<b>+ 190.41</b>
<b>5. Development cooperation and non-member countries</b>						
EDF (Ch. 90 and 91)	p.m.	—	p.m.	—	—	—
Food aid (Ch. 92)	771 861 900	2.71	954 000 000	2.72	+ 182 138 100	+ 23.60
Cooperation with Latin American and Asian developing countries (Ch. 93)	142 250 000	0.50	235 715 000	0.67	+ 93 465 000	+ 65.70
Specific and exceptional measures (Ch. 94 and 95)	81 700 000	0.29	74 785 000	0.21	— 6 915 000	— 8.46
Cooperation with Mediterranean countries (Ch. 96)	248 627 700	0.87	318 704 300	0.91	+ 70 076 600	+ 28.19
Miscellaneous cooperation measures (Ch. 97, 98 and 99)	63 240 000	0.22	68 623 000	0.20	+ 5 383 000	+ 8.51
<b>Total 5</b>	<b>1 307 679 600</b>	<b>4.60</b>	<b>1 651 827 300</b>	<b>4.71</b>	<b>+ 344 147 700</b>	<b>+ 26.32</b>
<b>6. Staff and administrative appropriations</b>						
Section III A	884 550 600	3.11	1 097 873 620	3.13	+ 213 323 020	+ 24.12
Sections I, II, IV and V	447 952 698	1.58	569 565 340	1.63	+ 121 612 642	+ 27.15
<b>Total 6</b>	<b>1 332 503 298</b>	<b>4.69</b>	<b>1 667 438 960</b>	<b>4.76</b>	<b>+ 334 935 662</b>	<b>+ 25.14</b>
<b>Grand total</b>	<b>28 433 192 974</b>	<b>100.—</b>	<b>35 050 657 005</b>	<b>100.—</b>	<b>+ 6 617 464 031</b>	<b>+ 23.27</b>

<sup>1</sup> Excluding appropriations for food aid refunds transferred back to Article 928 B.

Table 8 — Community expenditure by sector  
Commitment appropriations

		1985 budget		1986 preliminary draft budget		Change (3/1)	
		Amount	%	Amount	%	Amount	%
		(1)	(2)	(3)	(4)	(5)	(6)
<b>1. Support for agricultural markets</b>							
EAGGF Guarantee (Ch. 10 to 29)		19 691 000 000	64.32	20 688 000 000	56.90	+ 997 000 000	+ 5.06
Total 1		19 691 000 000	64.32	20 688 000 000	56.90	+ 997 000 000	+ 5.06
<b>2. Structural policies</b>							
EAGGF Guidance (Ch. 30 to 34)		655 967 700	2.14	934 000 000	2.57	+ 278 032 300	+ 42.39
Specific agricultural measures (Ch. 38)		56 727 300	0.19	85 620 000	0.24	+ 28 892 700	+ 50.93
Fisheries (Ch. 40 to 46)		154 481 400	0.50	279 676 500	0.77	+ 125 195 100	+ 81.04
Regional Fund (Ch. 50 and 51)		2 289 900 000	7.48	3 433 000 000	9.44	+ 1 143 100 000	+ 49.92
EMS (Ch. 52)		p.m.	—	p.m.	—	—	—
Supplementary measures (UK) (Ch. 53)		p.m.	—	p.m.	—	—	—
Mediterranean programmes (Ch. 55)		140 000 000	0.46	260 000 000	0.72	+ 120 000 000	+ 85.71
Miscellaneous regional measures (Ch. 54 and 56)		67 200 000	0.22	29 176 500	0.08	- 38 023 500	- 56.58
Transport (Ch. 58)		91 550 000	0.30	122 575 000	0.34	+ 31 025 000	+ 33.89
Social Fund (Ch. 60 and 61)		2 010 000 000	6.56	2 441 000 000	6.71	+ 431 000 000	+ 21.44
Miscellaneous social measures (Ch. 64, 65 and 69)		182 279 000	0.60	69 226 363	0.19	- 113 052 637	- 62.02
Education and culture (Ch. 63 and 67)		20 346 000	0.07	34 814 125	0.10	+ 14 468 125	+ 71.11
Environment and consumers (Ch. 66)		18 665 000	0.06	29 130 345	0.08	+ 10 465 345	+ 56.07
Total 2		5 687 116 400	18.58	7 718 218 833	21.23	+ 2 031 102 433	+ 35.71
<b>3. Research, energy and industry</b>							
Energy (Ch. 70 and 71)		144 765 000	0.47	185 985 000	0.51	+ 41 220 000	+ 28.47
Research and investment (Ch. 72 and 73)		841 602 900	2.75	704 197 995	1.94	- 137 404 905	- 16.33
Information and innovation (Ch. 75)		21 685 000	0.07	23 445 300	0.06	+ 1 760 300	+ 8.12
Industry and internal market (Ch. 77)		38 800 000	0.13	75 351 500	0.21	+ 36 551 500	+ 94.20
Total 3		1 046 852 900	3.42	988 979 795	2.72	- 57 873 105	- 5.53

ECU

<b>4. Refunds and reserves</b>						
Refunds to the Member States (Ch. 80)	1 070 265 000	3.49	1 239 920 000	3.41	+ 169 655 000	+ 15.85
Other refunds (Ch. 82, 86 and 87)	23 994 776	0.08	2 053 438 117	5.65	+ 2 029 443 341	+ 8 457.00
Miscellaneous guarantees (Ch. 79, 83, 84 and 85)	172 503 000	0.56	p.m.	—	- 172 503 000	—
Reserves (Ch. 101)	5 000 000	0.02	400 000 000	1.10	+ 395 000 000	+ 7 900.00
<b>Total 4</b>	<b>1 271 762 776</b>	<b>4.15</b>	<b>3 693 358 117</b>	<b>10.16</b>	<b>+ 2 421 595 341</b>	<b>+ 190.41</b>
<b>5. Development cooperation and non-member countries</b>						
EDF (Ch. 90 and 91)	p.m.	—	p.m.	—	—	—
Food aid (Ch. 92)	899 594 800	2.94	1 007 900 000	2.77	+ 108 305 200	+ 12.04
Cooperation with Latin American and Asian developing countries (Ch. 93)	285 350 000	0.94	341 510 000	0.94	+ 56 160 000	+ 19.68
Specific and exceptional measures (Ch. 94 and 95)	101 700 000	0.33	78 285 000	0.22	- 23 415 000	- 23.02
Cooperation with Mediterranean countries (Ch. 96)	236 900 000	0.77	106 746 000	0.29	- 130 154 000	- 54.94
Miscellaneous cooperation measures (Ch. 97, 98 and 99)	63 240 000	0.21	68 623 000	0.19	+ 5 383 000	+ 8.51
<b>Total 5</b>	<b>1 586 784 800</b>	<b>5.18</b>	<b>1 603 064 000</b>	<b>4.41</b>	<b>+ 16 279 200</b>	<b>+ 1.03</b>
<b>6. Staff and administrative appropriations</b>						
Section III A	884 550 600	2.89	1 097 873 620	3.02	+ 213 323 020	+ 24.12
Sections I, II, IV and V	447 952 698	1.46	569 565 340	1.57	+ 121 612 642	+ 27.15
<b>Total 6</b>	<b>1 332 503 298</b>	<b>4.35</b>	<b>1 667 438 960</b>	<b>4.59</b>	<b>+ 334 935 662</b>	<b>+ 25.14</b>
<b>Grand total</b>	<b>30 616 020 174</b>	<b>100.—</b>	<b>36 359 059 705</b>	<b>100.—</b>	<b>+ 5 743 039 531</b>	<b>+ 18.76</b>

<sup>1</sup> Excluding appropriations for food aid refunds transferred back to Article 928 B.

Table 9 — Breakdown of reserves (payment appropriations)

	<i>million ECU</i>		
	1984 (initial budget)	1985 (draft of 20 November 1985)	1986
EAGGF depreciation of stocks (Ch. 29)	—	—	423
EAGGF Guidance Section (Ch. 30 to 33)	—	—	35
Social Fund (Ch. 60 and 61)	—	—	730
ERDF (Ch. 50 and 51)	—	—	619
Contingency reserve (Ch. 101)	5	5	400
Other	1 755	56	73
<b>Total</b>	<b>1 760</b>	<b>61</b>	<b>2 280</b>

### Budgetary discipline

2.4.4. Immediately after Parliament had adopted the 1985 budget, on 14 June the Commission sent the Council and Parliament a communication setting out the key figures for the 1986 budget (→ point 1.6.15).<sup>1</sup> This contained the data considered indispensable for the Council to draw up the 'reference framework'<sup>2</sup> for the 1986 budget:

(i) revenue and estimates of revenue for 1984, 1985 and 1986 with a 1% VAT rate and a 1.4% VAT rate (for 1986);

(ii) a calculation giving the maximum amount of expenditure for the EAGGF Guarantee Section for 1986 in line with the financial guidelines: 20 169.4 million ECU;

(iii) figures concerning non-compulsory expenditure showing:

(a) the maximum rate of increase for non-compulsory expenditure in 1986: 7.1;

(b) the basis of non-compulsory expenditure in the 1985 budget adopted by Parliament on 13 June: 8 294.6 million ECU in commitment appropriations and 6 133.1 million ECU in payment appropriations (application of the rate of 7.1% to these bases gives 8 883.5 million ECU and 6 568 million ECU);

(c) an estimate of the 'cost of the past' in 1986, i.e. payment appropriations required in the 1986 budget to meet commitments made before 31 December 1985: 4 409 million ECU.

### Budget discharge

2.4.5. At its June part-session Parliament gave the Commission a discharge<sup>3</sup> for its financial management of the second, third, fourth and fifth EDFs during 1983.<sup>4</sup>

In the resolution embodying comments forming part of the discharge decisions, Parliament stressed the importance it attaches to development policy and efficient financial management in order to maximize the effect of EDF resources. It made a number of recommendations for improving the arrangements for project appraisal, evaluation and monitoring, and called upon the Commission to report to Parliament on the measures taken to comply with the resolution.

<sup>1</sup> COM(85) 325 final.

<sup>2</sup> Bull. EC 12-1984, point 1.3.1 *et seq.*

<sup>3</sup> OJ L 174, 4.7.1985.

<sup>4</sup> OJ L 112, 24.5.1985; Bull. EC 4-1985, point 2.3.5.

## Financial operations

### ECSC

#### Loans raised

2.4.6. In June the Commission made a number of private placings in marks for the equivalent of 78.2 million ECU.

#### Loans paid out

2.4.7. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission paid out loans in June for a total of 57.54 million ECU, broken down as follows:

##### *Industrial loans*

2.4.8. Industrial loans (Article 54) totalling 7.6 million ECU were made in connection with the extension of the maturity of a number of loans made in Germany.

##### *Subsidized housing*

2.4.9. Loans for the building of subsidized housing amounted to 5.38 million ECU, of which 440 000 ECU was for steelworkers and 4.94 million ECU for mineworkers.

