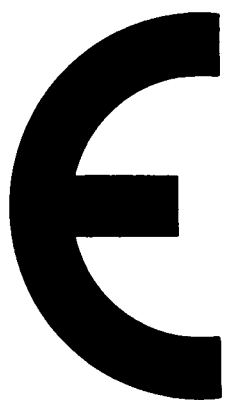


# Bulletin

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## OF THE EUROPEAN COMMUNITIES

Commission



No 10 1985

Volume 18

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*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

No 10  
1985  
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\* In preparation



PART ONE

SPECIAL FEATURES

## Bulletin information service

Readers can obtain information on developments since this issue went to press (date of adoption of instruments by the Council, of opinions given by Parliament or the Economic and Social Committee, of publication in the Official Journal, etc.) by telephoning the document services of the Information Offices at the following numbers:

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## References in text and footnotes

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

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

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

ECU = European currency unit

BFR = Belgische frank / Franc belge

DKR = Dansk krone

DM = Deutsche Mark

DR = Greek drachma

FF = Franc français

HFL = Nederlandse gulden (Hollandse florijn)

IRL = Irish pound / punt

LFR = Franc luxembourgeois

LIT = Lira italiana

UKL = Pound sterling

USD = United States dollar



# 1. Institutional reform

## Second session of the Intergovernmental Conference

1.1.1. The second session<sup>1</sup> of the Intergovernmental Conference, which has been convened to amend the Treaty establishing the European Economic Community and to draft a treaty on a common foreign and security policy, was held in Luxembourg on 21 October, with Mr Jacques Poos, Foreign Minister of Luxembourg, in the chair. Its political cooperation remit was not on the agenda. The Chairman told the Conference that work on this front was proceeding satisfactorily in the Political Committee and could be reviewed at one of its forthcoming sessions.

On 22 October the Conference received a delegation from Parliament, whose concern over whether it would be able to bring any real influence to bear on the final outcome was the keynote of the debate in the House on 23 October, which culminated in a resolution on its involvement in the Conference proceedings. In the course of the same debate Mr Jacques Delors, President of the Commission, made a statement highlighting the close resemblance between Parliament's draft Treaty<sup>2</sup> and the Commission's proposals.<sup>1</sup>

Finally, on 28 October the Commission presented a proposal to the Conference on the Community's 'monetary capacity'. This had earlier been the subject of a peripheral exchange of views with the Finance Ministers of the Member States on the occasion of the Council meeting on economic and financial affairs.

## Conference proceedings

1.1.2. For what was in fact its first substantive working session the Conference had before it the papers transmitted by the Commission in September<sup>1</sup> and the following papers from Member States:

Belgium:	human rights;
Denmark:	right to vote in local elections; research and technological development; energy policy; employment and the workplace; environment; development policy; participation of other European countries in Community cooperation;
Germany:	role of the European Parliament;
Greece:	strengthening cohesion;
France:	Parliament's powers (the 'cooperation' aspect); internal market; cohesion; 'differentiation';
Ireland:	regional policy and cohesion;
Italy:	Parliament's powers;
Netherlands:	management powers and appointment of the Commission; development policy.

Discussion concentrated on the Commission proposals designed to lay the foundations for revitalization: the internal market, cohesion and Parliament's powers.

As regards the internal market, the aim as the Commission sees it is to create between now and 1992 an area with no internal frontiers in which persons, goods, services and capital can move about in the same way as in any Member State.

Consensus emerged on general philosophy, but differences still remain on content. Some Member States want to concentrate on the four existing Treaty objectives: free movement of goods, persons, services and capital; others envisage a comprehensive

<sup>1</sup> Bull. EC 9-1985, point 1.1.2 *et seq.*

<sup>2</sup> Bull. EC 2-1984, point 1.1.1 *et seq.*

approach to the concept of the large market through precise objectives and practical legal machinery.

Several Member States are also finding it hard to accept majority voting in all the areas proposed by the Commission, particularly tax harmonization.

Mr Delors stressed that the internal market was regarded by all as crucial to the revitalization of European integration. The means must therefore be provided to achieve it. He reminded delegates that the Commission had taken account of the need to treat two issues differently from the others: the movement of persons because of the problems of security and the approximation of indirect taxation. With regard to the target date of 1992 he said that the political commitment must be turned into a legal requirement; otherwise it would be a dead letter.

Concerning cohesion, the President led off the discussion with the revised Commission proposal.<sup>1</sup> Cohesion is possible on four conditions: the Member States must take the necessary efforts to coordinate their economic policies; this solidarity is not to be considered solely in budgetary terms (the Commission proposal is based on economic solidarity rather than on budgetary transfers); a clear mandate must be given for in-depth reform of the existing Funds; borrowing and lending operations must be made to serve these objectives.

Mr Delors emphasized that, in the Commission's view, there was no hope of completing the internal market unless cohesion was strengthened.

For certain Member States cohesion is closely bound up with the issue of the large market; creation of this market must hinge on a renewal of solidarity, and implementation will involve financial transfers. Others consider that cohesion constitutes a separate and primarily political issue, which can only be resolved by a determined effort to align economic policies.

With regard to the Commission's management powers, everyone seems to agree that these should be extended. But opinions dif-

fer on whether the Treaty needs to be amended in this respect (political undertaking to make more extensive use of Article 155) and on the substance and application of any such amendment (Article 155 or 145).

Concerning Parliament's powers, the Commission proposals cover a whole range of possible ways to expand them: extending the scope of consultation; conciliation; cooperation with Parliament and the Council; assent procedure.

The Conference has concentrated on cooperation, which, according to the differing views of the Member States, could take three forms:

- (i) conciliation via a joint committee;
- (ii) direct Parliamentary impact on the Council's decision-making procedure;
- (iii) full co-decision-making.

The first two possibilities have certain procedural features in common. The third is radically different in approach.

The problem besetting the Conference is how to introduce a straightforward and swift procedure involving a genuine expansion of Parliament's powers and at the same time preserve the basic balance of powers (particularly the Commission's powers under Article 149 of the Treaty, which certain Member States see as safeguarding the continuity of Community policies and minority interests).

### **Meeting between the Intergovernmental Conference and the European Parliament**

1.1.3. On 22 October the Intergovernmental Conference met a delegation from Parliament in Luxembourg to discuss progress.

Parliament's delegation was led by its President, Mr Pflimlin, assisted by Mr Spinelli, Chairman of the Institutional Affairs Com-

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<sup>1</sup> Bull. EC 9-1985, point 1.1.6.

mittee, and Mr Formigoni, Chairman of the Political Affairs Committee.

The discussion focused on Parliament's ideas on the internal market and institutional affairs, the Conference's failure to consider Parliament's draft<sup>1</sup> and Parliament's request to be closely involved in the final stage of the proceedings.

On the last point the discussion turned on the motion for a resolution adopted by the Institutional Affairs Committee but still to be considered in the House. Mr Spinelli first of all pointed out that Parliament insisted on being involved in the final drafting. 'Submitting the results' or simply reporting would not do and would create a 'serious situation'. What Parliament wants is for the Conference to make a political commitment to initiate a procedure enabling Parliament to give its opinion and both parties to reach agreement before the final text is initialled.

In answer to Mr Spinelli's requests the Conference replied that Parliament's draft, along with the Dooge Report<sup>2</sup> and the proposals submitted, constituted the basis for its discussions. It stressed that some of these proposals were directly inspired by Parliament's draft. Concerning interpretation of Article 236 (amendment of the Treaty), the Conference indicated that there would be no second reading. This in no way prevented Parliament from giving an opinion on the final result or the opinion from being subsequently considered. The Conference could not commit itself at this stage to a mandatory procedure, which it regarded as contrary to the spirit of Article 236; moreover, final approval lay not with the governments but with the national parliaments.

Mr Pflimlin took issue with the formalist interpretation of Article 236, which, he said, did not impose consultation but did not prohibit it either. It was therefore a matter of political will. He reminded the Conference of the 1970 and 1975 amendments to the Treaty concerning budgetary procedure, in which Parliament had taken an active part. Mr Formigoni for his part reiterated the request to the Conference to look again at its position on relations with Parliament.

In answer to both statements and to the specific question put by Mr Spinelli as to whether the Conference position on the procedure for the final stage could be changed or not, the Conference pointed out that it could clearly see the political value of a final text approved by Parliament. As to the 'legal' aspect, it maintained its formal reservations concerning the introduction of a shuttle system and a conciliation procedure.

### **Debate in Parliament and vote on the resolution on its involvement in the final stage of the proceedings**

1.1.4. The debate on the Intergovernment Conference on 23 October was certainly the most important debate of the first part of Parliament's second October part-session. Speeches reflected members' misgivings at the direction which the proceedings appeared to be taking as conveyed by Parliament's delegation after its meeting with the Conference. The House was concerned both about the Conference's chances for success and about its own chances of bringing any influence to bear on the outcome.

Mr Spinelli (*Com/I*), Chairman of the Institutional Affairs Committee, had this to say:

'When we invited the Conference to say whether, once it had reported on the final text, it would be prepared to consider the report as the outcome of a first reading and cooperate on any changes with Parliament, the answer was clear—there would be no second reading. In the case of something as important as the reform of a political body that is supposed to be democratic and already has a directly elected Parliament, this means that this Parliament is cut out of the whole constituent procedure and looks rather like a vast, busy café where people express opinions with no political weight behind them.

Parliament is faithful to the spirit and the method of its draft and does not consider it to be intangible, something to take or leave. It is prepared to seek every avenue to real progress based on a broader

<sup>1</sup> Bull. EC 2-1984, point 1.1.1 *et seq.*

<sup>2</sup> Bull. EC 3-1985, point 3.5.1.

consensus. What it is unwilling to accept is its draft being thrown out and Parliament itself being kept in limbo and insignificant as far as the consultation procedure is concerned.'

Almost all the speakers raised the following issues: the Conference's failure to use Parliament's draft Treaty as a basic working paper or even to include it among the proposals tabled; the reference to preserving the 'present institutional balance' in the statement by Mr Goebbels, the State Secretary standing in for Mr Poos, the Conference Chairman; the Conference's intention simply to present Parliament with its conclusions, even ruling out any form of second reading after receiving Parliament's opinion.

Mr Formigoni (*EPP/I*), Chairman of the Political Affairs Committee, also expressed deep misgivings over the turn taken by the Conference and warned against the disappointment the public would feel if it broke down.

Mr Goebbels failed to convince the House when he spoke of the need to adhere scrupulously to the provisions of Article 236 of the Treaty to avoid the Conference becoming bogged down in procedural wrangling. Lady Elles (*ED/UK*) and Mr Spinelli pointed out that the Treaty in no way precluded a major conciliation procedure with Parliament prior to political decisions.

Mr Delors then took the floor because, as he said, the Commission believed it had a duty to account to Parliament for what it had been doing at the Conference. He described the Commission proposals as forming an 'ambitious but coherent and realistic whole'. He paid tribute to Parliament's work in the same field and listed the areas in which the Commission had drawn directly on the draft Treaty. He also stressed the need for a single legal instrument combining the results of work on the revision of the EEC Treaty and on political cooperation. Mr Delors went on to present the four cardinal features of the general philosophy behind the Commission proposals to the Conference.

*Laying the foundations for European economic revival.* The first objective here was completion of the internal market, already provided for in the Treaty of Rome, to be achieved by the creation of an area without frontiers in which persons, goods, services and capital could move about in the same way as in a Member State. The President saw in this a clear signal to be given to businesses and citizens alike that their governments genuinely intended to attain European Union.