##### *Conversion loans*

2.4.10. Conversion loans (Article 56) totalling 44.56 million ECU were paid out to the following company:

##### Germany

Supra regional loans for small businesses: Industrie Kredietbank AG, Düsseldorf.

### EEC-NCI

#### Loans raised

2.4.11. In June the Commission made a public issue of HFL 200 million at par for 15 years at 7.75% and private placings in marks, Swiss francs and ECUs for the equivalent of 103.2 million ECU.

#### Loans paid out

2.4.12. Two loan contracts were signed in June for a total of 85.7 million ECU, both under the second tranche of NCI III.<sup>1</sup>

##### *Denmark*

2.4.13. A global loan of 12.5 million ECU was made to Finansieringsinstitut for Industri og Håndværk. This is the second tranche of the fourth global loan to promote small and medium-scale industrial investments.

##### *France*

2.4.14. A global loan of 73.2 million ECU was made to Crédit d'équipement des petites et moyennes entreprises (CEPME) to finance productive investment projects in small manufacturing and service firms, mainly in areas not eligible for regional premiums ('prime d'aménagement du territoire'). This is the first tranche of the third global loan to CEPME from NCI resources.

<sup>1</sup> OJ L 208, 3.8.1984.

## 5. Political and institutional matters

### Political cooperation

2.5.1. In June the Ten issued statements on southern Africa, the incursion into Botswana and the installation of a transitional government in Namibia, Cyprus, and the Ottawa CSCE meeting on human rights and fundamental freedoms.<sup>1</sup>

#### Southern Africa

'The 10 Member States of the European Community recall that in February 1984 they welcomed the initiatives taken by Angola and the Republic of South Africa to bring about security and stability in southern Africa.

They emphasize their deep concern over the recent action in Angola by South African military forces, which violates Angolan sovereignty and introduces further obstacles in the process of dialogue, intended to achieve peaceful solutions to the problems of the region.'

#### Incursion into Botswana and setting up of a transitional government in Namibia

'The Ten firmly condemn the incursion of South African military forces into the capital of Botswana, which seriously violated the country's sovereignty and caused many casualties. They consider that this unacceptable act runs counter to the pursuit of a dialogue aimed at a peaceful solution to the problems of the region and of South Africa itself, which the Ten fervently desire.

They consider that the recent decisions on the transfer of power in Namibia are such as will further delay the unconditional implementation of Security Council Resolution 435, still the only acceptable basis for a settlement of the Namibia question.

The Ten regard as null and void the setting up of an interim government in Namibia on 17 June.'

#### Cyprus

'The Ten note that so-called "presidential" elections took place in northern Cyprus on 9 June. They do not recognize the "Turkish Republic of Northern Cyprus" and therefore would not recognize any so-called "constitutional" developments in northern Cyprus. The Ten wish to see a just and viable solution to the Cyprus problem, through the good offices of the UN Secretary-General and on

the basis of the UN resolutions. They call upon the parties to respond positively to the Secretary-General's initiative, which the Ten continue strongly to support, and to avoid any action which could undermine the dialogue.'

#### Ottawa CSCE meeting on human rights and fundamental freedoms

'At the meeting of experts on human rights and fundamental freedoms held in Ottawa from 7 May to 17 June, the Ten spared no efforts to reach agreement on a number of recommendations to be put to their governments.

They regret that no progress was made at the Ottawa meeting towards strengthening the provisions on human rights and fundamental freedoms adopted by the 35 States which signed the Helsinki Final Act, provisions which represent commitments to both East and West.

Because of the fundamental importance of this commitment, they nevertheless consider that the Ottawa meeting was necessary and useful. It provided an opportunity for a frank and open exchange on each participant's respect for human rights, as defined by the Final Act and the Madrid Concluding Document.

The Governments hope that the value of the recommendations which they proposed or supported at the Ottawa meeting will gradually be recognized, particularly during other meetings of the CSCE dealing with these matters.

In this context, they would confirm the importance which they attach to the process which began at Helsinki almost 10 years ago. The celebrations on 30 and 31 July and 1 August to mark the 10th anniversary of the signing of the Final Act will provide an opportunity for stressing the need for all the elements of this document (security, economic and scientific cooperation, cooperation in the humanitarian field and others) to be applied with equal force.'

2.5.2. The Ministers of Foreign Affairs held an informal Gymnich-type meeting in Stresa on 8 and 9 June.

Discussion concentrated on preparations for the Milan European Council (→ point 1.2.1 *et seq.*). Matters discussed in political cooperation included relations between CMEA and the Community, the Arab-

<sup>1</sup> Bull. EC 4-1985, point 2.4.1.

Israeli conflict, the situation in Lebanon and the Contadora initiative.

\*

2.5.3. At its Milan meeting on 28 and 29 June the European Council adopted conclusions on a resumption of EEC-CMEA relations (→ point 1.2.9).

2.5.4. In June Parliament adopted a series of resolutions on political cooperation and human rights (→ point 2.5.14).<sup>1</sup>

## European policy and relations between the institutions

### European policy

2.5.5. The European Council meeting in Milan on 28 and 29 June decided to hold an intergovernmental conference with the task of working out a common security and foreign policy treaty and, in accordance with Article 236, the amendments to the EEC Treaty required for institutional changes with regard to the Council's decision-making procedure, the Commission's executive power, Parliament's powers and extension of the Treaty to new fields of activity (→ point 1.2.2).

Seven Member States voted in favour of holding the conference, and three voted against. Mr Bettino Craxi, President of the European Council, concluded that there was a sufficient majority under Article 236. In accordance with this Article, the Council would convene and organize the conference after consulting Parliament and, where appropriate, the Commission.

### Relations between the institutions

2.5.6. For the first time the Federal Republic of Germany invoked the 'Luxembourg compromise' to obstruct certain decisions in agriculture — in particular paragraph 2, which states that 'where very important

interests are at stake the discussion must be continued until unanimous agreement is reached' (→ points 2.1.108 to 2.1.110).<sup>2</sup>

\*

2.5.7. On 12 June Parliament adopted two resolutions concerning Italy's six-month term as Council President (→ point 2.5.12).<sup>1</sup>

## Institutions and organs of the Communities

### Parliament<sup>3</sup>

#### *Strasbourg: 10 to 14 June*

2.5.8. The agenda for the June part-session carried a great many items to which Parliament attaches high political priority: the budget, the internal market, a people's Europe, preparations for the Milan European Council, the integrated Mediterranean programmes and Latin America.

Two events cast shadows over the proceedings: the tragedy at the Heysel Stadium, the House observing a minute's silence in memory of the victims, and the Council's failure to break the deadlock on agriculture.

A high spot of the sittings was the address by President Pertini of Italy. The House gave him a standing ovation for his personal commitment and for his vision of Europe.

#### Deadlock on agriculture

2.5.9. The failure to find an agreement on the question of cereal prices amounted more

<sup>1</sup> OJ C 175, 15.7.1985.

<sup>2</sup> Bull. EC 5-1985, point 1.2.1.

<sup>3</sup> The complete texts of the resolutions adopted by Parliament are reproduced in OJ C 175, 15.7.1985, 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).

than anything to a breakdown of the institutional system: this was the impression gained from the debate, in which the Commission President, Mr Jacques Delors, and the Vice-President with special responsibility for agriculture, Mr Frans Andriessen, both spoke.

Mr Andriessen deplored the Council's inability to act, which was there for all to see after the vote bravely called by the Chair. What was most disheartening, he added, was that the majority of the Member States had not taken part in the vote when one Member State had pleaded the Luxembourg compromise. The majority of the Council had thus recognized the right of veto and declared that it would be for the Member State concerned to determine whether a vital interest was at stake.

This blatantly contradicted the conclusions of the *ad hoc* Committee on Institutional Affairs. Such a debacle on the very day on which the accession instruments were being signed in Madrid and Lisbon gave cause for some hard thinking about the functioning of the institutions. On the substantive issue, meaning the agricultural package itself, Mr Andriessen reiterated that a majority in the Council had followed the Commission in showing a willingness to compromise in order to allay Germany's concern. After originally proposing a 3.6% reduction in cereal prices, the Commission had agreed to halve it to 1.8% with special intervention measures, which meant that the loss was then only 0.8% for German farmers.

But at this final stage Germany had refused to budge. Mr Andriessen maintained that any further postponement of a decision would probably only have heightened the uncertainty and removed all hope of breaking the deadlock.

The Commission was already preparing to take interim protective measures in respect of intervention prices and refund levels. At all events, said Mr Andriessen, the continuity of the agricultural policy was not at risk. As for future policy on cereals, the Commission would be publishing a green paper in which it would appraise the prob-

lem of the relationship between prices policy and incomes policy. The ensuing debate would be long, but Mr Andriessen hoped that it would enable the Council to find a solution for the 1985/86 prices.

Mr Delors stressed that the failure to reach an agreement had implications that extended beyond agricultural policy and involved more than just one country, which he did not want to see made the scapegoat. The fault lay, he said, in general attitudes, not with a particular country. Germany had pleaded a vital interest; others had declined to vote. So, the fault lay in the gap between words and deeds, in the contempt in which their Excellencies held Parliament and the Commission.

In conclusion, Mr Delors told the House not to point the finger at any one country. They were all to blame, save one: for Italy, in the chair, was guiltless here; it could very well have refrained from calling a vote, simply on the strength of the mistaken Luxembourg compromise. Its reason for calling the vote was to expose something that Mr Delors felt had to be exposed—all the bilateral meetings between Heads of Government, about which nothing was divulged, and the absence of a genuine democratic discussion about what was going to happen in Milan.

During the brief debate Mr Rudi Arndt (*Soc/D*) stigmatized the Council's failure to act as an offence against the Treaty of Rome. Mr Reinhold Bocklet (*EPP/D*) said the blame lay everywhere. Conceding that there had been some divergence within the German Government between the Minister for Agriculture and the Finance Minister, he pointed to another institutional problem: why had Parliament's opinion on the farm prices been ignored? Mr François Musso (*EDA/F*) wondered whether it was not the firebugs who were crying 'Fire!' He was astounded to hear the British upbraid other Member States for resorting to the veto.

The German Minister had taken up the position of a few farmers against all the other producers and against the Community's political interest, declared Mr



Giovanni Cervetti (*Com/I*). Where was the Council, roared Mr Daniel Ducarme (*Lib/B*)? Where were the Ministers? Did the Council believe that the House didn't exist? If so, it had no need to come back there. The German Government had its back to the wall, claimed Friedrich Graefe zu Baringdorf (*Rainbow/D*), as farmers were leaving the CDU. But he argued that lowering prices would not eliminate surpluses; if anything, it would eliminate the small farmer. As for cutting the prices of cereals, this had been proposed in order to secure a better position for the Community on the export markets of the Third World. Moreover, lowering prices had no impact on consumer prices. He was more in favour of varying increases in order to penalize factory farming that made use of chemicals.

The professor of rural economy, Pierre Fromont, said Mr Olivier d'Ormesson (*ER/F*), had always warned that guaranteed prices would impose terrible strains on the markets. There were better things to do than wrangle over agriculture. Why not ask the United States for a conference on the sharing of responsibilities between Europe and America on major Third World markets?

In his reply to the debate, Mr Andriessen rebutted two criticisms levelled at him. Against the charge of inflexibility, he restated the compromises which the Commission had been ready to make. Against the charge of failing to take up Parliament's price proposals, he upheld the Commission's position: the House had already been told why the Commission believed that with a supply rate in cereals of 134% and the difficulties encountered on both the external and the internal markets, prices simply had to come down.

He went on to assert that the Commission would defend Europe's commercial interests against the United States, that it did not rule out the introduction one day of a co-responsibility tax for cereals—although such an instrument could not be improvised overnight—and that the Commission did not want to see cereals policy renationalized. He also stated that he intended to

conserve the sociological structure of European agriculture, meaning that he would never act in such a way as to imperil the small farmer. Finally, in reply to an objection that the price negotiations had been split in two with cereals being dealt with separately, he admitted that a risk had been taken. It had not paid off in the Council—but would any members want the responsibility of leaving all the other farmers uncertain about just where they stood?

2.5.10. Parliament gave opinions on the following Commission proposals:

- (i) the report on public supply contracts—conclusions and perspectives (→ point 2.1.25);
- (ii) a Directive on quick-frozen foodstuffs for human consumption (→ point 2.1.21);
- (iii) a Directive laying down the list of simulants to be used for testing migration of constituents of plastic materials and articles intended to come into contact with foodstuffs (→ point 2.1.22);
- (iv) an amendment to the Regulation on temporary importation arrangements, as regards the date of its implementation;
- (v) a Regulation instituting integrated Mediterranean programmes (→ point 2.1.91);
- (vi) an amendment to the Regulation on the implementation in the Community of the Convention on International Trade in Endangered Species of Wild Fauna and Flora;
- (vii) an amendment to the Directive on health problems affecting intra-Community trade in fresh meat and to the Directive on health and veterinary inspection problems upon importation of bovine animals and swine and fresh meat from third countries;<sup>1</sup>
- (viii) amendments to the Directives on the fixing of maximum permitted levels for undesirable substances and products in feedingstuffs, on the marketing of straight

<sup>1</sup> OJ C 68, 15.3.1985; Bull. EC 2-1985, point 2.1.22.

feedingstuffs and on the marketing of compound feedingstuffs (→ point 2.1.133);

(ix) a Directive on public health and animal health problems affecting the importation of meat products from third countries (→ point 2.1.129);

(x) a Regulation on the programme of support for technological development in the hydrocarbons sector (→ point 2.1.161);

(xi) a Decision on preparatory action for a Community research and development programme in the field of telecommunications technologies—RACE definition phase (→ point 2.1.172).

2.5.11. Parliament passed a resolution on the new draft general budget of the Communities for 1986 (→ points 1.6.1 to 1.6.6).

It also granted a discharge to the Commission in respect of the financial management of the second, third, fourth and fifth European Development Funds during 1983 (→ point 2.4.7).

2.5.12. The House passed two resolutions at the end of the debate on Italy's six-month term in the Council chair. Parliament congratulated Italy on giving fresh impetus to the Community's political development by concluding the accession negotiations with Spain and Portugal in good time for 1 January 1986 and stressed the need to proceed rapidly with the adoption of the integrated Mediterranean programmes. The House welcomed the Presidency's moves that had helped to advance the debate within the Council on the proposals for institutional reform first made by Parliament and developed by the Dooge Committee. It noted the efforts by the Presidency to lose no time in concluding the 1985 budgetary procedure, but regretted that it had been unable to act on its intentions to return to majority voting in the Council, while adhering to both the letter and the spirit of the Treaties.

2.5.13. Parliament also passed resolutions on the following subjects.

*Consolidating the internal market.* The House welcomed the Commission's moves to stimulate and consolidate the internal market. It recognized, however, that while the long-term prospects for the labour market might be promising, it was unlikely that, on this basis alone, a significant decrease in unemployment could be achieved in the short or even medium term. It therefore stressed that the creation of a barrier-free internal market must be accompanied by the development of effective common policies to achieve economic convergence, in particular, regional and social policies, integrated programmes and a substantial increase in the Community's capital operations through EIB and NCI lending. Finally, the House emphasized that the removal of the 'petty' internal barriers which affected the daily lives of citizens would be of as great importance to the political future of the Community as the removal of trade barriers to its economic future.

*Strengthening the citizen's right to petition the European Parliament.* One of the essential rights of a Community citizen was to be able to contest the implementation of the Community's administrative and legal acts at Community and national level. In view of the limited scope for the citizen to institute proceedings before the Court of Justice and the practical difficulties and costs of doing so, Parliament stated that it wanted citizens to enjoy more extensive rights to petition it and called on the Member States, the Commission and the Council to cooperate with Parliament in order to provide it with any information it might require for examining the merits of petitions and for solving the problems raised by petitioners.

*The report from the ad hoc Committee for a People's Europe to the Milan European Council* (→ point 1.2.3). Parliament endorsed in their entirety the conclusions of the Committee. It made a formal and urgent appeal to the European Council to provide the necessary political thrust so that the practical measures recommended in the report on a people's Europe could be implemented forthwith.

*The European passport.* Concerned that in certain Member States the fee charged for issuing European passports would be increased to an unreasonable level and noting the reluctance of the immigration authorities of certain Member States and non-member countries to recognize the validity of the passport, Parliament, in two resolutions, urged the Commission to take all necessary steps to ensure that those Member States which had not yet done so now issue the European passport forthwith, in accordance with the Fontainebleau decision. It also instructed the Commission to launch an information campaign to promote public awareness of the existence and purpose of the European passport.

*The removal of obstacles to traffic at the Community's internal borders.* In two resolutions Parliament called upon the Council, in its endeavours to create a people's Europe, to give priority to achieving a smooth traffic flow for persons crossing intra-Community borders by road and rail and at ports and airports.

The House considered it urgent to ensure that in the coming holiday season no delays occurred at intra-Community border-crossing points, thereby proving to the European public that the Community was capable of taking effective political action and demonstrating at first hand the advantages it was able to offer.

It also called for the immediate introduction of the 'E' sticker for all Community citizens travelling by road.

*The Council's failure to take decisions on Directives on social affairs, the Labour market and equal treatment for men and women.* Expecting that for the umpteenth time the Council would not take decisions on the Directives in question and that the socio-legal position of large groups of European citizens depended partly on the Council's willingness to take decisions, Parliament called urgently on the Council to adopt these Directives.

*The social situation.* The House stressed the importance of the proposals contained

in the conclusions by the Chairman of the Standing Committee on Employment and asked the Council of Ministers of Employment and Social Affairs to give the Commission a brief to work out and submit by the end of 1985 practical proposals for the realization of the job-creation programme and to make representations to the Milan European Council to ensure that corresponding guidelines were given to the Council of Ministers.

*Commission aid to the disaster-stricken area between Kruishoutem, Zingen and Oudenaarde in the Belgian province of East Flanders.* The House requested the Commission to release funds from the Community budget to support this stricken area as quickly as possible. The Commission was also asked to classify this area as a development area again, since the damage suffered would continue to be felt for years to come.

*Aid and action for regions adversely affected by the severe weather last winter.* Parliament passed three resolutions in which it called on the Commission to submit a report on the extent of the damage caused to fruit and olive trees and various other crops in the Member States by the severe winter and urged the Community authorities to allocate special supplementary funds.

*The laying down of European standards for exhaust gases.* Parliament reiterated its opinion of 12 December 1984<sup>1</sup> and criticized the Council for making 1989 the year for the mandatory introduction of lead-free petrol instead of 1986 as called for by Parliament. The House believed that a method must be found for laying down European standards for exhaust gases equivalent to American standards.

*The amended proposal for a Directive on the limitation of emissions of pollutants into the air from large combustion plants.* Parliament confirmed its opinion of

<sup>1</sup> OJ C 12, 14.1.1985; Bull. EC 12-1984, point 2.1.124.

November 1984<sup>1</sup> and noted that its main amendments had not been accepted by the Commission; it urged that these be taken into account by the Council and the Commission. The Council was condemned for its irresponsible and obstructive attitude in its deliberations on this Directive, an attitude which had allowed the acid pollution caused by large combustion plants to continue unabated. The Council was therefore urged to initiate the conciliation procedure with Parliament.

*Budgetary control with regard to the measures taken under the common fisheries policy.* Concerned about recent allegations of widespread irregularities, notably overfishing and inadequate national measures to control it, Parliament demanded that in the interests of sound budgetary management and the safeguarding of Community resources in the widest sense, concrete steps be taken to improve the situation, especially with enlargement approaching. It therefore approved the Commission's decision to initiate the Article 169 infringement procedure in cases of overfishing and asked it to propose the consolidation of the fisheries budget within one title. The Commission was also requested to establish as a matter of urgency a permanent register of all infringements in the fisheries sector.

*European initiatives in the research and development sphere.* Believing that the creation of a European science and technology area was not only of economic and commercial interest but also a means of demonstrating to the United States and Japan Europe's political will, Parliament, in two resolutions, was gratified to note the well-founded proposals contained in the Eureka programme. It asked the Commission to take specific initiatives as soon as possible for implementing an effective strategy for technology policy. The House would also welcome participation by non-member countries in strengthening Europe's technology base.

*Economic relations between the Community and Latin America.* In three resolu-

tions Parliament dealt with the subjects of economic relations, development aspects and the draft agreement between the Community and Central America. To begin with, it approved the recommendation for a cooperation agreement with Central America and hoped that it would help to safeguard lasting peace in the region, that Community aid would be doubled, that the emphasis would be on interregional projects that promoted internal and regional development, that in the event of violation of human rights aid would be given only to projects which benefited the needy population directly, that autonomous concessions would be granted under the generalized preferences scheme and that a Stabex system would be set up for Central America. In its trade relations with Latin America, the Community would have to open its markets wider to exports. The House underlined the importance of a growing inflow of capital from the Community both for restoring a sound balance-of-payments situation and for improving the future prospects for economic development in the region. It was important to support the efforts of the Latin American countries to reorganize their foreign debts. Community aid should, in the immediate future, be concentrated on technical cooperation, training, education and research. Parliament also believed that the bulk of Community aid should go to rural areas and, more particularly, for programmes and projects to encourage food production and improve rural infrastructure. Though relations between Europe and Latin America must be based on the principles of mutual respect and non-interference in internal affairs, Community cooperation policy must include active support for human rights. Parliament also stressed cooperation in the field of the environment, especially with regard to the stripping of natural resources.

*Drought and famine in Africa and the forthcoming European Council meeting in Milan.* The House expressed alarm at the increasingly dramatic situation in Africa,

<sup>1</sup> OJ C 337, 17.12.1984; Bull. EC 11-1984, point 2.1.87.

where all surveys showed that a reversal in the trend could not be expected in the near future. A global intervention plan to tackle the causes and effects of famine, drought, desertification and underdevelopment must be adopted as a matter of urgency for the worst-hit countries and populations. The House therefore made a solemn appeal to the European Council, the individual Heads of State or Government and the President of the Commission to adopt on 28 and 29 June a 'Milan plan' for a systematic and coordinated emergency campaign to combat the causes of famine and drought, with adequate means and resources, and procedures to ensure maximum speed of implementation. The European Council was also asked to promote a parallel concerted international initiative.