But European Union would not be possible unless at the same time the Community mobilized the essential internal solidarity needed to attain economic and social cohesion. European Union would thus become a comprehensive political and economic objective. Turning to monetary cooperation, Mr Delors announced a Commission proposal for developing the European Monetary System, which, he was sure, could serve to strengthen European integration. Another foundation stone was a better command of technology, which could be a potent stimulus to growth and employment. Here, Mr Delors advocated subsidiarity between national and Community efforts and expressed regret at the bickering over Community jurisdiction and the Eureka programme: there were two schemes, and they should be made totally complementary; it was no time for clashes of vanity.

*New frontiers.* Mr Delors had this to say: 'These younger generations will look favourably on Europe only if Europe is generous with its development aid and if it looks to nature, to the balance between man and nature ... and if it develops a European approach to culture, a message, at a time when the technological challenge could well silence us culturally.'

*Decision-making machinery.* Mr Delors commented on the Commission proposals to change the method of Council voting by introducing majority voting for decisions on the internal market, sectoral technology programmes and certain aspects of economic and social cohesion. At the same time,

the Council would set itself deadlines for acting on Commission proposals or Parliament's amendments, as did the other institutions. To avoid bureaucracy in the implementation of Council decisions, Mr Delors called for general application of the system of advisory committees. Management and regulatory committees would be kept for specific or technically complex issues.

*Involvement of Parliament in the decision-making process.* Mr Delors particularly emphasized the progress that would be made towards increasing Parliament's powers by the introduction of the 'cooperation' procedure advocated in the Commission proposals to the Intergovernmental Conference, under which the Council would have to act unanimously within a certain time limit if it wished to depart from any amendment introduced by Parliament and endorsed by the Commission. The real problem, added Mr Delors, was whether the Council, which already enjoyed both executive and legislative power, was willing to impose constraints upon itself in its dealings with the Commission and Parliament in order to boost Community efficiency and increase democracy.

Finally, Mr Delors asked whether the barrier between the governments and the European Parliament was insurmountable. 'No, if you look at what is at stake', was his answer. And he quoted Mr Pflimlin, according to whom 'we are all on the same side'.

Mr Delors's statement was generally well received and the Commission's role did not come under attack, though a few speakers did urge it to align its stance clearly on that of Parliament.

At the end of the debate Parliament endorsed the motion for a resolution<sup>1</sup> tabled by its Institutional Affairs Committee and updated by a compromise amendment put by Mr Spinelli to reflect the situation following the meeting of 22 October between the Conference and a delegation from Parliament.

In this resolution the House again insisted that the work of the Intergovernmental

Conference and the resulting text be based on the draft Treaty adopted by Parliament. It also stressed the need to establish that 'any new Community powers must be linked to thoroughgoing institutional and democratic changes and form part of a single Community legal framework'. Such changes must include 'real joint decision-making powers for ... Parliament, majority voting in the Council as the norm, and increased executive powers for the Commission'.

Finally, Parliament refused to accept the Conference's position on Parliament's involvement in its work, which would mean that the Conference would merely report to Parliament on the outcome and ask for its opinion. It reiterated the request made in its resolution of 17 April<sup>2</sup> and claimed the right to examine and, if necessary, amend and finally vote on the Conference draft.

### **Paper on the Community's monetary capacity**

1.1.5. After peripheral discussions with the Finance Ministers of the Member States on the occasion of the Council meeting on economic and financial affairs on 28 October, Mr Delors presented the Commission paper on the Community's monetary capacity to the Chairman of the Intergovernmental Conference, stressing that he was acting 'on his own responsibility'.

Mr Delors explained to the press the four principles underlying the Commission proposal:

- (i) the Community's monetary powers need to be explicitly confirmed, even though they are already enshrined in the Treaty;
- (ii) there can be no question of upsetting existing national systems;
- (iii) provision is made for a potential competence to enable the European Monetary System to move forward gradually;

<sup>1</sup> OJ C 343, 31.12.1985.

<sup>2</sup> OJ C 122, 20.5.1985.

(iv) this scope for developing the EMS could eventually result in the creation of a European Monetary Fund, which would in turn have to be unanimously approved and formally ratified; meanwhile, other progress is possible, particularly concerning the interventions of the present European Monetary Cooperation Fund in the development of the ECU.

1.1.6. The proposal takes the form of straightforward amendments to Article 107 of the Treaty:

1. Each Member State shall treat its policy with regard to rates of exchange as a matter of common concern and shall cooperate within the framework of the EMS.

The aim of the EMS shall be to contribute to greater stability inside and outside the Community.

The EMS shall include an exchange-rate and intervention mechanism for the Community currencies, in which the Member States capable of assuming the resulting obligations shall participate.

The European monetary unit (ECU) shall be the pillar of the system; it shall be used, in particular, for settlements between the monetary authorities of the Community.

2. If a Member State makes an alteration in its rate of exchange which is inconsistent with the objectives set out in Article 104 and which seriously distorts conditions of competition, the Commission may, after consulting the Monetary Committee, authorize other Member States to take for a strictly limited period the necessary measures, the conditions and details of which it shall determine, in order to counter the consequences of such alteration.

3. The European Monetary Cooperation Fund shall be vested with the autonomy necessary to accomplish its tasks. Its Board of Governors shall consist of members of the Committee of Governors of the Central Banks of the Member States and a representative of the Commission. It shall act by unanimous decision of the representatives of the Member States participating in the EMS exchange-rate and intervention mechanism.

4. The European Monetary Cooperation Fund shall be replaced, in due course, by a European Monetary Fund vested with institutional autonomy.

For this purpose, the Council, acting unanimously on a proposal from the Commission and after consulting the Assembly, shall determine the provisions and recommend their adoption by the Member States in accordance with their respective constitutional rules.

## 2. The steel industry after 1985

1.2.1. At the meeting on steel on 29 and 30 October, the Council was finally able, after a very thorough discussion, to solve the technical and political problems regarding the Community arrangements for steel after 1985 and gave its assent to a communication from the Commission on the future system for quotas (Article 58 of the ECSC Treaty) and a draft Commission Decision on aids (Article 95).<sup>1</sup>

The differences in the Member States' points of view on these two aspects of Community steel policy were reconciled only after a number of amendments had been

made by the Commission to its communication and draft decision. The Commission will take its final decisions later.

Community steel firms now have the information they need to provide a sound basis for their commercial and investment policies after 1985.

### Organization of the market

1.2.2. The Council agreed by a qualified majority on new arrangements for the two

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<sup>1</sup> Bull. EC 9-1985, points 2.1.18 to 2.1.20.

years until 31 December 1987. The main element of the new regime is the removal of quotas from 1 January 1986 for concrete reinforcing bars (Category V) and coated sheet other than galvanized sheet (Category Id). The Council was unable to reach agreement on the deregulation of wire rod (Category IV) and galvanized sheet (Category Ic), which was also proposed by the Commission. This issue will be reconsidered in the light of a fresh examination of the situation before the end of 1986 and further Commission proposals aimed at continuing the progressive liberalization of the quota system from 1 January 1987.

The Council also approved a number of technical details of the new system, namely the maintenance of current reference data and their updating in accordance with certain criteria, continued monitoring of traditional trade flows and the reinstatement of Article 14d of Commission Decision 234/84 of 31 January 1984.<sup>1</sup> The Commission may allocate additional quotas of up to 3% of the total quotas to firms for which the present technical rules, if continued, would cause exceptional difficulties.

In particular, the new regime suspends minimum prices from 1 January 1986; excludes Spain and Portugal from the transitional arrangements; and retains special arrangements for Greece and Ireland.

## Official aid

1.2.3. The Council unanimously approved the rules on aids and financial transfers to the Community steel industry.

The new aid code will be introduced on 1 January 1986 for a three-year period (up to 31 December 1988). It reflects the recovery which has already been achieved in the steel industry and is an important step towards a full return to normal market conditions.

The Council abided by the Commission proposal to rule out any form of aid for

emergencies, continued operation and new investment. Moreover, any financial intervention by Member States in the steel industry must be notified in advance to the Commission, which will examine within the prescribed period whether elements of aid are included.

The Council also endorsed the Commission's view that aid for research and development and aid for environmental protection should still be available to the steel industry but on terms conferring the same rights as those enjoyed by other industries. The total amount of aid for research and development may not exceed 35% net grant equivalent of the eligible costs of the project in the case of basic industrial research, and 25% in the case of applied research and development; total aid for environmental protection measures may not exceed 15% net grant equivalent of the capital expenditure.

Closure aid is also authorized subject to two conditions: firstly, it may be granted to cover a maximum of 50% of the social costs which the firm must bear as a result of redundancies and early retirement schemes; secondly, it may be granted to compensate for the complete and permanent cessation of activities, the basis for calculation being the discounted three-year contribution or residual book value of the plant.

The compromise reached on closure aid eliminates the remaining risks of aid causing distortion of competition while providing an incentive for further capacity reductions.

A special aid option was also agreed by the Council for Member States such as Greece which have no financial support under the present aid code. Greece will be permitted to grant regional investment aid for modernization purposes, provided that capacity is not increased thereby.

<sup>1</sup> OJ L 29, 1.2.1984.

### 3. Annual economic report 1985-86

#### 'A cooperative growth strategy for more employment'

1.3.1. On 18 October the Commission, acting in accordance with the 1974 Decision on convergence,<sup>1</sup> transmitted to the Council the annual economic report for 1985-86 together with the annual economic review, which contains a detailed analysis of economic trends and the outlook for the year ahead.<sup>2</sup> The report and the review have also been sent to Parliament and to the Economic and Social Committee.

The report for 1985-86 builds on that adopted by the Council at the end of 1984,<sup>3</sup> which had as its principal theme the need to achieve a substantial and durable improvement in the employment situation.

However, its coverage has been extended and a strategy proposed to increase the Community's trend rate of growth from the 2.5% currently expected to 3 or 3.5% per year and to make that growth more employment-creating. This higher growth would produce an average annual increase in employment of 1 to 1.5%, opening up the prospect of unemployment being brought down to around 7% by 1990.

However, such a development is possible only if all concerned—the Community, national governments, employers and unions—work together fully to implement the proposed cooperative strategy.

#### Content of the strategy

1.3.2. If such job-creating growth is to be achieved, a whole range of macroeconomic and microeconomic conditions must be fulfilled.

At macroeconomic level, more job-creating investments are needed, and this is first and foremost a task for business. Attainment of this objective will depend, in

essence, on an adequate rate of return on such investments and on a favourable outlook for sales.

If these conditions are to be met, it is necessary for real wages to continue to increase at a moderate rate and for demand to be maintained at an adequate level. Accompanying measures to underpin demand hold the key to the success of the strategy and to social acceptance of wage moderation. Such underpinning is in any case justified in a transitional phase in which consumer purchasing power will inevitably grow more slowly and aggregate demand will not rise at a sufficiently rapid pace as a result of investment to expand production capacity.

At microeconomic level, action to improve the adaptability of markets, and not only the labour market, should be reinforced. With regard to the labour market, the extent to which greater wage differentiation and reorganization and reductions of working hours, without raising costs, could benefit employment should be studied in the light of experience already gained. National governments and the Community should also examine whether existing rules and regulations impede the functioning of markets and the setting up of new businesses, in particular small and medium-sized ones.

The objective behind efforts to increase flexibility is not to destroy achievements made on the social front but to create more jobs. As far as at all possible, therefore, economic efficiency should be reconciled with the maintenance and further development of social achievements.

1.3.3 The central strategy of moderate growth of real wages accompanied by the maintenance of an adequate level of demand requires the monetary and budget-

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<sup>1</sup> OJ L 63, 5.3.1974; OJ L 330, 24.12.1975.

<sup>2</sup> COM(85) 570 final.

<sup>3</sup> OJ L 45, 14.2.1985.



ary policies of the Member States to be based on the principles set out below.

(i) Monetary policy must continue to provide the framework for stability and help to reinforce the progress already made in combating inflation. The best way to do this is to set, within the context of the EMS, a nominal framework which is oriented towards economic stability. Such a policy creates headroom for significant cuts in interest rates in the Community on a sound basis, particularly if the dollar continues to fall. If this headroom is exploited with caution and coordinated within the EMS, it would give an extra, not inconsiderable stimulus to business investment and significantly reduce pressure on government budgets. This is a positive effect benefiting all Member States.

(ii) Budgetary policy must aim at consolidation in the countries where public indebtedness is still excessively high and must help to underpin demand where the necessary room for manoeuvre exists, all the more so since wage moderation leads temporarily to a fall-off in demand. In addition, budgetary policy should continue to restructure public expenditure and increase public investment in a manner conducive to job creation. Budgetary policy action to promote growth and employment can be reinforced as and when the positive effects of the proposed strategy work through as a result of the additional budgetary headroom. This is because the increase in growth and employment that the strategy will engender will boost general government revenue and reduce expenditure associated with the crisis.

## Implementation of the strategy

1.3.4. All the parties concerned—the Community, national governments, employers and unions—must work together fully to implement this strategy, which currently represents the only feasible economic policy approach that offers the

prospect of a significant reduction in unemployment before the end of the decade.

However, it provides only a general framework within much of the debate should be held with governments and with and between the two sides of industry.

Exploratory discussions which the Commission has had with the European Trade Union Confederation and with the Union of Industries of the European Community have been encouraging. They have shown that there is interest and a willingness to talk about such an approach. This dialogue should be continued. Industrial dialogue should also be reinforced at national level.

1.3.5. Coordinated implementation of the strategy in the Member States should start and foster a mutual reinforcement process between supply, demand and employment. In this respect an analysis of developments forecast for the Federal Republic of Germany in 1986 is highly significant. Economic growth could exceed 3% and employment could rise by more than 1%, thereby reducing unemployment, albeit slowly at first. The price outlook continues to be favourable. A considerable current account surplus and, despite the tax reform, a further significant decline in the government deficit are expected. Thus, a positive chain reaction is developing between price stability, more growth and higher employment, providing more room for manoeuvre in the fiscal and external fields. This room should be used for increased public investment in 1986 and for bringing forward to 1987 the tax reform planned for 1988. This is necessary to ensure that the favourable trend continues in and beyond 1987.

Even in the Federal Republic it will be necessary to achieve a growth rate of some 3.5% and a rise in employment of about 1.5% per annum for several years in order to bring about a significant fall in the unemployment rate.

In the other Member States, such room for manoeuvre is not yet available. In some of them, however, it is possible that, a little later than in the Federal Republic, a similar positive chain reaction could develop from more growth and employment to greater room for manoeuvre on the fiscal and external fronts. Such a development seems possible in Denmark, the Netherlands, the United Kingdom and France. Its speed will depend upon how

favourably developments proceed in the Federal Republic and upon appropriate-behaviour by employers and unions in relation to the requirements of the strategy. Every effort should be made to extend the dynamic process described above as quickly as possible to this group of Member States. This would also considerably improve the situation in the other Member States where room for manoeuvre is not yet in view.

## 4. Plan for the rehabilitation and revival of the African countries worst affected by the drought

1.4.1. In response to the conclusions of the Milan European Council in June,<sup>1</sup> on 31 October the Commission sent the Council a communication reviewing the Dublin plan and making a first assessment of the current food situation, proposing an emergency plan for the rehabilitation and revival of the African countries worst affected by the drought, and setting out a programme of medium and long-term work regarding food strategies and measures to combat desertification.<sup>2</sup>

### Review of the Dublin plan<sup>3</sup>

1.4.2. The purpose of the Dublin plan,<sup>4</sup> adopted by the European Council on 4 December 1984, was to help the victims of the famine in the eight African countries worst affected by the drought.<sup>5</sup> The aim was to meet emergency needs up to the next harvest, in November 1985.

The review of the Dublin plan carried out by the Commission in early October revealed that aid from the Community and

its Member States had exceeded the original objective of 1.2 million tonnes of cereal equivalent: it had amounted to a total of about 1 237 000 tonnes, worth some 430 million ECU, and operations were 87% complete.

Behind these figures, however, lies the effort made by the Community to find practical solutions for the countless difficulties encountered on the ground. There were four main aspects: matching products and aid to real needs; procedures for supplying aid with the necessary speed; the need to coordinate aid; and the huge logistic problem.

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<sup>1</sup> Bull. EC 6-1985, point 1.2.8.

<sup>2</sup> COM(85) 599 final.

<sup>3</sup> Before the Dublin plan there had been two emergency programmes for Africa instituted by the Commission in April 1984 (83 million ECU) and October 1984 (60 million ECU).

<sup>4</sup> Bull. EC 12-1984, points 1.2.7 and 2.2.42.

<sup>5</sup> Ethiopia, Sudan, Mali, Mauritania, Niger, Chad, Angola, Mozambique.

## Likely needs after the current harvest and the Community's capacity to respond to major crises

1.4.3. The FAO's early warning system, and the information sent by the Commission delegates, seem to indicate that, on the whole, harvest prospects are better than at the same time last year. The spectre of famine would seem to be receding, but we must still be cautious, since accurate harvest forecasts are not yet available. The situation is still very worrying in two countries where the harvest looks likely to be well below average: Niger and above all Ethiopia, where a shortfall of between 800 000 and 1 000 000 tonnes of grain is expected.

Caution being still the order of the day, the moment has not yet come to abandon, as the Council did in its first reading of the 1986 budget,<sup>1</sup> the emergency strategic reserve of 500 000 tonnes of cereal equivalent (165 million ECU), for which the Commission provided in its preliminary draft budget for 1986.

The idea of setting up such a strategic reserve was welcomed by the Milan European Council.<sup>2</sup> The Commission will therefore stand firm on this matter in the rest of the budget procedure.

## The rehabilitation plan

### Main characteristics

1.4.4. The Commission has picked out the operations to be effected as a matter of urgency, pending implementation of Lomé III.

They are of two kinds:

(i) reinforcing the countries' own capacity to deal with any similar disasters which might occur in the future;

(ii) relieving the drought's economic and financial stranglehold on the whole of life in the countryside, by reviving agriculture.

At this stage the measures are defined in general terms, and they do not necessarily concern all the countries involved. More precise operational programmes will therefore have to be drawn up for each country individually. In its approach to each country, moreover, the Commission will aim at concentration on one or two types of measure, in order not to disperse its efforts. Coordination should allow a sensible division of labour, while providing for any emergencies.

### The operations in detail

1.4.5. The countries' own capacity to organize and to formulate and implement emergency plans themselves must be reinforced. Each country should set up a central unit responsible for implementing a pre-prepared emergency plan whenever a disaster occurs. These units should be coordinated at regional level.

- The aid will consist of technical assistance and advice on drawing up these contingency plans (e.g. as regards systems of transport and distribution of aid).

Until more sophisticated detection infrastructures are set up (such as remote sensing), the countries concerned will have to reinforce the early detection of famine situations, through basic agro-meteorological surveillance, transmission to the central unit of information gathered on the ground (logistics, radio) concerning movements of population, market prices of food, etc. A certain amount is already being done, or is planned, in this area in the Sahel. It must be speeded up, reinforced and extended to all the threatened areas.

- In these areas aid in the form of technical assistance and logistic and operating resources is indispensable. It could be supplied through NGOs.

The countries concerned must set up or reconstitute security stocks of food for deal-

<sup>1</sup> Bull. EC 9-1985, point 2.4.1.

<sup>2</sup> Bull. EC 6-1985, point 1.2.8.

ing with initial emergencies and of seed for reviving production afterwards.

- The aid will consist in supplying the stocks, preferably from surpluses in the country or in the region (triangular operations), in supplying means of storage which are relatively inexpensive and versatile in use, and in ensuring that the stocks are protected.

The logistics of supplying aid have to be improved. The 'black spots' identified when food aid was distributed in 1984-85 mean that it will be necessary to: reinforce capacities for unloading and storing goods and getting them away from the ports, in which there were notable shortcomings; make good the main shortcomings encountered in road and rail links with the isolated areas (light infrastructure such as concrete fords, temporary bridges, etc.); ensure that the existing heavy transport fleet is well maintained (purchases of spare parts, strengthening of maintenance and repair services).

1.4.6. In addition to all this, disaster-hit economies must have their agriculture revived.

In order to ensure that basic inputs are available for the 1986/87 farm year, it will be necessary to guarantee imports of essentials such as fertilizers and plant-health products and to re-establish systems of agricultural credit so that peasants can buy these inputs and reconstitute their stock of draft animals.

Certain accompanying measures will be needed to help peasants resume their former way of life:

- (i) water supplies must be ensured (restoring human water supplies, deepening wells);
- (ii) irrigated plots will be needed for dry-season vegetable cultivation;
- (iii) where epidemics threaten, the necessary preventive and curative action must be continued;
- (iv) high-protein food supplements must be supplied to vulnerable groups (the young, pregnant women).

## Financing the plan

1.4.7. The European contribution will come from two sources:

*Community contribution.* The Commission, under the fourth and fifth EDFs, has a number of non-allocated reserves for the countries or regional cooperation. These reserves are such as to allow 100 million ECU to be allocated to the rehabilitation plan from the EDF, all of it in the form of grants.

*Member States' contribution.* It is suggested that the Member States supply at least as much in bilateral aid as the Community contribution, for operations coordinated with those of the Commission.

In addition to this total of at least 200 million ECU, there might also be contributions from other aid donors, such as the non-European countries which took part in the Bonn economic summit.

## Organization

1.4.8. The Commission envisages flexible procedures for implementing the plan. It would itself have wide powers to take initiatives and decisions and to adapt aid to changing circumstances, within the overall programme for each beneficiary country which will be put to the EDF Committee. As regards cooperation with the Member States, the Commission would have a central role in the administrative organization of the plan, as for the Dublin plan. It would for this purpose set up a task force to coordinate Community operations with those of the Member States, other donors, NGOs and the beneficiary countries.

## Medium- and long-term plan

1.4.9. The aim of the new medium- and long-term plan is to ensure continuity between the Dublin plan and the implementation of the new Lomé Convention.

The Commission has begun assessing the food strategies which it has initiated in four

ACP countries; it will report on them early in 1986 and will draw conclusions as regards continuing the measures in the countries concerned and extrapolating them to other countries, within the framework of the programming which is under way and the implementation of Lomé III.

As regards protection of the environment, and more especially measures to combat desertification, the Commission is preparing an overall plan which to begin with will stress reafforestation; the different geographical areas and the different approaches to be adopted will be defined together with the Member States. When the costs have been determined, it is expected, as the Milan European Council indicated,<sup>1</sup> that European aid as a whole, both Community and bilateral, will give priority to this kind of action, with long-term commitments and coherent organization. The Commission will propose an appropriate coordination structure for this purpose in its plan.

1.4.10. On 4 November the Council agreed to the broad outline of the rehabilitation programme and requested the Commission to:

- (i) pinpoint for each country the specific measures to be adopted and combine them in a comprehensive programme;
- (ii) arrange coordination on this basis between the Commission and the Member

States with a view to establishing the funding to be provided by each party;

(iii) in the light of this coordination, lay before the Council the Community section of the programme at an early date;


(iv) take the necessary measures to ensure that the existence of carryover stocks and surplus areas was taken into account in food aid deliveries in order to avoid disrupting local markets and discouraging local production.