*Ethiopia.* While welcoming the contributions which the European Community, other donors and NGOs had already made to the emergency relief operation, Parliament was nevertheless gravely concerned by the long-continuing civil war, which was a major factor preventing food getting to the famine victims in certain northern areas. The House therefore called for a system of safe-conduct to be implemented to enable food supplies to be distributed by acceptable agencies to all victims of the famine. In the event of the civil war being halted, it considered that additional funds should be provided to speed up the development and reconstruction of the affected areas.

*The Heysel tragedy in Brussels.* Shocked by the tragic events of 29 May before the European Cup final in Brussels and expressing its profound grief, and its sympathy for the victims and their families, Parliament passed two resolutions in which it condemned these violent crimes committed by a minority and their exploitation by fascist and extremist groups. It expected that any mistakes and responsibilities would be fully exposed and supported the decision taken by UEFA to ban English teams, but also stressed the need to attack the problem at its roots. The House called on the sporting authorities to take all necessary preventive

measures at once and on the sporting associations to launch a major information campaign to imbue public opinion with the notion of fair play. Finally, it requested its Committee on Youth, Culture, Education, Information and Sport to present an interim report on the matter and organize a public hearing.

2.5.14. In the fields of political cooperation and of human rights Parliament passed resolutions on the following subjects.

*The trial in Gdansk of Adam Michnik, Bogdan Lis and Wladislaw Frasyuniuk, leaders of Solidarity.* In two resolutions Parliament called for the trial to be held in public and access to be given, in particular, to the representatives of world opinion; urged that the rights of the accused be in no way restricted and called on the Polish authorities to release the three accused and all other political prisoners as soon as possible.

*The situation of the Kampuchean refugees.* Following the recent threats by the Thai authorities to close their borders to Kampuchians fleeing before the Vietnamese troops' offensive, Parliament in two resolutions appealed once more to the Governments of the Ten to join forces to call for an international force to be sent to Kampuchea and called urgently on the western nations to continue their efforts to accept and integrate refugees from South-East Asia.

*Those convicted at the trial of members of the Turkish Peace Committee.* The House called on the Foreign Ministers meeting in political cooperation to make urgent representations to the Turkish Government with a view to putting an immediate end to the trial of members of the Turkish Peace Committee, to free those detained forthwith and to call off future trials of members of the Committee.

*The alarming state of health of four of the 13 Members of the Zairean Parliament who founded the UDPS (Union for Democracy and Social Progress).* Fearing for the lives of these four Members of Parliament, the

House requested the Foreign Ministers meeting in political cooperation to make urgent representations to President Mobutu to allow the Red Cross to go to Zaire and examine the four men.

*The situation in Malta.* Noting with satisfaction the improvement in relations between the Government and the church authorities, Parliament called on the Commission and the Council to take urgent steps to improve political, economic and trade relations between the Community and Malta.

*The political situation in Sri Lanka.* Noting with particular horror the growing ethnic violence in northern Sri Lanka and in view of the immediate threat facing many Tamil asylum seekers of being forcibly returned to their country of origin, Parliament in two resolutions called on the Governments of all the Member States to comply with the recommendations of the High Commissioner for Refugees and not to send any Tamils back to Sri Lanka before the political conflicts there had been settled satisfactorily.

*The situation in Indonesia.* Deploring the execution of the trade union leader Mohamad Munir and having learned that four other trade union leaders were facing execution, Parliament called on the Commission, the Council, the President of the European Parliament and the Governments of the Member States to do their utmost to prevent the remaining death sentences from being carried out, and to do so with all haste in view of the urgency of the situation. The House also appealed to world opinion to campaign for the condemned men to be reprieved and released.

*The situation in Bangladesh.* Appalled by the large-scale death and destruction caused by the tidal wave and cyclone which devastated the coast of Bangladesh in May, Parliament welcomed the Community's rapid provision of 500 000 ECU of emergency aid and called for additional aid to be made available. The Community was also urged to pay for the purchase and transport of

water pumps, as well as blankets, tents and medical supplies.

*The case of Katerina and Vassilis Nicola.* Concerned that the British Government had issued Katerina and Vassilis Nicola with a deportation order under its policy defined in 1982 on the issue of Cypriot refugees, Parliament asked for the 1982 concessionary policy to be widened to embrace all the remaining Cypriot refugees in Britain, for the British Government to reopen the case of the Nicolas and withdraw the deportation order against them and grant them indefinite leave to stay in Britain.

*The expulsion of immigrants from Nigeria.* Concerned by the decision of the Nigerian Government to expel some 700 000 foreign workers and fearful of the effects which this decision might have on the economic stability of the neighbouring countries, Parliament in two resolutions called on the Commission to take action in the areas of regional cooperation, humanitarian aid and the resettlement of the migrants in their countries of origin. It also appealed to the Nigerian Government to take all appropriate action to limit the harmful effects of these expulsions in both human and economic terms.

*The recent events in Lebanon and the Middle East.* In five resolutions the House stressed the need for swift settlement of the Palestinian question, the essential prerequisite for restoring peace in the Middle East and the security of the populations concerned. The Commission and the Governments of the Ten were urged to provide the necessary aid to the victims of the latest hostilities in Lebanon through the United Nations agencies and the non-governmental organizations concerned.

## Council

2.5.15. The Council held 12 meetings in June. The following table 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 June 1985

Number, place and date of meeting	Subject	President	Commission	Main items of business
1009th Luxembourg 3 June	Education	Mrs Falcucci	Mr Sutherland	Action programme on equal opportunities for girls and boys in education <sup>1</sup> Improving treatment of European dimension in education <sup>1</sup> Cooperation between higher education and industry in training to meet technological change <sup>1</sup> European cooperation in higher education <sup>1</sup> European University Institute's doctorate <sup>1</sup>
1010th Luxembourg 3 June	Industry/ telecommunications	Mr Altissimo	Mr Narjes	Telecommunications policy <sup>2</sup>
1011th Luxembourg 4 June	Research	Mr Granelli	Mr Narjes	Research policy — Draft conclusions <sup>3</sup>
1012th Luxembourg 10 June	Internal market	Mr Fioret	Lord Cockfield	European Economic Interest Grouping <sup>2</sup> Pharmacists Easing of checks and formalities at intra-Community frontiers Architects <sup>2</sup> Coordination of laws relating to self-employed commercial agents
1013th Luxembourg 11 June	Economic and financial affairs	Mr Gorla	Lord Cockfield Mr Pfeiffer	EMS — Medium and long-term prospects <sup>4</sup> Investment and employment in Community <sup>4</sup> Budgetary discipline 20th VAT Directive <sup>5</sup> Tax exemptions for travellers, small consignments and fuel <sup>5</sup> Undertakings for collective investment in transferable securities
1014th Luxembourg 11 and 12 June	Agriculture	Mr Pandolfi Mr Degan	Mr Andriessen	Cereal and rapeseed prices <sup>6</sup> Veterinary legislation <sup>6</sup>

Table 10 (continued)

Number, place and date of meeting	Subject	President	Commission	Main items of business
1015th Luxembourg 13 June	Labour and social affairs	Mr de Michelis	Mr Pfeiffer Mr Sutherland	<p>Proposal for Directive on noise</p> <p>Programme of specific measures for employment<sup>1</sup></p> <p>Parental leave and leave for family reasons</p> <p>Equal treatment for men and women in occupational social-security schemes</p> <p>Comparability of vocational-training qualifications</p> <p>Migration policy guidelines</p> <p>Information and consultation of workers and part-time work</p> <p>European Social Fund: Statistical mechanism</p>
1016th Luxembourg 18 and 19 June	Foreign affairs	Mr Andreotti	Mr Delors Lord Cockfield Mr Cheysson Mr De Clercq Mr Ripa di Meana	<p>Preparations for European Council Relations with CMEA<sup>7</sup></p> <p>Integrated Mediterranean programmes<sup>8</sup></p> <p>Relations with Yugoslavia<sup>7</sup></p> <p>Procedure for implementing Mediterranean financial protocols</p> <p>Implementation of report from <i>ad hoc</i> Committee on a People's Europe</p> <p>Council statement on EEC-Japan relations<sup>9</sup></p> <p>Council statement on citrus fruit</p> <p>Legal protection of topographies of semiconductors<sup>2</sup></p> <p>Partial replacement of Members of Court of Justice<sup>10</sup></p>
1017th Luxembourg 20 June	Energy	Mr Altissimo	Mr Mosar	<p>Oil-refining industry and impact of imports<sup>11</sup></p> <p>Energy demonstration projects and technological development in oil and gas industry<sup>11</sup></p> <p>Energy pricing</p> <p>New Community energy objectives</p> <p>Solid fuels</p>



Number, place and date of meeting	Subject	President	Commission	Main items of business
1018th Luxembourg 24 June	Transport	Mr Signorile Mr Carta	Mr Clinton Davis	Shipping <sup>12</sup> Revision of social regulations applying to road transport <sup>12</sup> Development of common transport policy Relations with Austria <sup>12</sup> Security in air transport
1019th Luxembourg 27 and 28 June	Environment	Mr Biondi	Mr Narjes Mr Clinton Davis	Air pollution by gases from engines of motor vehicles <sup>13</sup> European Economic Interest Grouping <sup>13</sup> Limit values and quality objectives for discharges of certain dangerous substances into aquatic environment <sup>13</sup> Pollution from large combustion plants <sup>13</sup> Lead in paint <sup>13</sup> Second PCB/PCT Directive <sup>13</sup> Titanium dioxide <sup>13</sup> Importation of baby seal skins <sup>13</sup>
1020th Luxembourg 25 June	Foreign affairs	Mr Andreotti	Mr Delors	Integrated Mediterranean programmes <sup>8</sup>

- <sup>1</sup> Employment, education and social policy.  
<sup>2</sup> Internal market and industrial affairs.  
<sup>3</sup> Research and development.  
<sup>4</sup> Economic and monetary policy.  
<sup>5</sup> Financial institutions and taxation.  
<sup>6</sup> Agriculture.  
<sup>7</sup> Relations with other countries and regions.  
<sup>8</sup> Regional policy.  
<sup>9</sup> Relations with industrialized countries.  
<sup>10</sup> Institutions and organs of the Communities.  
<sup>11</sup> Energy.  
<sup>12</sup> Transport.  
<sup>13</sup> Environment and consumers.

## Commission

2.5.16. On 12 June Mr Delors and Mr Natali went to Lisbon and Madrid for the signing of the instruments whereby Portugal and Spain join the Community (→ point 1.1.1 *et seq.*).

## Activities

2.5.17. At the beginning of the month the Commission met for a working weekend at Villers-le-Temple during which budgetary problems were the main items on the agenda.