The Council also noted the Commission's intention of transmitting a communication to it before the end of the year, together with proposals for the development of food strategy and for environmental protection, particularly desertification control.

1.4.11. As regards setting up a special reserve allocation, which would enable a volume of 500 000 tonnes of cereal equivalent to be mobilized, in addition to the normal food aid programme to meet sudden famines (→ point 1.4.3), the Council considered it necessary, without prejudice to the development and outcome of the budgetary procedure, to set up an additional food aid reserve for 1986.

<sup>1</sup> Bull. EC 6-1985, point 1.2.8.





PART TWO

ACTIVITIES  
IN OCTOBER 1985

# 1. Building the Community

## Economic and monetary policy

### Paper on the Community's 'monetary capacity'

2.1.1. Following discussions with the Finance Ministers on the occasion of the Council meeting on economic and financial affairs on 28 October, Mr Delors sent the Intergovernmental Conference convened to amend the EEC Treaty a paper on the Community's monetary capacity (→ points 1.1.5 and 1.1.6).

### Council

2.1.2. On 28 October the Council adopted a Regulation amending the 1978 Regulation on the European Monetary System as regards use of the ECU by 'other holders' (→ point 2.1.4). In addition, almost full agreement was reached on two Directives on the liberalization of the activities of undertakings for collective investment in transferable securities in the Community.<sup>1</sup>

The Council held an initial discussion on the Annual Economic Report for 1985-86 (→ point 1.3.1 *et seq.*) and heard a communication from Greece on the measures taken by its Government plus a report by the Chairman of the Monetary Committee on the Committee's preliminary examination of those measures. Greece had decided on a 15% devaluation of the drachma and also taken measures to stabilize the economy including a revised system for indexing wages from the beginning of 1986; import restrictions, mainly through a compulsory six-month bank deposit of between 40% and 80% of the value of imports; austerity measures on public expenditure and stronger measures to combat tax evasion. It hoped in this way to solve the country's economic problems, whose major symptom was a growing balance-of-payments deficit. The Council will consider these two matters further at its November meeting.

Finally, the Council discussed the letter of amendment to the preliminary draft general budget of the Communities for 1986 and approved conclusions on the need for an adjustment in favour of the United Kingdom under the arrangements for correcting budgetary imbalances (→ point 2.4.1).

## Economic situation

2.1.3. The Commission transmitted to the Council, Parliament and the Economic and Social Committee the annual economic report for 1985-86 entitled 'A cooperative growth strategy for more employment' (→ point 1.3.1 *et seq.*).

## European Monetary System

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

2.1.4. Parliament having delivered its opinion,<sup>2</sup> the Council on 28 October adopted a Regulation<sup>3</sup> amending Article 2 of the Regulation of 18 December 1978 relating to the European Monetary System<sup>4</sup> as regards use of the ECU by other holders.<sup>5</sup>

The aim of the Regulation is to enable the Community's central banks to make bilateral and temporary transfers of ECUs, issued by the European Monetary Cooperation Fund, to the central banks of non-member countries and international monetary institutions. It is part of the packet of measures to strengthen the EMS agreed last March in Basle by the Governors of the Central Banks<sup>6</sup> and endorsed by the

<sup>1</sup> OJ C 271, 26.7.1976.

<sup>2</sup> OJ C 343, 31.12.1985.

<sup>3</sup> OJ L 290, 1.11.1985.

<sup>4</sup> OJ L 379, 30.12.1978.

<sup>5</sup> OJ C 171, 10.7.1985; Bull. EC 5-1985, point 2.1.2.

<sup>6</sup> Bull. EC 3-1985, point 2.1.6.



Finance Ministers at their informal meeting in Palermo in April.<sup>1</sup>

The other measures — which have already been implemented by means of agreements between central banks — involve the mobilization of ECU net credit positions to cope with a need for intervention currencies, increasing the interest rate on ECU positions, and the ECU's acceptability limit.

2.1.5. Parliament on 10 October adopted a resolution on monetary stability, in which it emphasized the need to strengthen the EMS and extend the use of the ECU (→ point 2.5.25).<sup>2</sup>

## Community borrowings

### New Community Instrument (NCI IV)

2.1.6. On 25 October Parliament gave its opinion<sup>3</sup> on a proposal for a Decision on the continuation of the New Community Instrument (NCI IV).<sup>4</sup> Although it approved the proposal, Parliament stressed that the NCI should be made permanent and should be able to assist other productive activities (craft industries and services) for which access to the capital market is generally difficult.

### Annual meetings of IMF and World Bank

2.1.7. Between 6 and 9 October Seoul, South Korea, was host to the meetings of the IMF Interim Committee, the World Bank/IMF Development Committee and the 40th annual meetings of the Boards of Governors of the International Monetary Fund and the World Bank. The Community was represented by Mr Jacques Poos, President of the Council, and the Commission by a senior official.

Discussions focused mainly on the world economic situation, the problem of developing-country indebtedness, the operation of the IMF and the activities of the World Bank.

While highlighting the continuing need for adjustment in the heavily indebted developing countries, industrialized and developing countries called for more evenly distributed economic growth among the industrialized countries and for accelerated growth in the developing world. Economic growth should be assisted by stronger financial flows, and to this end the US delegation put forward a plan aimed at increasing flows of finance to the developing countries; the plan met with considerable interest and is now being discussed in more detail.

A preliminary analysis was given of the reports submitted by the Group of 10 and the Group of 24 on ways of improving the functioning of the international monetary system. It was agreed to postpone fuller discussion of these reports till the April 1986 meeting of the Interim Committee.

2.1.8. On 10 October Parliament adopted a resolution on the Community's absence from the meeting in New York, in September, of the Finance Ministers of the five major industrialized nations (→ point 2.5.25).<sup>2</sup>

## Monetary Committee

2.1.9. At its 315th meeting, held in Berlin on 25 October with Mr Tietmeyer in the chair, the Monetary Committee discussed the future role of the ECU. It also looked at the measures taken by the Greek authorities to back up the devaluation of the drachma (→ point 2.1.2).

## Economic Policy Committee

2.1.10. The Economic Policy Committee held its 159th and 160th meetings on 7 and 10 October respectively.

(i) On 7 October, in its full composition, with Mr Byatt in the chair, it examined the

<sup>1</sup> Bull. EC 4-1985, point 2.1.1.

<sup>2</sup> OJ C 288, 11.11.1985.

<sup>3</sup> OJ C 343, 31.12.1985.

<sup>4</sup> OJ C 163, 3.7.1985; Bull. EC 5-1985, point 2.1.3.

draft annual economic report for 1985-86 and heard an oral report from Mr Goris on the Economic and Social Committee's opinion on the economic situation in the Community in mid-1985.<sup>1</sup>

(ii) On 10 October, in its 'medium-term' composition, with Mr Guillaume in the chair, it discussed the subject of more employment-creating growth.

## Internal market and industrial affairs

### Strengthening the internal market

#### Council

2.1.11. The Council met on 7 October and held a general policy discussion on the Commission's White Paper on completing the internal market by 1992<sup>2</sup> and on a report from the Presidency on current progress in this regard. There was broad support for a United Kingdom suggestion that there be a rolling work programme for successive presidencies, and for a proposal from the Netherlands that Council meetings in internal market issues should have a greater coordination role.

The Council took note of the programme drawn up by the Presidency for the second half of 1985, based mainly on the Commission's action timetable. The Council emphasized the importance of adhering to the proposed timetable from the initial stage of implementation of the White Paper. The Council meeting on agriculture on 21 and 22 October (→ point 2.1.97) also stressed the importance of the initial stage, in particular because of the decisions which it contained on animal and plant health and foodstuffs.

It was also decided that the Presidency would invite the Member States and Spain and Portugal to take part in an intergovernmental conference on the Community

Patent Convention in December (→ point 2.1.18).

Finally, the Council continued its examination of the Commission proposals on the right of residence<sup>3</sup> and on the easing of controls and formalities applicable to nationals of the Member States when crossing intra-Community borders.<sup>4</sup>

#### People living in frontier areas<sup>5</sup>

2.1.12. On 15 October the Commission sent the Council, Parliament and the Member States a communication on people living in frontier areas, suggesting a series of measures to make life easier for those who live in areas on the Community's internal frontiers.<sup>6</sup> In the 12-member Community, these will amount to more than 48 million people, or 15% of the total population.

This paper represents an initial response to concern on this subject expressed by Parliament and by recent European Council<sup>7</sup> and confirms the Commission's interest in a 'people's Europe'.

The wide variety of problems faced by people living in frontier areas would in large measure be solved by the establishment of a genuine, integrated internal market. Meanwhile, however, the Commission proposes, in particular:

- (i) the elimination of certain tax distortions;
- (ii) the gradual elimination of certain financial obligations—for example, the

<sup>1</sup> Bull. EC 7/8-1985, point 2.5.33.

<sup>2</sup> Bull. EC 6-1985, point 1.3.1 *et seq.*

<sup>3</sup> OJ C 207, 17.8.1979; Bull. EC 7/8-1979, point 2.1.19; OJ C 188, 25.7.1980; OJ C 171, 10.7.1985; Bull. EC 6-1985, point 2.1.15.

<sup>4</sup> OJ C 47, 19.2.1985; Bull. EC 12-1984, point 2.1.9.

<sup>5</sup> In 1979 the Commission put forward a proposal for a Directive concerning the harmonization of income tax provisions with respect to freedom of movement for workers within the Community. This Directive recommends that taxation be related to residence: OJ C 21., 26.1.1980; Bull. EC 12-1979, point 2.1.58.

<sup>6</sup> COM(85) 529 final.

<sup>7</sup> Bull. EC 6-1984, point 1.1.9 (section 6); Bull. EC 12-1984, point 1.2.5; Bull. EC 3-1985, point 1.2.7.

obligation to transfer earned income to country of residence;

(iii) access to information and vocational training in the country of employment;

(iv) the organizing of exchanges of placement officers and of meetings with the national authorities responsible for social and tax matters.

## **Free movement of persons and freedom to provide services**

### *Removal of restrictions*

2.1.13. On 21 October Parliament adopted a resolution on the harmonization of the age of majority under civil law and the legal capacity of young people in the Community (→ point 2.5.30).<sup>1</sup>

### **Freedom of broadcasting**

2.1.14. On 10 October Parliament adopted two resolutions<sup>2</sup> on the Commission's suggestions in its Green Paper on Europe-wide television<sup>3</sup> (→ point 2.5.25). The first concerned a framework Regulation for a European media policy and the other the economic aspects of the common market for broadcasting.

## **Free movement of goods**

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

### **Industrial products**

2.1.15. On 1 October the Council adopted a Directive amending the Directive of 27 July 1976 on the approximation of the laws, regulations and administrative provisions of the Member States relating to restrictions on the marketing and use of certain dangerous substances and preparations (second PCB/PCT Directive)(→ point 2.1.89).

## **Foodstuffs**

2.1.16. On 25 October the Commission adopted a first Commission Directive on methods of analysis for edible casein and caseinates. This Directive comprises six methods which were adopted by the Standing Committee for Foodstuffs.

2.1.17. As required by the Council Directive of 15 July 1980 on the approximation of the laws of the Member States relating to the exploitation and marketing of natural mineral waters,<sup>4</sup> which came into force on 17 July 1984,<sup>5</sup> Luxembourg transmitted to the Commission a supplementary list of recognized mineral waters.<sup>6</sup>

## **Business law**

### **Economic and commercial law**

#### *Patents*

2.1.18. The Community Patent Convention, signed in Luxembourg on 15 December 1975 by the then nine Member States,<sup>7</sup> requires ratification by all the signatories before it enters into force. Ten years after signing, only seven Member States have completed the national ratification procedures, and the Federal German Government has suggested that the Convention be amended so that it may enter into force once seven ratifications have been deposited.

The Council had an exchange of views on this suggestion. A large majority of delegations and the Commission were in favour, though some delegations had reservations.

<sup>1</sup> OJ C 343, 31.12.1985.

<sup>2</sup> OJ C 288, 11.11.1985.

<sup>3</sup> Bull. EC 5-1983, point 2.1.35; Bull. EC 5-1984, points 1.3.1 to 1.3.54.

<sup>4</sup> OJ L 229, 30.8.1980.

<sup>5</sup> Bull. EC 7/8-1984, point 2.1.18.

<sup>6</sup> OJ C 267, 18.10.1985.

<sup>7</sup> Ninth General Report, point 113.

The President of the Council was to invite the Member States and the acceding States to take part in an Intergovernmental Conference in Luxembourg in December 1985. The aims of the Conference would be:

- (i) adoption of an instrument to allow prompt entry into force of the Luxembourg Convention;
- (ii) adoption of a Protocol on the settlement of litigation concerning the infringement and validity of Community patents;
- (iii) adoption of measures to enable Greece to accede to the Convention.

The Permanent Representatives Committee was instructed to make preparations for the Conference in close cooperation with the Community Patent Interim Committee.

## Industry

### *Shipbuilding*

2.1.19. On 30 October the Commission sent the Council its seventh report on the state of the shipbuilding industry in the Community (situation at the beginning of 1985).<sup>1</sup> Despite the revival in maritime transport following the improvement of the economy, the substantial overcapacity of fleets continued to prolong the crisis which has existed in the shipbuilding sector for nearly 10 years. Worldwide demand for new ships fell by 17% in 1984 compared with 1983, to a figure about 10% below the average for the last five years. The closely fought battle between shipbuilders, headed by the Japanese and Koreans, has tended to perpetuate market instability, with prices still being held down to such a low level that it is difficult to ensure the viability of even the most competitive yards. Japanese and Korean yards have also started to encounter increasing difficulties.

In 1984 shipbuilding in the Community experienced a further contraction compared with the previous year, in terms of capacity, workforce, production and order books. New orders seemed to indicate a slight

improvement, but this only amounted to a partial recovery from the particularly drastic cuts they had undergone in 1983, and output trends remained well below the average for the last few years.

The Commission stressed that efforts to confront the crisis should therefore be continued and in some respects even strengthened. It therefore recommended that, internally, measures should be stepped up with the aim of strengthening the effectiveness of efforts made by public authorities to support shipping activities, promoting synergic cooperation between Community owners and yards. Externally, the Commission still believes that countries whose shipbuilding industry has an influence on the market should undertake to avoid any measures which could further disrupt the market. With this in mind, the Commission has been increasing its efforts to promote international cooperation in the industry, notably in OECD and through bilateral consultations, with a view to spreading the burden of the crisis, which it was unanimously recognized would continue until the early 1990s, more evenly.

## Steel<sup>2</sup>

### The Community steel industry

#### *Market management*

#### Crisis measures

#### *The industry after 1985*

2.1.20. After a very thorough discussion the Council gave its assent on 29 October to a communication from the Commission on the future system for quotas (Article 58 of the ECSC Treaty) and a draft Commission Decision on aids (Article 95) (→ point 1.2.1 *et seq.*).

<sup>1</sup> COM(85) 548 final.

<sup>2</sup> See point 2.1.153 for research on steel.

### Production quotas

2.1.21. On 30 October the Commission decided on the definitive rates of abatement for the fourth quarter,<sup>1</sup> altering the rates which had been provisionally adopted on 18 September.<sup>2</sup>

Table 1 — *Definitive rates of abatement for establishing production quotas, fourth quarter 1985*

Product category	Production (%)	Share of production that can be delivered in the common market (%)
Ia Hot-rolled wide strip, including hoop and sheet	(-43)	(-49)
Ib Cold-rolled sheet		(-42)
Ic Galvanized sheet		(-24)
Id Other coated flat products	(+26)	(+25)
III Heavy sections		(-50)
IV Wire rod	(-34)	(-37)
V Reinforcing bars	(-41)	(-41)

It was possible to relax the rates of abatement for these products in view of a recent

improvement in the export markets for hot-rolled wide strip.

In addition, an increase in activity in some Community markets for Category Ia, Ib, Ic and III products enabled the delivery quotas for these products on the common market to be relaxed.

### Market situation

2.1.22. Crude steel production in the Community—excluding Greece and Ireland—reached 10.067 million tonnes in September compared with 8.625 million tonnes in August; this is equivalent to a drop of 2.3% compared with the same period in 1984. Community production in the first nine months of the year rose by 1%, and it is likely that production for the whole year will at least match the 1984 level. The situation differs considerably between Member States, ranging from a downward trend in most countries to a slight increase in France and a more sizeable increase in the Federal Republic of Germany and the United Kingdom.

The trend in Community crude steel production is shown in Table 2.

<sup>1</sup> OJ L 290, 1.11.1985.

<sup>2</sup> OJ L 251, 20.9.1985; Bull. EC 9-1985, point 2.1.21.

Table 2 — *Community steel production, September 1984 to September 1985*

	September 1984	August 1985	% change September 1984/1985	(1 000 tonnes)		
				First nine months		
				1985	1984	% change
Belgium	901	854	- 1.0	8 016	8 422	- 4.8
Denmark	55	60	+ 31.0	374	430	- 13.0
Germany (FR)	1 550	1 061	- 7.6	14 163	14 062	+ 0.7
France	3 490	3 264	+ 1.1	30 710	29 652	+ 3.6
Italy	2 011	1 373	- 1.1	17 821	17 994	- 1.0
Luxembourg	310	242	- 14.8	2 930	2 946	- 0.5
Netherlands	447	504	- 10.2	4 158	4 281	- 2.9
United Kingdom	1 303	1 209	- 2.3	11 869	11 352	+ 4.6
Total	10 067	8 567	- 2.3	90 041	89 139	+ 1.0

The aggregate figures for the 30 countries covered by the production statistics published by the International Iron and Steel Institute (IISI) show a 1% increase in volume in September 1985 compared with September 1984. However, the first nine months of the year are 0.3% down on the same period for the previous year, but the trend differs for the main producers.

According to the IISI, crude steel production capacity in the West rose from 535 million tonnes in 1974 to 560 million tonnes in 1985; it should be noted, however, that capacity in the industrialized countries declined by 25 million tonnes, whereas the developing countries increased their capacity by 50 million tonnes. Since 1980 Community capacity has been reduced by 30 million tonnes (16%) compared with a drop of 12 million tonnes (9%) in Japan and 24 million tonnes (16%) in the United States.

2.1.23. The Community steel industry, already faced with severe marketing problems and heavy production costs, is concerned at the trend among iron-ore-producing countries to increase prices again. The situation on the world market is characterized by a considerable growth in availabilities as a result of the opening-up of new deposits; by contrast, there is a downward trend on the consumption side, and it is likely that the main world steel producers' iron-ore requirements will contract. Moreover, in view of the huge profits being made by ore producers, the feeling in the steel industry is that market conditions ought to lead to a substantial reduction in iron-ore prices in 1986. Such a cut would be all the more justified in view of the downturn affecting the industry's other raw materials.

### *Social measures*

#### *Aid to steelworkers*

2.1.24. The Commission granted aid under Article 56(2)(b) of the ECSC Treaty amounting to 8 991 250 ECU to 2 505 steelworkers formerly employed by a private British firm with plants in Yorkshire and

Humberside, six British Steel Corporation plants in Scotland, Yorkshire and Humberside, and the Northern Region of England, and an Italian firm in Lombardy. The aid concerns either the financing of retraining or the grant of income supplements to employees who have been transferred, made redundant, or retired early.

### **Conversion**

2.1.25. During October the Commission sent the ECSC Consultative Committee a report on its conversion policy and job-creation measures taken in the restructuring areas.<sup>1</sup>

Employment in the Community steel industry continued to decline, with a loss of over 67 000 jobs between 1 January 1983 and 1 January 1985, mainly as a result of the contraction of markets both inside and outside the Community and the effects of restructuring measures.

In the framework of the reinforcement of Community structural measures to assist areas affected by the restructuring of the steel industry, the Commission proposes an integrated approach including new measures, as well as an increase in conversion loans benefiting from interest rebates, with the overriding aim of stimulating job-creating investments.

### **Trade with non-member countries**

#### *Exports*

#### **Arrangement with the United States**

2.1.26. On 17 October the Council examined the Commission dossier on current steel consultations with the United States.<sup>2</sup>

Following an exchange of views, the Council adopted the following statement:

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<sup>1</sup> COM(85) 526 final.

<sup>2</sup> Bull. EC 9-1985, point 2.1.29.

### 'The Council

emphasized that the EEC was the first to conclude an arrangement in the iron and steel sector with the United States, with which there had been full compliance, and strongly urged that the efforts made by the EEC since then to curtail its exports should also be taken into consideration;

expressed very great concern at the unacceptable attitudes adopted hitherto by the American side, which was calling for, *inter alia*, a sizeable increase in product cover coupled with a cut in export opportunities, for an inordinate length of time;

gave a reminder that a negotiated solution could not be contemplated unless at the same time allowance was made for the fundamental interests of the European iron and steel industry;

gave the Commission its full backing in the efforts to reach agreement with the American authorities and called upon it to pursue the discussions resolutely, in close consultation with the Member States.<sup>1</sup>

2.1.27. At its meeting on steel issues on 29 and 30 October, the Council reiterated its grave concern on this important matter, notably the quantitative aspects, and hoped that a satisfactory solution might rapidly be found.

### Imports

#### External aspects of the crisis measures

##### *Arrangements with non-member countries*

2.1.28. On 15 October the Commission transmitted to the Council draft guidelines for the negotiation with non-member countries of voluntary-restraint arrangements regarding steel imports.<sup>1</sup>

The presentation of the arrangements will be simplified for 1986, and some of the annexed declarations or provisions deleted or included in the body of the text. The key issue, i.e. the level of imports to be agreed upon compared with 1985, was resolved by adopting a growth rate of 4.5%; this takes account of the probable confirmation of the level of internal consumption, which, as in 1984, will be rather higher in 1985 than in the previous years.

In preparing its draft, the Commission took account of a number of factors: its international commitments; the maintenance of a satisfactory level of Community exports and the fact that the Community is a net exporter; the recovery reflected in a slight increase in steel consumption; the progress achieved in the restructuring of the Community steel industry and the conclusions adopted by the Council on 25 July regarding the organization of the Community steel industry.<sup>2</sup>

#### Autonomous measures

2.1.29. On 17 October the Council adopted two Regulations in respect of Spain,<sup>3</sup> amending the definitive countervailing duties concerning:

- (i) anti-subsidy proceedings relating to imports of tube and pipe fittings of malleable cast iron and the definitive collection of the provisional duty,<sup>4</sup> and
- (ii) imports of certain seamless tubes of non-alloy steels.<sup>5</sup>

The countervailing duty on tube and pipe fittings of malleable cast iron was reduced from 6.7%, and the countervailing duty on the seamless tubes from 7.8% to 6%, with effect from 1 June 1985 in both cases.