The Commission devoted much of its regular meetings to preparing for the European Council in Milan on 28 and 29 June, to which it sent a White Paper on completion of the internal market (→ point 1.3.1 *et seq.*) and a memorandum entitled 'Towards a European Technology Community' (→ point 1.5.1 *et seq.*).

The Commission received Mr Poos, Luxembourg Minister of Foreign Affairs and President of the Council for the second half of the year, with a view to determining priorities for the coming months.

#### *Decisions, communications and proposals*

2.5.18. The Commission presented the preliminary draft budget for 1986 to the Council together with key figures for the 1986 budget within the framework of budgetary discipline (→ points 1.6.15, 1.6.16 and 2.4.41).

The Commission adopted interim measures to ensure the proper functioning of the common organization of the market in cereals and oilseeds following the Council's failure to act.

In preparation for the second-quarter review, the Commission sent the Council a report on the economic situation of the Community.

After considering applications for assistance under the European Social Fund for 1985, the Commission adopted a list of approved applications and amounts to be granted in each case. Most of these appropriations, totalling some 2 000 million ECU, would be devoted to schemes for young people under 25.

With an eye to the accession of Portugal and Spain to the Community on 1 January 1986, the Commission adopted a proposal for a Council Regulation to adapt the Regional Fund Regulation and enable the

future Member States to receive aid from the Fund.

For the Council meeting of Environment Ministers on 25 June, the Commission adopted a proposal laying down motor-vehicle emission standards (carbon monoxide, unburnt hydrocarbons and nitrogen oxides).

It also sent the Council a communication designed to give a new impetus to consumer protection policy.

Lastly, the Commission adopted a communication to the Council on the renewal of the Multifibre Arrangement (MFA) containing general guidelines but no detailed negotiating brief (that would be presented to the Council in about November).

#### *Discussions, policy debates and work in hand*

2.5.19. The Commission held a policy debate on aid to the coal industry as the decision authorizing such aid expires at the end of the year.

## **Court of Justice**

### **Appointments**

2.5.20. On 19 June the Representatives of the Governments of the Member States decided to appoint Mr Ole Due, Mr René Joliet, Mr Constantinos Kakouris and Mr Thomas Francis O'Higgins as Judges, and Mr Carl Otto Lenz and Sir Gordon Slynn as Advocates-General, for the period 7 October 1985 to 6 October 1991.<sup>1</sup> Their current terms of office had been due to expire on 6 October. The terms of office of Mr Pierre Pescatore and Mr Pieter Verloren van Themaat, as Judge and Advocate-General respectively, were not renewed.

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<sup>1</sup> OJ L 166, 26.6.1985.

## 2.5.21. New cases

Case	Subject	Basis
<b>ECSC — Steel</b> 185/85 — Usinor v Commission	Annulment (i) of the individual Commission Decision of 2 May 1985 blocking the return of the guarantee for the second quarter of 1985 (ii) of the third indent of Article 1(2) of Decision 30-53 on practices prohibited by Article 60(1) of the ECSC Treaty in the common market for coal and steel	Article 33 ECSC
191/85 — Cockerill-Sambre v Commission <sup>1</sup>	Annulment of the individual Commission Decision of 21 May amending the production quotas allocated to the applicant for the second quarter of 1985	Article 33 ECSC
<b>Free movement of goods</b>		
121/85 — Conegate v HM Customs and Excise	Does a national ban on the importation of indecent or obscene material constitute a means of arbitrary discrimination or a disguised restriction within the meaning of Article 36 EEC? Is such a ban consistent with Article 234 EEC?	Article 177 EEC
159/85 — Criminal proceedings against Edah <sup>2</sup>	Is national legislation imposing minimum prices for the sale of bread to consumers contrary to Community law? Reverse discrimination	Article 177 EEC
<b>Freedom of establishment and freedom to provide services</b>		
162/85 — Di Santo and Others v Regione Lazio, USL RM 28, RM 30, R 1 and LT 4 <sup>3</sup>	Do Articles 3(c) and 57(3) EEC require all the Member States to lay down condition for admission to medical studies?	Article 177 EEC
166/85 — Bullo and Bonivento <sup>3</sup>	Does Article 3(4) of Council Directive 77/780/EEC on the taking up and pursuit of the business of credit institutions oblige Member States to classify employees of credit institutions as 'public officials' within the meaning of Italian criminal law?	Article 177 EEC
<b>Taxation</b>		
169 to 178/85 — Études Constructions Mécaniques and Others v Caisse nationale de l'organisation autonome d'assurance vieillesse de l'industrie et du commerce (CNOAAVIC) <sup>4</sup> .	Does the Sixth Directive (77/388/EEC) render inapplicable the legislation of a Member State instituting a 'social solidarity contribution and mutual assistance taax' to be paid by firms 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

Case	Subject	Basis
<p><b>Social policy</b> 150/85 — Drake v Adjudication Officer</p>	<p>Does Directive 79/7/EEC on equal treatment for men and women apply to a benefit payable under UK legislation to a person caring for a disabled person, and if so does the fact that married women are not entitled to this benefit constitute unlawful discrimination as compared with married men?</p>	<p>Article 177 EEC</p>
<p><b>Free movement of workers</b> 102/85 — Steinrücke v President of the Oberlandesgericht Köln</p>	<p>Do Article 48(2) EEC and Article 7(1) and (3) of Council Regulation No 1612/68 apply to nationals of another Member State undergoing the training period required for examination in law (<i>Rechtsreferendare</i>), and if so are they entitled to the same education grant as German nationals?</p>	<p>Article 177 EEC</p>
<p>131/85 — Gül v Regierungspräsident Düsseldorf</p>	<p>Do Article 11 of Council Regulation No 1612/68 and Council Directive 75/363/EEC entitle a national of a non-Community country, married to a UK national, to practice medicine in Germany?</p>	<p>Article 177 EEC</p>
<p>139/85 — Kempf v Staatssecretaris van Justitie</p>	<p>Where a national of Member State A pursues within the territory of Member State B an activity which must in itself be regarded as effective and genuine work, can the fact that he claims financial assistance payable out of the public funds of Member State B in order to supplement the income he receives from that activity lead to the conclusion that Regulation 1612/68 does not apply to him?</p>	<p>Article 177 EEC</p>
<p><b>Agriculture</b> 133 to 136/85 — Walter Rau Lebensmittelwerke and Others v Bundesanstalt für Landwirtschaftliche Marktordnung</p>	<p>Exclusion of national jurisdiction in the event of an application under the second paragraph of Article 173 EEC; freedom to pursue a trade or profession; compatibility of the Commission Decision of 25 February 1985 on the implementation of butter promotion measures on the Berlin (West) market with superior principles of law, on the one hand, and with Article 4 of Council Regulation No 1079/77 on a co-responsibility levy and on measures for expanding the markets in milk products, on the other hand</p>	<p>Article 177 EEC</p>
<p>137/85 — Maizena and Others v Bundesanstalt für Landwirtschaftliche Marktordnung</p>	<p>Validity of the second indent of Article 38(1) (c) of Commission Regulation No 3183/80 Laying down common detailed rules for the application of the system of import and export licences and advance fixing certificates for agricultural products, inasmuch as the recovery of a security under the inward processing arrangements, wrongly released, is to be regarded as a measure imposing a sanction</p>	<p>Article 177 EEC</p>

Case	Subject	Basis
145/85 — Denkvit Belgium v Belgian State	Under Article 17(3) of Commission Regulation No 1371/81 Laying down detailed rules for the administrative application of MCAs, at what point does the period of two months for payment of MCAs by the national authority start to run? If owing to shortage of staff and an increase in requests for MCAs the national authorities are unable to observe this period, can they plead <i>force majeure</i> ?	Article 177 EEC
148/85 — Direction Général des Douanes and procureur de la République v Forest and Minoterie Forest	Must national legislation introducing wheat-milling quotas and limiting the production capacity of mills be judged to be contrary to Articles 30 to 37 EEC of Council Regulation No 2727/75 on the common organization of the market in cereals?	Article 177 EEC
151/85 — Danhuber v Bundesanstalt für Landwirtschaftliche Marktordnung	Interpretation of Council Regulation No 805/68 and Commission Regulations Nos 1071/68 and 2278/84 to establish whether certain frozen meat qualifies for aid to private storage, and if so on what conditions	Article 177 EEC
181/85 — France v Commission <sup>2</sup>	Annulment of Commission Regulation No 644/85 amending Regulation No 2541/84 fixing a countervailing charge on imports into the other Member States of ethyl alcohol of agricultural origin produced in France; the amending Regulation increases the rate of countervailing duty on all French exports of undenatured ethyl alcohol of agricultural origin produced in France	Article 177 EEC
<b>Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters</b>		
123/85 — La Pieve v Lenz	May the Court to which the application for enforcement is made review the certificate that the foreign judgment in default has become final and inquire into whether it has been duly served, or is it bound by the foreign court's certificate?	
<b>External relations</b>		
156/85 — Procureur de la République and Administration des Douanes v Perles Eurotool, now Perles Electrowerkzeuge und Motoren, and Others	Under the preferential arrangements between the EEC and Yugoslavia, can the re-invoicing, in a third country, of goods originating in Yugoslavia be considered an entry into commerce or delivery for home use within the meaning of Article 5 of Protocol 2, concerning the definition of the concept of originating products and methods of administrative cooperation, to the Interim Agreement between the Community and Yugoslavia	Article 177 EEC

Case	Subject	Basis
187/85 — EEC Seed Crushers' and Oil Processors' Federation (Fediol) v Commission	Partial annulment of the Commission Decision of 18 April 1985 terminating the anti-subsidy proceeding concerning imports of soya-bean oil-cake originating in Argentina	Article 173 EEC
188/85 — EEC Seed Crushers' and Oil Processors' Federation (Fediol) v Commission	Partial annulment of the Commission Decision of 16 April 1985 terminating the anti-subsidy proceeding concerning imports of soya-bean oil-cake originating in Brazil	Article 173 EEC
<b>Capital movements</b>		
157/85 — Brugnoli and Ruffinogono v Cassa di Risparmio di Genova ed Imperia <sup>2</sup>	Is national legislation requiring the lodgement of an interest-free deposit upon the purchase of foreign securities, and the placing of such securities in the custody of banks, which charge fairly high commissions, contrary to Article 67 EEC and the First and Second Directives for the implementation of Article 67 EEC?	Article 177 EEC
<b>Institutional questions</b>		
149/85 — Wybot v Faure and Librairie Plon	Must Article 10 of the Protocol on the Privileges and Immunities of the Communities be interpreted as granting to Members of the European Parliament immunity throughout the period for which they have been elected or merely immunity when Parliament is sitting?	Article 177 EEC
<b>Infringements</b>		
168/85 — Commission v Italy <sup>3</sup>	Articles 48, 52 and 59 EEC — reciprocity, or, in the case of pharmacy, nationality, made a condition for access by nationals of other Member States to various activities associated with tourism and journalism	Article 169 EEC
179/85 — Commission v Germany <sup>4</sup>	Prohibition on the use of certain forms of bottle for <i>pétillant de raisin</i> in Germany	Article 169 EEC
180/85 — Commission v France <sup>2</sup>	(i) Making it a condition for the importation of machines to have affixed to them a plate showing that they satisfy regulations or approvals issued by the Minister of Labour, which is required to be presented to the customs authorities, and (ii) Prohibiting the temporary importation for demonstration purposes of machines which do not meet national health and safety requirements	Article 169 EEC