### Industrial innovation and the information market

#### Transnational measures to promote innovation

2.1.30. On 16 October the Commission established the list of priority actions for 1985<sup>6</sup> under the Council Decision of 25

<sup>1</sup> COM(85)535 final.

<sup>2</sup> Bull. EC 7/8-1985, point 1.7.3.

<sup>3</sup> OJ L 279, 19.10.1985.

<sup>4</sup> Definitive countervailing duty: OJ L 74, 17.3.1984; previous amendment: OJ L 73, 14.3.1985.

<sup>5</sup> Definitive countervailing duty: OJ L 322, 28.11.1980; previous amendment: OJ L 73, 14.3.1985.

<sup>6</sup> OJ L 285, 25. 10.1985.

November 1983 concerning a three-year plan for the transnational development of the supporting infrastructure for innovation and technology transfer.<sup>1</sup> This list will remain effective in 1986 unless a new one is established.

### Development of a European information market

2.1.31. The first meeting of the 'legal observatory' for the European information market took place in Luxembourg on 14 October. It identified priority issues for study over the coming year and examined the specific issue of the inclusion of legal persons in data protection legislation.

2.1.32. A workshop on the factors affecting the growth of financial information services was held in Luxembourg on 1 October. Participants representing major companies agreed on six recommendations for a Community approach to ensure sound market conditions for the development of this important sector. These included greater flexibility in the use of telecommunications facilities for financial information services, closer cooperation between the public and private sectors and academic institutions, promotion of common information-format standards at application level for financial information services, and improved market data.

2.1.33. At contact meetings held in Toledo on 15 October and in Madrid on 16 and 17 October, details were presented of current activities under the various programmes run by the Commission in the innovation sector: the five-year (1984-88) programme for the development of a specialized information market in Europe<sup>2</sup> and areas for priority action; role and functions of the Scientific and Technical Information and Documentation Committee with regard to this programme; the Community research and development programme for a machine translation system of advanced design (Eurotra)<sup>3</sup> and its planned extension to include Portuguese and Spanish; the fourth three-year (1986-90) plan of action to

improve the transfer of information between European languages (→ point 2.1.36); and preparatory work on the creation of a European information market.

In Toledo special emphasis was placed on the presentation of the Apollo project to be carried out jointly with the European Space Agency in accordance with the agreement signed on 31 July.<sup>4</sup>

In Madrid a group of 70 participants from all branches of the information sector (government officials, university representatives, librarians and data-base producers and users) exhibited a keen interest in this reciprocal transfer of information, which shows that Spain is fast modernizing its information resources and wishes to promote the implementation of these programmes through participation in the appropriate advisory committees.

2.1.34. On 18 October, at the invitation of Mr Karl-Heinz Narjes, Vice-President of the Commission with special responsibility for information technology, an exchange of views was held with the heads of the Community patent offices, including the European Patent Office, on a number of problems associated with the use of information on patents in the Community. The discussions centred mainly on organizational and technical matters relating to the full-scale computerization of document storage, retrieval and utilization and on computer-aided translation of information at Community level. The participants unanimously recognized the need to draw up a Community plan of action going beyond the narrow confines of the projects currently in hand. Accordingly, they urged the Commission to tackle this task forthwith in consultation with all parties concerned with information and documentation in the patents field.

### Utilization of research results

2.1.35. At the Europe 2000 Exhibition, held in Strasbourg from 7 to 11 October

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<sup>1</sup> OJ L 359, Bull. EC 10-1983, point 2.1.32.

<sup>2</sup> OJ L 314, 4.12.1984; Bull. EC 11-1984, point 2.1.25.

<sup>3</sup> OJ L 317, 13.11.1982; Bull. EC 11-1982, point 2.1.25.

<sup>4</sup> Bull. EC 7/8-1985, point 2.1.34.



under the auspices of Parliament as part of the week on 'Europe's response to the modern technological challenge' (→ point 2.1.144), and at the Biotechnica '85 Exhibition held in Hanover from 8 to 10 October, 14 recent inventions arising out of Community research were on view.

### Multilingual projects

2.1.36. The fourth action plan for the improvement of information transfer between languages,<sup>1</sup> covering the period 1986-90, was approved by the Commission.

It will cover the following activities:

- (i) maintenance, improvement and promotion of the Systran system, which is to be extended to cover further European languages, including Spanish and Portuguese;
- (ii) development of new tools for the maintenance, extension and use of multilingual terminology banks, lexicons and thesauruses;
- (iii) organization of the information transfer between Community and non-Community languages, including Arabic, Chinese and Japanese.

The Commission's budget estimate for the action plan is 19.6 million ECU.

## Customs union

### Simplification of administrative formalities

2.1.37. On 21 October the Council adopted a Regulation containing a number of measures to standardize and simplify statistics on trade between the Member States.<sup>2</sup> Cutting statistical red tape, it should smooth the way for use of the single administrative document in intra-Community trade.

### General legislation

#### Mutual administrative assistance

2.1.38. With a view to more efficient control of customs fraud, the Commission sent

the Council late in September a proposal for a Regulation<sup>3</sup> which would extend the administrative cooperation arrangements applying to textile imports<sup>4</sup> to the whole field covered by the Council Regulation of 19 May 1981 on mutual assistance between the administrative authorities of the Member States and cooperation between the latter and the Commission to ensure the correct application of the law on customs or agricultural matters.<sup>5</sup>

2.1.39. On 14 October the Commission adopted a Directive<sup>6</sup> amending the detailed rules laid down on 4 November 1977<sup>7</sup> for the implementation of certain provisions of the Council Directive of 15 March 1976 on mutual assistance for the recovery of claims resulting from operations forming part of the system for financing the European Agricultural Guidance and Guarantee Fund, and of the agricultural levies and customs duties.<sup>8</sup>

#### Release for free circulation

2.1.40. On 25 October Parliament endorsed, subject to a number of amendments,<sup>9</sup> the proposal for a Regulation laying down measures to discourage the release for free circulation of counterfeit goods.<sup>10</sup> It also adopted a resolution on international trade in counterfeit goods (→ point 2.5.30).<sup>9</sup>

### Customs procedures with economic impact

2.1.41. On 10 October the Commission sent the Council two proposals for Regu-

<sup>1</sup> Third action plan (1983-85); Bull. EC 11-1982, point 2.1.26.

<sup>2</sup> OJ L 285, 25.10.1985.

<sup>3</sup> OJ C 267, 18.10.1985.

<sup>4</sup> OJ L 169, 26.6.1981.

<sup>5</sup> OJ L 144, 2.6.1981.

<sup>6</sup> OJ L 285, 25.10.1985.

<sup>7</sup> OJ L 333, 24.12.1977.

<sup>8</sup> OJ L 73, 19.3.1976.

<sup>9</sup> OJ C 343, 31.12.1985.

<sup>10</sup> OJ C 20, 22.1.1984; Bull. EC 12-1984, point 2.1.39a.

lations, one on customs warehouses and the other on free zones and free warehouses.<sup>1</sup>

The proposed Regulations would replace the existing Directives<sup>2</sup> with directly applicable rules, thus enhancing certainty in the law for Community users of these customs arrangements.

## Common Customs Tariff

### Annual updating

2.1.42. On 24 October the Commission sent the Council the proposed Common Customs Tariff to apply from 1 January 1986.<sup>3</sup>

The differences between the 1985 and the 1986 CCT proposed by the Commission are mostly the result of implementation of the final instalment of the Tokyo Round tariff cuts agreed in 1979 for all products one year earlier than originally planned (1 January 1987).

### Nomenclature

2.1.43. The Committee on Common Customs Tariff Nomenclature adopted a number of tariff measures (classification slips, explanatory notes and classification agreements) to ensure uniform application of the nomenclature in respect of subheadings 25.01 A II a), 39.07 B V d), 59.04, 69.12 B, 84.52 A, 91.01, 98.01 A and 98.03 A.<sup>4</sup>

## Economic tariff matters

### Tariff quotas

2.1.44. In October the Council adopted Regulations opening, allocating and providing for the administration of Community tariff quotas in respect of:

Prepared and preserved sardines falling within CCT subheading 16.04 D originating in Tunisia (1986);<sup>5</sup>

Apricot pulp falling within CCT subheading ex 20.06 B II c) 1 aa) originating in Morocco (1986);<sup>5</sup>

Apricot pulp falling within CCT subheading 20.06 B II c) 1 aa) originating in Tunisia (1986);<sup>5</sup>

Dried figs falling within CCT subheading ex 08.03 B originating in Spain (1986);<sup>5</sup>

Dried grapes falling within CCT subheading 08.04 B I originating in Spain (1986);<sup>5</sup>

Apricot pulp falling within CCT subheading ex 20.06 B II c) 1 aa) originating in Israel (1986)<sup>5</sup>

Certain petroleum products falling within CCT Chapter 27 refined in Spain (1986);<sup>5</sup>

Certain woven fabrics of cotton falling within CCT heading 55.09 originating in Spain (1986).<sup>5</sup>

### Community import surveillance

2.1.45. In October the Council adopted a Regulation establishing ceilings and Community surveillance for imports of certain products originating in Yugoslavia (1986).<sup>5</sup>

## Origin

2.1.46. On 22 October the Council adopted a Regulation<sup>6</sup> derogating in respect of the countries of the Association of South-East Asian Nations, the Central American Common Market and the Andean Group from the Commission Regulation of 23 December 1983 on the definition of the concept of originating products for purposes of the application of tariff preferences granted by the Community.<sup>7</sup>

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<sup>1</sup> OJ C 283, 6.11.1985; COM(85) 468 final.

<sup>2</sup> OJ L 58, 8.3.1969.

<sup>3</sup> COM(85) 538 final.

<sup>4</sup> OJ C 250, 2.10.1985; OJ C 277, 29.10.1985.

<sup>5</sup> OJ L 304, 16.11.1985.

<sup>6</sup> OJ L 285, 25.10.1985.

<sup>7</sup> OJ L 372, 31.12.1983.

The new Regulation, which comes into effect on 1 January 1986, is part of a broader attempt to simplify the origin rules applied to developing countries. It reflects the Community's sympathy for the problems of regional groups, which have been pressing for some time for a streamlining of the regional 'cumulation' rules. From 1 January these will become easier to operate, and the rules on breakdown of origin among different countries, evidence of origin and the checks to be carried out within groups have also been improved.

## Competition

### Fourteenth Report on Competition Policy

2.1.47. At its October session the Economic and Social Committee gave its opinion on the Commission's *Fourteenth Report on Competition Policy* (→ point 2.5.52).<sup>1</sup>

### State aids

#### Regional aids

##### *Federal Republic of Germany*

2.1.48. On 2 October the Commission initiated the procedure laid down in Article 93(2) of the EEC Treaty in respect of aid proposed under the special Bremen section of the Joint Federal Government/*Länder* programme for the improvement of regional economic structures (the 'Gemeinschaftsaufgabe') with regard to the investment needed by a motor manufacturer for expansion. As provision had already been made for such expansion, four years before the start of the Bremen scheme, under a seven-year investment programme which included the years 1984 to 1986, the Commission believes that the expansion could also have been achieved without the proposed aid.

2.1.49. Also on 2 October, the Commission decided to initiate the Article 93(2)

procedure in respect of aid which Rhineland-Palatinate is proposing to grant to a metalworking company for expansion investment. The investment relates to plant for the manufacture and sale of beer kegs, metal cupboards and radiators. The Commission considered that the socio-economic situation in the locality—itself outside the economic development region—did not warrant the grant of regional aid.