Case	Subject	Basis
184/85 — Commission v Italy <sup>1</sup>	Infringement of Article 95 EEC: Italy imposes on bananas, almost all of which are imported, a special consumption tax which does not apply to domestically grown fruit	Article 169 EEC
186/85 — Commission v Belgium <sup>6</sup>	Article 67(2) and the second paragraph of Article 68 of the Staff Regulations: adoption of two Royal Orders under which family allowances which may be claimed under the Staff Regulations are to be deducted from those payable under Belgian law	Article 169 EEC
189/85 — Commission v Germany <sup>1</sup>	Exclusion by the Federal Children's Allowances Act ( <i>Bundeskindergeldgesetz</i> ), in the version of 31 January 1975, of children from the federal family allowances scheme where they receive family allowances under the Staff Regulations	Article 169 EEC
194/85 — Commission v Greece	Article 30 EEC and Article 65(2) of the Act of Accession: making the importation of bananas originating in other Member States or in free circulation there conditional on the granting of a licence, and refusal to grant such a licence for the importation of bananas originating in other Member States or in free circulation in those States	Article 169 EEC
195/85 — Commission v Denmark	Directives 79/695/EEC on the harmonization of procedures for the release of goods for free circulation and 78/453/EEC on the harmonization of provisions concerning deferred payment of import duties or export duties	Article 169 EEC
196/85 — Commission v France <sup>1</sup>	Article 95 EEC: differential taxation of certain wines designated <i>vins doux naturels</i> (natural sweet wines) and dessert wines	Article 169 EEC
199/85 — Commission v Italy	Failure of the Municipality of Milan to comply with its obligations under Directive 71/305/EEC, particularly that requiring publication of calls for tender in the OJ	Article 169 EEC

### Disputes between the Community and its staff

190/85 — Da Re v European Parliament

<sup>1</sup> OJ C 181, 19.7.1985.

<sup>2</sup> OJ C 166, 5.7.1985.

<sup>3</sup> OJ C 171, 10.7.1985.

<sup>4</sup> OJ C 158, 28.6.1985.

<sup>5</sup> OJ C 165, 4.7.1985.

<sup>6</sup> OJ C 179, 17.7.1985.

2.5.22. Judgments

Date and case	Held
<p><b>ECSC—Steel</b></p> <p>29.6.1985: 64/84 Queenborough Rolling Mill v Commission<sup>1</sup></p>	<p>Application dismissed (annulment of the Commission Decision of 26 January 1984 imposing a fine on the applicant for exceeding its production quotas for the third and fourth quarters of 1981)</p>
<p><b>Freedom of establishment and freedom to provide services</b></p> <p>18.6.1985: 197/84 Steinhauser v City of Biarritz<sup>2</sup></p>	<p>Article 52 EEC does not allow the schedule of conditions in a tendering procedure for the allocation of public property belonging to a municipality to make the acceptance of applications conditional upon nationality</p>
<p><b>Competition</b></p> <p>13.6.1985: 248/84 R Germany v Commission<sup>3</sup></p>	<p>Application dismissed (application for the suspension of the operation of Article 1 of Commission Decision 85/12 of 23 July 1984 concerning the economic development programme for the Land of North Rhine-Westphalia)</p>
<p><b>Social security</b></p> <p>4.6.1985: 58/84 Office National des Pensions pour Travailleurs Salariés v Romano<sup>4</sup></p> <p>4.6.1985: 117/84 Office National des Pensions pour Travailleurs Salariés v Ruzzu<sup>4</sup></p> <p>6.6.1985: 157/84 Frascogna v Caisse des dépôts et consignations<sup>5</sup></p>	<p>A national provision which reduces the additional years of notional employment from which a worker may benefit, on the basis of the number of years in respect of which the worker may claim a pension in another Member State, constitutes a provision for the reduction of benefit within the meaning of Article 12(2) of Council Regulation No 1408/71 which, by virtue of the last sentence of Article 12(2), is not to be applied when the amount of the pension is calculated under Article 46(1) of the Regulation</p> <p>(i) The grant of a special old-age allowance which guarantees a minimum income to old persons under the conditions laid down by the national law applicable to the main proceedings constitutes a social advantage within the meaning of Council Regulation No 1612/68</p> <p>(ii) Article 7(2) of that Regulation must be interpreted as meaning that the grant of such a social advantage may not be made subject to a condition requiring actual residence in the territory of a Member State for a specific number of years if such a condition is not laid down in respect of nationals of that Member State</p>



Date and case	Held
20.6.1985: 94/84 Office national de l'emploi v Deak <sup>6</sup>	A national of a non-Community country who is a member of the family of a worker who is a national of a Member State cannot invoke Regulation No 1408/71 and in particular Article 2(1) and 3(1) thereof in order to claim the tide-over allowance payable to young job-seekers under the legislation of the Member State on whose territory the worker is employed. But such allowances do constitute a social advantage within the meaning of Article 7(2) of Regulation No 1612/68
<b>Agriculture</b>	
5.6.1985: 116/84 Criminal proceedings against Roelstraete <sup>7</sup>	<ol style="list-style-type: none"> <li>1. Legislation of a Member State which is intended to control retail prices for beef, veal and pigmeat and which prohibits retailers from selling their products to consumers at a price exceeding the purchase price charged at the wholesale stage, plus a maximum gross profit margin covering <i>inter alia</i> any import costs which may be borne by the retailer, constitutes a measure having an effect equivalent to a quantitative restriction contrary to Article 30 EEC and to Article 19 of Regulation No 121/67 and Article 22 of Regulation No 805/68</li> <li>2. Such legislation is also incompatible with Regulations Nos 121/67 and 805/68 where the maximum gross profit margin incorporates the supply costs borne by the retailer and, as a result, in certain regions the distribution network for beef, veal and pigmeat is affected</li> </ol>
20.6.1985: 69/84 Padovani and Others v Amministrazione delle Finanze dello Stato <sup>6</sup>	<ol style="list-style-type: none"> <li>1. To be 'imported by sea' within the meaning of Article 23(1) of Council Regulation No 120/67/EEC on the common organization of the market in cereals, it is not sufficient that goods should have been cleared through customs on board ship and shipped, without being unloaded, to another port in another Member State</li> <li>2. An agricultural product imported by sea into Italy in respect of which the levy has been reduced is in free circulation in the Community within the meaning of Article 1(3)(a) of Council Regulation No 542/69 on Community transit</li> </ol>
20.6.1985: 124/84 Spitta v HZA Frankfurt am Main-Ost <sup>1</sup>	Consideration of the questions submitted has not revealed any factor of such a nature as to affect the validity of Commission Regulation No 932/77 fixing the amounts by which import charges on beef and veal originating in the African, Caribbean and Pacific States are to be reduced
<b>Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters</b>	
11.6.1985: 49/84 Debaecker and Plouvier v Bouwman <sup>2</sup>	1. The requirement, laid down in Article 27(2) of the Convention, that service of the document which instituted the proceedings should be

Date and case	Held
	<p>effected in sufficient time is applicable where service was effected within a period prescribed by the court of the State in which the judgment was given or where the defendant resided, exclusively or otherwise, within the jurisdiction of that court or in the same country as that court</p> <p>2. In examining whether service was effected in sufficient time, the court in which enforcement is sought may take account of exceptional circumstance which arose after due service</p> <p>3. The fact that the plaintiff was apprised of the defendant's new address after service was effected and the fact that the defendant was responsible for the failure of the duly served document to reach him are matters which the court in which enforcement is sought may take into account in assessing whether service was effected in sufficient time</p>
<p><b>Administrative questions</b></p>	
<p>20.6.1985: 118/84 Commission v Royale Belge</p>	<p>The defendant is ordered to pay the amount paid by the Commission to an official in respect of an occupational disease</p>
<p>20.6.1985: 123/84 Klein v Commission<sup>6</sup></p>	<p>Application dismissed (annulment of the Commission's refusal to recognize an entitlement to a retirement pension)</p>
<p><b>Infringements</b></p>	
<p>7.6.1985: 154/85 R Commission v Italy<sup>1</sup></p>	<p>Pending judgment on the main application, Italy is ordered:</p> <p>(i) upon notification of this order, to take the necessary measures to ensure that no requirement is imposed on parallel importers which is more strict than those which existed before July 1984;</p> <p>(ii) to inform the Commission every two weeks of the number of registrations effected and the reasons for any delays</p>
<p>11.6.1985: 288/83 Commission v Ireland<sup>5</sup></p>	<p>By requiring licences for the importation of potatoes originating in non-member countries and put into free circulation in another Member State Ireland has failed to fulfil its obligations under Article 30 EEC</p>
<p>12.6.1985: 98/84 Commission v France</p>	<p>Ordered removed from the Court Register (different rates of charges on domestic products and products imported from other Member States for public health inspections of oysters, mussels and shellfish)</p>
<p>26.6.1985: 232/83 Commission v Netherlands</p>	<p>Ordered removed from the Court Register (Directive 75/362/EEC on the recognition of doctors' qualifications)</p>

**Disputes between the Community and its staff**

v Commission

20.6.1985, 138/84 Spachis<sup>8</sup>—Judgment for the applicant

v Economic and Social Committee

14.5.1985, 14/84 Rev., Hansen née Meyer—Application dismissed

15.5.1985, 3/84 Patrinos—Judgment for the applicant

v Court of Auditors

6.6.1985, 146/84 De Santis—Application dismissed<sup>9</sup>**Orders for removal from the Court Register**

25.6.1985, 161/85 R—Hellenic Grain v Commission

<sup>1</sup> OJ C 178, 16.7.1985.<sup>2</sup> OJ C 171, 10.7.1985.<sup>3</sup> OJ C 166, 5.7.1985.<sup>4</sup> OJ C 153, 22.6.1985.<sup>5</sup> OJ C 165, 4.7.1985.<sup>6</sup> OJ C 181, 19.7.1985.<sup>7</sup> OJ C 155, 25.6.1985.<sup>8</sup> OJ C 179, 17.7.1985.<sup>9</sup> OJ C 158, 28.6.1985.**ECSC Consultative Committee****Appointments**

2.5.23. On 10 June the Council appointed Mr A. Scargill and Mr P. Heathfield members of the ECSC Consultative Committee in the workers' category for a term ending on 17 February 1987.<sup>1</sup>

**250th meeting**

2.5.24. The ECSC Consultative Committee held its 250th meeting in Luxembourg on 28 June with Mr K. Bund in the chair. The Commission was represented by Mr Karl-Heinz Narjes, Vice-President with special responsibility for industrial affairs, and by Mr Nicolas Mosar, Member with special responsibility for energy.