##### *Luxembourg*

2.1.50. On 24 October the Commission adopted a favourable Decision as regards the Grand Duchy's Economic Expansion Act—a framework law to amend the 1973 Act that expired on 31 December 1984.

Apart from the general aid measures for which industrial or service companies are eligible throughout Luxembourg, and for which the implementing arrangements are essentially unchanged, the main innovation in the bill consists of the introduction of regional aid zones. These are the districts of Wiltz, Clervaux, Grevenmacher and Luxembourg City, where the nominal rate of cumulative aid will be limited to 17.5 %, the districts of Esch-sur-Alzette and Capellen, where the rate will be limited to 20 %, and the old industrial areas in the south, where the rate may be as high as 25 %.

In deciding to accept these zones, the Commission took into account not only the decline in income and employment that has occurred in the country as a whole during the last 10 years but the lack of homogeneity in the country, where certain predominately agricultural areas require industrialization and others, with old industries, need to be converted.

Notification of significant cases will still be required where the general rules are being applied to them, and the Community aids code for sensitive industries (steel and synthetic fibres) will still be operative.

<sup>1</sup> Bull. EC 4-1985, point 2.1.31 *et seq.*

## Industry aids

### *Steel*

2.1.51. The Council, meeting on 29 and 30 October, gave its assent to the draft Commission Decision concerning the rules on aid and financial transfers to the steel industry after 31 December 1985 (→ point 1.2.1 *et seq.*).

## Financial institutions and taxation

### Financial institutions

#### *Banks and other financial institutions*

##### Coordination of banking legislation

2.1.52. On 18 October the Commission transmitted to the Council a proposal for a Directive<sup>1</sup> authorizing certain Member States to defer application to certain credit institutions of the Directive of 12 December 1977 on the coordination of the laws, regulations and administrative provisions relating to the taking up and pursuit of the business of credit institutions.<sup>2</sup>

The purpose of the proposal is to grant certain credit institutions in Denmark, Greece, Ireland and the Netherlands a further three years' deferment of giving effect to the first banking coordination Directive.<sup>2</sup>

When this Directive was being drawn up, it emerged that in some Member States, for technical or political reasons, certain institutions, while clearly belonging to the credit sector, were subject to special legislation or supervisory arrangements and so were not on an equal footing with other credit institutions. It was therefore decided to allow those institutions an additional period for complying with the provisions of the Directive (Article 2(5)). This period, lasting for up to eight years, will expire on 31

December 1985. Within seven years following notification of the Directive, the Commission was required by the third subparagraph of Article 2(6) of the Directive, after consulting the Banking Advisory Committee, to report to the Council on the situation regarding deferment. This report was transmitted to the Council on 15 March. The Directive states that, if it considers it appropriate, the Commission may lay before the Council, not later than six months following its report, proposals for either the authorization of a further extension of the deferment or for the permanent exclusion of the institutions in question from the Directive's provisions.

Four Member States—Denmark, Greece, Ireland and the Netherlands—have submitted duly substantiated applications for an extension of the deferment clause to certain of their credit institutions. The Commission found them to be sufficiently justified and therefore sent the Council the proposal referred to above.

#### *Stock exchange and other institutions in the securities field*

##### Setting up a European securities market

2.1.53. On 25 May 1984 the Commission issued a press release<sup>3</sup> in which it welcomed the decision of the Committee of Stock Exchanges in the EEC to implement the first phase of the IDIS project (Interbourse data information system). The Commission saw this as an important initial step towards the creation of a Europe-wide securities market system.

The first phase of this project consists in the real-time transmission between Community stock exchanges of the prices at which shares admitted to the system have been traded. The shares in question are those

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<sup>1</sup> COM(85) 544 final.

<sup>2</sup> OJ L 322, 17.12.1977.

<sup>3</sup> Bull. EC 5-1984, point 2.1.65.

which are listed on two or more Community stock exchanges.

At the end of September 1985 the Committee issued a further press release concerning the progress made in implementing the IDIS project.<sup>1</sup> It drew attention to the fact that six stock exchanges were on the point of being able to transmit the relevant price information and that most Community exchanges were expected to be in a position to receive and transmit this information by the end of the year. The Committee also agreed that development work on IDIS should continue in order to allow the real-time exchange of bid and offer prices.

## Taxation

### *Indirect taxes*

2.1.54. At its October session the Economic and Social Committee gave its opinion on two proposals for directives (→ point 2.5.58). The first lays down certain rules on indirect taxes affecting the consumption of alcoholic drinks, and the second concerns the harmonization of excise duties on fortified wines and similar products.<sup>2</sup>

## Employment, education and social policy

### Employment

#### Sectoral aspects of an employment policy

2.1.55. Following the major debate on new technologies at its first part-session in October, Parliament adopted three resolutions: the first concerns the consequences of new technologies for European society, the second the social aspects of technological change, the third the consequences of new technologies for women's employment (→ points 2.5.21 and 2.5.23).<sup>3</sup>

### Freedom of movement

2.1.56. The newly appointed Advisory Committee on the Free Movement of Workers<sup>4</sup> met on 17 October and held a general discussion about the priorities resulting from the Council resolution of 16 July 1985 on guidelines for a Community migration policy.<sup>5</sup> The Commission representative confirmed the intention to present a joint declaration against racism and xenophobia in the coming months.

2.1.57. On 15 October the Commission sent a communication to the Council, the Parliament and the Member States on people living in frontier areas (→ point 2.1.12).

### Financial instruments<sup>6</sup>

#### European Social Fund

##### *Annual Report*

2.1.58. On 21 October the Commission presented to the Council the 13th report on the activities of the European Social Fund, covering 1984.<sup>7</sup> The report shows that Social Fund action was again carried on against the background of a worsening employment situation. Although the volume of employment has stabilized, the unemployment rate continued to rise in the Community; moreover, young people tended to be out of work for longer periods.

This decline, which has persisted for several years, accounts for the continued growth in the volume of applications for assistance. These totalled 3 357.74 million ECU in 1984, a 5.5% increase on the previous year. With respect to young people aged under 25,

<sup>1</sup> Bull. EC 5-1984, point 2.1.65.

<sup>2</sup> OJ C 114, 8.5.1985; Bull. EC 4-1985, point 2.1.47.

<sup>3</sup> OJ C 288, 11.11.1985.

<sup>4</sup> OJ L 257, 19.10.1968; OJ C 282, 5.11.1985.

<sup>5</sup> OJ C 186, 26.7.1985; Bull. EC 6-1985, point 2.1.74.

<sup>6</sup> For action for steelworkers, see point 2.1.24.

<sup>7</sup> COM(85) 508 final. Twelfth report: Bull. EC 7/8-1984, point 2.1.90.

applications amounted to 2 241.85 million ECU (about 67 % of the total); in respect of persons aged over 25, they amounted to 1 065.35 million ECU (32 %). A total of 50.54 million ECU (1.5 %) related to specific actions.

Available commitment appropriations amounted to 2 024.65 million ECU, an increase of only 3.9 % over 1983. Given the sharper increase in applications, the excess of applications over resources rose from 63 % to 66 %.

The total amount of assistance approved was 1 854.99 million ECU was allocated to operations in disadvantaged areas in receipt of a higher rate of assistance, namely Greenland, Greece, the French overseas departments, the Mezzogiorno, Ireland and Northern Ireland.

In all, 1 903 401 persons received Fund assistance, of whom 635 534 were women (33.4 % of all beneficiaries).

#### *Adapting the Social Fund rules to take account of the accession of Spain and Portugal*

2.1.59. In preparation for the accession of Spain and Portugal to the Community, on 22 October the Commission presented a proposal to the Council concerning the tasks of the European Social Fund<sup>1</sup> amending Decision 83/516/EEC of 17 October 1983<sup>2</sup> and its implementing Regulation No 2950/83<sup>2</sup> to enable the future Member States to benefit from Fund resources under the same conditions as the present Member States.

This mainly entails including the whole of Portugal and certain Spanish regions in the list of regions in receipt of the higher rate of Fund assistance (55 % instead of 50 % of eligible expenditure). They will receive a priority allocation of 40 % of available appropriations for operations aimed at promoting employment. To preserve financial equilibrium between the regions concerned, the Commission proposes that the percentage be raised to 42.5 % in 1986. This, together with the increase in the Fund budg-

et, will make it possible for Spanish and Portuguese regions to receive assistance from the Fund on the same basis as the current super-priority areas in the Community.

## **Education and vocational training**

### **Education and training of immigrants**

2.1.60. A seminar was held in Berlin from 15 to 17 October on the development of material for teaching the language and culture of origin to migrant workers' children. The seminar, which was opened by Mr Sutherland, the Member of the Commission with special responsibility for social affairs, education and training, brought to an end a pilot project begun in 1982 by the German federal authorities and the *Land* of Berlin, with Commission support, to develop textbooks and a method for teaching the language and culture of origin to Turkish pupils at secondary level. The material produced in Berlin is also being tested in other German *Länder*, in the Netherlands and in Denmark.

### **New technologies**

2.1.61. The group of national officials responsible for the introduction of information technology in education<sup>3</sup> met in Brussels on 10 and 11 October. A thorough discussion took place on the tasks of the network of national resource centres on education and IT and plans for activities in 1986 (European seminars and meetings, summer schools, studies).

The resource centres—the heads of which attended the meeting—are organized in a European network. It differs from the Eurydice information network (accessible only to heads of schools) in that the centres are open to anyone interested in IT and the education system.

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<sup>1</sup> COM(85) 579 final.

<sup>2</sup> OJ L 289, 22.10.1983; Bull. EC 10-1983, point 2.1.57.

<sup>3</sup> Bull. EC 2-1985, point 2.1.46.

2.1.62. Parliament adopted an opinion<sup>1</sup> on a work programme for the period 1985-87 on new information technology and education systems in the Community.<sup>2</sup> Parliament welcomed the programme and urgently requested the budgetary authority to bear in mind the need to provide sufficient financial resources to implement it.

## Living and working conditions and social protection

### Fight against poverty

2.1.63. As part of the programme to combat poverty (1985-89) adopted by the Council in December 1984,<sup>3</sup> it was decided early in October to provide financial support of about 18 million ECU out of the programme's total budget of 25 million ECU to implement a first series of 61 action research projects, whose chief aim is to find ways of combating poverty among the unemployed (young and long-term unemployed), second-generation migrants, refugees and migrants wishing to return to their country of origin.

### Equal rights for men and women

2.1.64. At its meeting on 22 and 23 October the Advisory Committee on Equal Opportunities for Women and Men examined the proposed medium-term Community programme 1986-90—equal opportunities for women. It welcomed this continuing initiative of the Commission but called for a strengthening of some measures and a clarification of others.

It also discussed action in support of the proposed Directives on parental leave and leave for family reasons,<sup>4</sup> equal treatment for women engaged in an activity, including agriculture, in a self-employed capacity, and on protection during pregnancy and motherhood, and new Community initiatives concerning equal treatment and social security.<sup>5</sup>

2.1.65. A series of seminars on positive action for women in the industrial sector have been held with the aim of promoting such action in selected companies.<sup>6</sup>

### Social integration of handicapped persons

2.1.66. On the tenth anniversary of the Community network of rehabilitation centres, the Commission, with the cooperation of the Dutch authorities, organized a seminar for the network in Amsterdam from 8 to 10 October.

2.1.67. From 22 to 24 October the Commission, in cooperation with the French authorities, organized a plenary meeting of the network of district projects on the social integration of handicapped persons. Discussions focused on the problems of the mentally handicapped and on making the wider public more aware.