The Committee adopted resolutions on the communication on new Community energy objectives for 1995<sup>2</sup> and on the memorandum on the general objectives for steel 1986-90.<sup>3</sup>

It also delivered opinions on the forward programme for steel for the third quarter

of 1985 (→ point 2.1.30) and on the memorandum on setting up a fifth research programme on the technical control of nuisances and pollution at the place of work in the environment of iron and steel works (→ point 2.1.175).

Finally, it examined the Commission working paper on energy market prospects to the year 2000,<sup>4</sup> the medium-term coal research guidelines (→ point 2.1.170) and the guidelines for the implementation of the tenth ECSC low-cost housing programme (1984-88).<sup>5</sup>

**New Community energy objectives**

2.5.25. Several times during the discussion, members expressed their concern about the role of solid fuels, which appeared to be increasingly marginal. It was imperative to avoid a situation in which the Community, in the absence of an active coal

<sup>1</sup> OJ C 153, 22.6.1985.<sup>2</sup> Bull. EC 5-1985, point 2.1.106.<sup>3</sup> Bull. EC 5-1985, point 2.1.15.<sup>4</sup> Bull. EC 12-1984, point 2.1.211.<sup>5</sup> Bull. EC 5-1985, point 2.1.40.

policy, would become increasingly dependent, thus weakening its international position. Furthermore, the social aspect of the solid fuels policy should be taken into account more effectively. Intensive research would also be needed to overcome the environmental problems arising from increased use of solid fuels. Imported coal was not regarded as competing against Community coal; on the contrary, it added to security of supply.

Mr Mosar stressed that the utilization of solid fuels should be increased or at least kept at its current level and that preference should be given to coal and nuclear energy for electricity generation. He added that security of supply was of paramount importance.

A resolution on the Community energy objectives was adopted unanimously.<sup>1</sup>

### General objectives for steel

2.5.26. Representatives both of coal and steel producers and of the trade unions spoke out against the general objectives for steel in their present form, criticizing the Commission's paper for the mood of resignation and decline which it appeared to contain. However, other members felt that the document was realistic. All members wondered what the Commission planned to do after 1985. Several questions were asked about aids, quotas, stimulation of steel utilization in the Community, imports and continued reduction of capacity.

The need for estimates of job losses was underlined: they were to serve as a basis for the measures to be taken. The absence of any information concerning general industrial policy was also regretted, along with the fact that the effects of Spanish and Portuguese accession had been ignored.

Replying, Mr Narjes pointed out that the Commission was obliged to present an austere report in keeping with the actual situation. The general objectives were intended as a forecast and not as a statement of political intent. In the near future the Commission would be presenting to the Council

a document on the main principles to be followed from 1986, a report on aids and a paper on social problems in coalmining areas. A transitional stage was planned to start in 1986 to avoid a situation of chaos. Spain and Portugal would have a three-year transition period in the ECSC sector, so there would be no problems in connection with these countries until 1989.

A resolution on the general objectives for steel was adopted by 32 votes to 1, with 8 abstentions.

## European Investment Bank

### *Operations in June*

2.5.27. Loans totalling 322.9 million ECU<sup>2</sup> for investments within the Community were granted by the European Investment Bank in June—175.9 million in France and 147 million in the United Kingdom. Of the total amount, 73.2 million ECU was provided from the resources of the new Community borrowing and lending instrument (NCI).<sup>3</sup> Outside the Community the Bank lent 3.7 million ECU for water supplies in Cyprus.

### Community

#### *France*

2.5.28. Almost FF 1 200 million was lent in France, including FF 500 million from NCI resources. The total consisted of FF 720 million for small and medium-scale industrial investments and FF 475 million for investment in advanced technology.

The FF 720 million took the form of two global loans to the *Crédit d'équipement des petites et moyennes entreprises (CEPME)*, the main agency concerned with financing

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<sup>1</sup> OJ C 153, 22.6.1985.

<sup>2</sup> The conversion rates at 29 March used by the EIB in statistics for the second 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 45.02, LIT 1 428, UKL 0.58, USD 0.73.

<sup>3</sup> OJ L 298, 20.10.1978; Bull. EC 10-1978 point 2.1.10.

small businesses in France; FF 500 million of this loan was from NCI resources and FF 220 million from the Bank's own resources. The FF 500 million from NCI resources will be onlent for productive investment in small firms in industry and local services in areas which do not qualify for regional development premiums. Since the end of 1982 CEPME has received FF 1 500 million from NCI resources, which was onlent to more than 1 800 small firms, creating over 8 300 jobs.

The FF 220 million from the Bank's own resources will be onlent for investment by small firms in regions faced with development or conversion problems. This loan brings assistance from the EIB to CEPME for small and medium-scale investments to FF 1 420 million since March 1982. FF 1 200 million has already been used to finance almost 1 200 such investments, generating some 5 600 jobs.

A loan of FF 475 million to Française de mécanique is in line with the Community objective of supporting the application of advanced technology. It will be used to develop the production of engines using powerful technology still not in widespread use in Europe's motor industry. The project, which is expected to cost FF 955 million, will involve highly automated techniques.

### *United Kingdom*

2.5.29. UKL 84 million was lent for a variety of infrastructure, industrial and energy projects designed to serve existing firms and encourage the setting up of new activities in areas with economic problems. They are also in line with the Community's priorities on energy production and environmental protection.

A loan of UKL 25 million to the North-West Water Authority will finance a package of water supply, sewerage and sewage treatment schemes, mainly in Merseyside and Lancashire, including reconstruction of inner-city sewerage systems in Burnley, Manchester, Oldham and Salford. The package will improve the quality of drink-

ing water and reduce pollution in the North-West, Cumbria and the Mersey estuary. A loan of UKL 10 million to the Yorkshire Water Authority will finance sewerage and sewage treatment works to reduce severe pollution in the Wiske, Don and Calder.

A loan of UKL 29 million to the South of Scotland Electricity Board will assist construction of the Torness power station, which will consist of two groups with a total output of 1 410 MW. The groups are expected to come on stream in 1987 and 1988 and will help meet growing demand, while saving 1.5 million toe of fossil fuel per year.

Under a cooperation agreement with Cipfa Services Ltd, the finance company of the Chartered Institute of Public Finance and Accountancy in London, a loan of UKL 20 million will be used for infrastructure projects to assist industrial and tourist development in assisted areas. The projects may include communications, water, sewerage, sewage treatment and coastal protection. The work, which will contribute to the Community's objectives, may be undertaken anywhere in the country.

### *Outside the Community*

2.5.30. Under the second Financial Protocol the Bank lent 3.7 million ECU from the Community's own resources to Cyprus for the exploitation of water resources. The loan will assist in the construction of a dam and reservoir at Kouris, one of the projects designed to collect water from the southern Troodos Mountains for the Nicosia, Famagusta, Limassol and Larnaca areas. The works, which will be of benefit to both communities, received a loan of 26.5 million ECU from the Bank's own resources in March.

### *Doubling of capital*

2.5.31. The Annual Meeting of the Board of Governors of the European Investment Bank (the Finance Ministers of the Ten)

was held on 11 June. Its business included approving the annual report for 1984 and doubling the Bank's capital, to which Portugal and Spain will automatically subscribe when they join the Community and hence also the Bank. Since 1981 the Bank's capital has stood at 14 400 million ECU, of which 1 465.7 million ECU was actually paid in or to be paid in. This dictates the ceiling on outstanding Bank loans, which may not, under the EIB Statute, exceed 250% of subscribed capital. At the end of 1984 aggregate loans were some 30 200 million ECU against a statutory ceiling of 36 000 million ECU.

The doubling of the Bank's capital will involve an increase in the capital subscribed by the existing Member States, which will rise from 14 400 million ECU to about

26 500 million ECU, and the subscription of Portugal and Spain to the increased capital, which will contribute about 2 300 million ECU. At the same time, at the request of the Italian Government, Italy's share has been brought into line with those of the three largest Member States in terms of GNP—France, Germany and the United Kingdom.

The proportion of the increase actually to be paid in was set at 7.5% (about 1 000 million ECU), which will increase the total capital paid in or to be paid in to about 2 600 million ECU and so raise the ceiling on the Bank's total loans to 72 000 million ECU.

The present and future breakdown of the capital is as follows:

ECU

	Present capital			Situation at 1 January 1986		
	Subscribed	Paid in and to be paid in	%	Subscribed	Paid in and to be paid in	%
Germany	3 150 000	320 625	21.875	5 508 725	497 529.375	19.127
France	3 150 000	320 625	21.875	5 508 725	497 529.375	19.127
Italy	2 520 000	256 500	17.50	5 508 725	497 529.375	19.127
United Kingdom	3 150 000	320 625	21.875	5 508 725	497 529.375	19.127
Spain	—	—	—	2 024 928	181 333.940	7.031
Belgium	829 500	84 431.25	5.76	1 526 980	136 742.250	5.302
Netherlands	829 500	84 431.25	5.76	1 526 980	136 742.250	5.302
Denmark	420 000	42 750	2.925	773 154	69 236.550	2.684
Greece	225 000	22 902.5	1.563	414 190	37 091.750	1.438
Portugal	—	—	—	266 922	23 903.086	0.927
Ireland	105 000	10 687.5	0.729	193 288	17 309.100	0.671
Luxembourg	21 000	2 137.5	0.146	38 658	3 461.850	0.134
Total	14 400 000	1 465 715	100	28 800 000	2 595 938.276	100



PART THREE  
DOCUMENTATION

# 1. ECU

## Values in national currencies of one ECU

28 June <sup>1</sup>	
Belgian franc and Luxembourg franc (convertible)	45.2655
Belgian franc and Luxembourg franc (financial)	45.5081
German mark	2.24895
Dutch guilder	2.53484
Pound sterling	0.567748
Danish krone	8.06607
French franc	6.85414
Italian lira	1 433.15
Irish pound	0.717724
Greek drachma	99.9678
United States dollar	0.734949
Swiss franc	1.88404
Spanish peseta	128.506
Swedish krona	6.47527
Norwegian krone	6.47674
Canadian dollar	1.00203
Portuguese escudo	128.984
Austrian schilling	15.8014
Finnish mark	4.67134
Japanese yen	183.113
Australian dollar	1.10105
New Zealand dollar	1.52006

<sup>1</sup> OJ C 159, 29.6.1985

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*

June	
National currency	Value in national currency of one ECU
Belgian franc and Luxembourg franc	44.9008 <sup>1</sup>
	46.4118 <sup>2</sup>
Danish krone	8.23400 <sup>1</sup>
	8.41499 <sup>2</sup>
German mark	2.39792 <sup>3</sup>
	2.41047 <sup>4</sup>
	2.38516 <sup>2</sup>
Greek drachma	77.2479 <sup>1</sup>
	102.345 <sup>5</sup>
	90.5281 <sup>2</sup>
French franc	7.00089 <sup>6</sup>
	6.49211 <sup>1</sup>
	7.10590 <sup>7</sup>
	6.86866 <sup>2</sup>
Irish pound	0.725690 <sup>1</sup>
	0.750110 <sup>2</sup>
Italian lira	1 341.00 <sup>1</sup>
	1 482.00 <sup>5</sup>
	1 432.00 <sup>2</sup>
Dutch guilder	2.70178 <sup>3</sup>
	2.71620 <sup>4</sup>
	2.68749 <sup>2</sup>
Pound sterling	0.618655

<sup>1</sup> For seeds.

<sup>2</sup> For other products.

<sup>3</sup> For cereals and durum wheat.

<sup>4</sup> For milk and milk products.

<sup>5</sup> For milk and milk products, beef/veal, and sheepmeat and goatmeat.

<sup>6</sup> For beef/veal, and sheepmeat and goatmeat.

<sup>7</sup> For milk and milk products, pigmeat and wine.



## 2. Additional references in the Official Journal

3.2.1. This section lists the titles of legal instruments and notices of Community institutions or organs which have appeared in the Official Journal since the last Bulletin was published but relating to items appearing in earlier issues of the Bulletin; the references were not available when the Bulletin went to press.

The number of the Bulletin and the point to which this additional information refers is followed by the title shown on the cover of the Official Journal, the number of the issue and the date of publication.

### **Bull. EC 12-1984**

#### *Point 2.1.66*

Commission Decision of 7 November 1984 on the proposal of the French Government to grant regional aid to an undertaking engaged in the watchmaking and optical and electronic engineering industries at Besançon, Doubs, France

OJ L 152, 11.6.1985

### **Bull. EC 2-1985**

#### *Point 2.1.38*

Commission Decision of 13 February 1985 on the United Kingdom's proposal to assist sections of the clothing, footwear, knitting and textile industries

OJ L 155, 14.6.1985

### **Bull. EC 3-1985**

#### *Point 2.1.147*

Proposal for a Council decision on a preparatory action for a Community research and development programme in the field of telecommunications technologies

OJ C 148, 18.6.1985

#### *Points 2.4.19 to 2.4.28*

Opinions adopted by the Economic and Social Committee during its session on 27 and 28 March  
OJ C 160, 1.7.1985

### **Bull. EC 4-1985**

#### *Point 2.1.95*

Commission Decisions of 24 April 1985 on the multiannual guidance programmes in respect of the fishing fleet and of aquaculture submitted by the Federal Republic of Germany, Denmark, France, Greece, Ireland, Italy, the Netherlands and the United Kingdom pursuant to Council Regulation (EEC) No 2908/83

OJ L 157, 15.6.1985

### **Bull. EC 5-1985**

#### *Point 2.1.59*

Resolution of the Ministers responsible for Cultural Affairs, meeting within the Council, of 13 June 1985 concerning a European sculpture competition

OJ C 153, 22.6.1985

#### *Point 2.1.60*

Resolution of the Ministers responsible for Cultural Affairs, meeting within the Council, of 13 June 1985 concerning the annual event 'European City of Culture'

OJ C 153, 22.6.1985

#### *Point 2.1.61*

Resolution of the Ministers responsible for Cultural Affairs, meeting within the Council, of 13 June 1985 on events including European audiovisual productions in third countries

OJ C 153, 22.6.1985

# 3. Infringement procedures

## Initiation of proceedings for failure to implement directives

3.3.1. In June 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 two cases:

### Transport

Council Directive of 4 October 1982 laying down technical requirements for inland waterway vessels<sup>1</sup> (Belgium, France).

Council Directive of 20 January 1976 on reciprocal recognition of navigability licences for inland waterway vessels<sup>2</sup> (Belgium).

### Reasoned opinions

3.3.2. The Commission delivered reasoned opinions in the following cases:

### Customs union

Incorrect application of the Council Directive of 25 June 1979 on the harmonization of provisions laid down by law, regulation or administrative action relating to customs debt<sup>3</sup>—civil aircraft exempt from customs duty (United Kingdom).

### Internal market and industrial affairs

Incorrect application of 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>4</sup>—dimmed beams for dipped-beam headlamps (United Kingdom).

Marketing of rum/vodka (Ireland).

### Competition

Petroleum products monopoly (Greece).

Potash fertilizers monopoly (France).

### Social affairs

Social assistance—funds for providing minimum subsistence benefit (Belgium).

### Agriculture

Failure to inform the Commission of national measures to give effect to the Council Directive of 23 November 1976 on the marketing of straight feedingstuffs<sup>5</sup> (France, Italy).

Failure to inform the Commission of national measures to give effect to the Council Directive of 2 April 1979<sup>6</sup> amending the Council Directive of 23 November 1976 on the marketing of straight feedingstuffs<sup>5</sup> (France, Italy).

Failure to inform the Commission of national measures to give effect to the first Commission Directive of 10 August 1979<sup>7</sup> amending the Annex to the Council Directive of 23 November 1976 on the marketing of straight feedingstuffs<sup>5</sup> (France, Italy).

Failure to inform the Commission of national measures to give effect to the second Commission Directive of 2 May 1980<sup>8</sup> amending the Annex to the Council Directive of 23 November 1976 on the marketing of straight feedingstuffs<sup>5</sup> (France, Italy).

Failure to inform the Commission of national measures to give effect to the Council Directive of 2 April 1979 on the marketing of compound feedingstuffs<sup>6</sup> (France, Italy).

Failure to inform the Commission of national measures to give effect to the first Commission Directive of 2 May 1980<sup>8</sup> amending the Annex to the Council Directive of 2 April 1979 on the marketing of compound feedingstuffs<sup>6</sup> (France, Italy).

Failure to inform the Commission of national measures to give effect to the Commission Directive of 2 May 1980 authorizing, in certain cases, the marketing of compound feedingstuffs in unsealed packages or containers<sup>8</sup> (France, Italy).

Failure to inform the Commission of national measures to give effect to the second Commission Directive of 27 June 1980<sup>9</sup> amending the Annex to the Commission Directive of 2 April 1979 on the marketing of compound feedingstuffs<sup>6</sup> (France, Italy).

<sup>1</sup> OJ L 301, 28.10.1982.

<sup>2</sup> OJ L 21, 29.1.1976.

<sup>3</sup> OJ L 179, 17.7.1979.

<sup>4</sup> OJ L 262, 27.9.1976.

<sup>5</sup> OJ L 32, 3.2.1977.

<sup>6</sup> OJ L 86, 6.4.1979.

<sup>7</sup> OJ L 239, 22.9.1979.

<sup>8</sup> OJ L 126, 21.5.1980.

<sup>9</sup> OJ L 188, 22.7.1980.

Failure to inform the Commission of national measures to give effect to the Council Directive of 6 May 1982<sup>1</sup> amending the Council Directive of 9 April 1968 on the marketing of material for the vegetative propagation of the vine<sup>2</sup> (France, Italy).

Failure to inform the Commission of national measures to give effect to the Council Directive of 22 January 1980<sup>3</sup> amending the Council Directive of 21 December 1976 on health problems affecting intra-Community trade in meat products<sup>4</sup> (Belgium, France, Italy).

Failure to inform the Commission of national measure to give effect to the Council Directive of 11 November 1980<sup>5</sup> amending the Council Directive of 22 January 1980<sup>3</sup> with regard to swine vesicular disease and classical swine fever (France, Italy).

Failure to inform the Commission of national measures to give effect to the Council Directive of 6 May 1980<sup>6</sup> amending the Council Directive of 17 December 1973 on the fixing of maximum permitted levels of undesirable substances and products in feedingstuffs<sup>7</sup> (Italy).

Failure to inform the Commission of national measures to give effect to the Council Directive of 3 September 1980 on health marking of large packagings of fresh poultrymeat<sup>8</sup> (Italy).

Failure to inform the Commission of national measures to give effect to the Council Directive of 22 January 1980<sup>3</sup> amending the Council Directive of 26 June 1964<sup>9</sup> as regards tuberculosis and brucellosis (Italy).

Failure to inform the Commission of national measures to give effect to the Council Directive of 11 November 1980<sup>5</sup> amending the Council Directive of 26 June 1964<sup>9</sup> with regard to swine vesicular disease and classical swine fever (Italy).

Failure to inform the Commission of national measures to give effect to the Council Directive of 11 November 1980<sup>5</sup> amending the Council Directive of 26 June 1964<sup>9</sup> with regard to enzootic bovine leukosis (Italy).

Failure to inform the Commission of national measures to give effect to the Council Directive of 11 November 1972<sup>10</sup> with regard to swine vesicular disease and classical swine fever (Italy).

Quantitative limit on the importation of beef cattle through Ventimiglia (Italy).

### Cooperation and development

Ban on the importation of bananas from ACP countries (Greece).

### Financial institutions and taxation

Incorrect application of the Council Directive of 17 May 1977 on the harmonization of the laws of the Member States relating to turnover taxes —Common system of value-added tax: uniform basis of assessment<sup>11</sup>—imports of medical samples (Italy).

Incorrect application of the Council Directive of 17 May 1977 on the harmonization of the laws of the Member States relating to turnover taxes —Common system of value-added tax: uniform basis of assessment<sup>11</sup>—new schemes for used goods (United Kingdom).

Incorrect application of the Council Directive of 17 May 1977 on the harmonization of the laws of the Member States relating to turnover taxes —Common system of value-added tax: uniform basis of assessment<sup>11</sup>—imports of used vehicles (France).

### Budget

Refusal to pay interest on delayed payments (France).

<sup>1</sup> OJ L 148, 27.5.1982.

<sup>2</sup> OJ L 93, 18.4.1968.

<sup>3</sup> OJ L 47, 21.2.1980.

<sup>4</sup> OJ L 26, 31.1.1977.

<sup>5</sup> OJ L 325, 1.12.1980.

<sup>6</sup> OJ L 124, 20.5.1980.

<sup>7</sup> OJ L 38, 11.2.1974.

<sup>8</sup> OJ L 251, 24.9.1980.

<sup>9</sup> OJ L 121, 29.7.1964.

<sup>10</sup> OJ L 302, 31.12.1972.

<sup>11</sup> OJ L 145, 13.6.1977.

## 4. Eurobarometer

### Public opinion in the Community in the spring of 1985

3.4.1. The latest Eurobarometer survey published by the Commission was carried out between 14 March and 22 April.<sup>1</sup>

In addition to the regular chapter on the mood of Europeans designed to gauge their satisfaction with life and with the way democracy works, this edition of Eurobarometer also explores public opinions and attitudes in the 10 Community countries on five major issues:

(i) a people's Europe;

(ii) the relative benefit of Community membership so far and the correlation between views on this and general views on Community membership;

(iii) the accession of Portugal and Spain;<sup>2</sup>

(iv) the plan for European political union;

(v) awareness of the European Parliament and attitudes towards it a year after the 1984 elections.

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<sup>1</sup> Eurobarometer No 23 (Brussels, June 1985).

<sup>2</sup> In view of the failure to adopt the 1985 Community budget on time, the six-monthly survey first carried out in Spain and Portugal in autumn 1981 has unfortunately had to be deferred for several months. The results will be published at a later date.