### Social security for migrant workers

2.1.68. The Administrative Commission on Social Security for Migrant Workers, which is responsible for dealing with questions concerning the administration or interpretation of the relevant regulations,<sup>7</sup> held its 200th meeting on 17 and 18 October.

At this meeting the Administrative Commission adopted revised forms to take account of the enlargement of the Community on 1 January 1986 and a number of decisions. It also approved an instrument protecting personal data exchanged between the Member States for purposes of applying the regulations on social security for migrant workers.

<sup>1</sup> OJ C 288, 11.11.1985.

<sup>2</sup> Bull. EC 1-1985, point 2.1.22.

<sup>3</sup> OJ L 2, 3.1.1985; Bull. EC 12-1984, point 2.1.95.

<sup>4</sup> OJ C 333, 9.12.1983; Bull. EC 11-1983, point 2.1.89; OJ C 316, 27.11.1984; Bull. EC 11-1984, point 2.1.62.

<sup>5</sup> OJ C 113, 27.4.1984; Bull. EC 3-1984, point 2.1.76.

<sup>6</sup> OJ C 143, 30.5.1984; Bull. EC 4-1984, point 2.1.65.

<sup>7</sup> OJ L 230, 23.8.1983.

2.1.69. Parliament approved the Commission proposal to amend the Council Regulation of 14 June 1971<sup>1</sup> on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community.<sup>2</sup>

## Health and safety

### Public health

2.1.70. Following the delivery of an opinion by Parliament,<sup>3</sup> on 3 October the Commission transmitted to the Council an amended draft Council resolution<sup>4</sup> on a programme of action on toxicology for health protection.<sup>5</sup>

2.1.71. As the result of a decision taken at the last plenary session of the Advisory Committee on Safety, Hygiene and Health Protection at Work,<sup>6</sup> two *ad hoc* group meetings were held in Luxembourg in October. The first dealt with occupational diseases, the second with protection against the hazards posed by carbon tetrachloride.

### Health and safety (Euratom)

2.1.72. In response to Parliament's resolution of 10 September on the unusually high incidence of cancer in the vicinity of the reprocessing plant at Sellafield in the United Kingdom,<sup>7</sup> an extraordinary meeting of the group of scientific experts on radiation protection and public health, provided for in Article 31 of the Euratom Treaty, was held in Luxembourg on 10 October. Its purpose was to discuss what, if anything, could be learnt from this situation with regard to Community activities in the field of radiation protection.

2.1.73. A conference on the treatment of gaseous effluents discharged from nuclear installations was held in Luxembourg from 14 to 18 October. It was attended by over 200 people from 16 countries.

## Culture

2.1.74. Four major events enlivened the Community's cultural scene in October: the symposium on a European cultural area, the European Film Festival, the award of the 1985 prize for literature and the symposium on cultural relations between the Community and Latin America.

2.1.75. A second symposium on the European cultural area—the first was held in Venice in March 1984<sup>8</sup>—took place in Madrid from 17 to 19 October. It was attended by prominent European figures from the world of science, the arts and literature, and discussions focused on the cultural impact of the forthcoming enlargement, the situation of the arts and sciences in Europe, the European spirit, the mass media and the status of intellectuals in Europe. Participants adopted the Madrid manifesto, which supplements the Venice declaration, and decided to meet again in 1986, either in Cambridge or in Göttingen (→ point 3.4.1).

2.1.76. The European Film Festival was held in Lille from 28 September to 6 October. It was marked by a Fassbinder retrospective and a series of films from Spain and Portugal. The European Community prize (5 000 ECU) was won by Billie August, the Danish director, for *Twist and shout*.

2.1.77. The 1985 Europalia (Spain) prize for literature (11 000 ECU), financed by the Community, was awarded on 15 October to the Spanish novelist Juan Goytisolo, cited as an example of intellectual, moral and cultural independence and a representative of modern-day Spain.

<sup>1</sup> OJ L 149. 5.7.1971; OJ L 230, 22.8.1983; OJ L 160, 20.6.1985.

<sup>2</sup> OJ C 240, 21.9.1985; Bull. EC 7/8-1985, point 2.1.97.

<sup>3</sup> OJ C 141, 10.6.1985; Bull. EC 5-1985, point 2.1.56.

<sup>4</sup> OJ C 289, 12.11.1985; COM(85) 522 final.

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

<sup>6</sup> Bull. EC 9-1985, point 2.1.63.

<sup>7</sup> OJ C 262, 14.10.1985, point 2.5.11.

<sup>8</sup> Bull. EC 3-1984, point 3.4.1.



2.1.78. As part of European Music Year the third and final session of the international symposium on musical and cultural relations between Europe and Latin America was held at the Commission in Brussels, attended by leading European and Latin American musicologists specializing in cultural relations between the two continents. In their conclusions the participants expressed hopes for closer cultural links between Europe and Latin America and for particular consideration by both continents for training in the cultural professions and for the 'salvaging' and preservation of historical records. A number of recommendations on cultural relations between the Community and Latin America were also adopted.

2.1.79. On 8 October Parliament gave its opinion<sup>1</sup> on the proposal for a Regulation on a Community aid scheme for non-documentary cinema and television coproductions transmitted by the Commission to the Council on 23 April.<sup>2</sup> The House noted with pleasure that the Commission had responded with a practical proposal to its repeated calls for Community action in the audiovisual field. It also emphasized that measures to complete the internal market were essential if the European programme industry was to become competitive, and urged the Commission to present the necessary proposals to remove the barriers to intra-Community trade without delay.

## Regional policy

### Coordination and programmes

#### Regional Policy Committee

2.1.80. The Regional Policy Committee met on 23 October, with Mr Miedema in the chair. It adopted a provisional opinion on the regional development programmes of Spain and Portugal and reviewed recent policy developments in the Netherlands.

## Financial instruments

### *European Regional Development Fund*

#### Tenth annual report on the ERDF

2.1.81. On 7 October the Commission sent the Council the 10th annual report on the European Regional Development Fund (1984).<sup>3</sup> The report gives details of ERDF grants in 1984 and describes the first 10 years of the Fund's work.

This was the last year before the new ERDF Regulation,<sup>4</sup> adopted by the Council on 19 June 1984, came into force on 1 January 1985. The main features of the new Regulation are increased coordination of Member States' regional policies, the replacement of national quotas by a system of ranges, higher aid rates, possibilities of assisting small and medium-sized businesses in the context of measures to exploit the potential for internally generated regional development and recognition of the integrated development approach.

On 18 January 1984 the Council adopted the second series of specific regional development measures<sup>5</sup> aimed at strengthening the first series of measures already under way ('enlargement', 'steel area', 'shipbuilding area' and 'energy supply' measures) and including a new measure for areas affected by the restructuring of the textile and clothing industry.

During 1984 the Commission approved grants from the ERDF totalling 2 382 million ECU, including 2 321 million ECU for 4 350 investment projects and 43 studies and 61 million ECU for multiannual programmes of specific Community measures. As in previous years, France, Greece, Ireland, Italy and the United Kingdom received the bulk of the aid (90%). Over 80% of the grants made went to infrastructure projects,

<sup>1</sup> OJ C 288, 11.11.1985.

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

<sup>3</sup> COM(85) 516 final.

<sup>4</sup> OJ L 169, 28.6.1984; Bull. EC 6-1984, point 1.3.1 *et seq.*

<sup>5</sup> OJ L 27, 31.1.1984; Bull. EC 1-1984, point 2.1.56.

particularly those concerned with transport, water and energy.

Over half of the aid for productive investment, which will directly create or maintain

69 000 jobs, went to capital goods industries.

Virtually all the commitment appropriations available in 1984 were used (Table 3).

Table 3 — Total ERDF grants in 1984 (Commitment appropriations)

	<i>(million ECU)</i>		
	Support measures (projects)	Specific measures (special programmes)	ERDF total
Belgium	33.18	—	33.18
Denmark	24.60	—	24.60
Germany (FR)	109.34	0.90	110.24
Greece	261.47	6.73	268.20
France	267.68	10.15	277.83
Ireland	159.12	4.15	163.27
Italy	805.38	17.68	823.06
Luxembourg	4.73	—	4.73
Netherlands	35.59	0.23	35.82
United Kingdom	619.84	21.14	640.98
EUR 10	2 320.94	60.99	2 381.93

## ERDF grants

### *Fund Committee*

2.1.82. The ERDF Committee met on 29 October to give its opinion on the draft grant decisions under the third 1985 allocation.

### *Financing of studies*

2.1.83. On 25 October the Commission decided under Article 24 of the Fund Regulation to grant 439 000 ECU to finance five studies closely connected with the Fund's operations.

Three of these concern projects in, the United Kingdom: the feasibility of developing the Penzance port area; the construction of a dam and hydroelectric power station on the Mersey; and the construction of a bridge at Kyle of Lochalsh.

The other two concern projects in Belgium: a strategy for industrial redeployment in the

Centre-Borinage area; and job creation as a result of the development of small and medium-sized businesses in Limburg.

### *Coordinated application of different financial instruments*

### **Integrated Mediterranean programmes**

2.1.84. The Commission decided to make a number of grants for an operation in preparation for the integrated Mediterranean programmes which involves the training of development workers employed on application of the IMPs in France (315 435 ECU), Greece (522 000 ECU) and Italy (507 518 ECU).

### **Integrated operations**

2.1.85. The Commission decided to make a grant of not more than UKL 43 500 towards a preparatory study for an integrated operation in Belfast, Northern Ire-

land. The study is on tourism and its links with the other sectors involved in the operation.

## Environment and consumers

### Environment

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

##### Air pollution

2.1.86. Mr Christian Christensen, Denmark's Minister of the Environment, and Mr Stanley Clinton Davis, the Member of the Commission with special responsibility for the environment, agreed at a meeting on 25 October to seek a solution which would enhance the beneficial effects of the Community standards on harmful emissions from motor vehicles agreed to in June by nine Member States, on which Denmark had entered a general reservation.<sup>1</sup> There would be less benefit to the environment in Denmark than in the other Member States, largely because of the composition of the vehicle fleet, speed limits and different driving habits.

2.1.87. At its 30 and 31 October session the Economic and Social Committee gave a favourable opinion (→ point 2.5.57) on the amendment of the Council Directive of 1975 on the disposal of waste oils,<sup>2</sup> which had been proposed by the Commission in January.<sup>3</sup>

##### Chemicals

#### *Major accident hazards*

2.1.88. Under the procedure for implementation of the Council Directive of 24 June 1982 concerning major-accident hazards of certain industrial activities (the 'Seveso Directive'),<sup>4</sup> on 21 October the Commission proposed to the Council the

correction of certain technical errors and inaccuracies in Annexes I, II and III in order to ensure more balanced and effective implementation.<sup>5</sup> The proposed changes will not materially affect the scope or content of the Directive.

#### *Dangerous substances*

2.1.89. On 1 October the Council adopted a Directive<sup>6</sup> amending for the sixth time (as regards PCBs/PCTs) the Directive of 27 July 1976 on the approximation of the laws, regulations and administrative provisions of the Member States concerning restrictions on the marketing and use of certain dangerous substances and preparations.<sup>7</sup> The Council had reached a common position on this Directive in June.<sup>8</sup> It provides for an almost total ban from 30 June 1986 on the marketing and use of polychlorinated biphenyls (PCBs) and polychlorinated terphenyls (PCTs), which are used mainly in transformers and other electrical equipment.

2.1.90. A meeting of the authorities responsible for implementation of the Council Directive of 18 September 1979,<sup>9</sup> amending for the sixth time the 1967 Directive on dangerous substances,<sup>10</sup> was held in Brussels on 16 October. The participants laid down the procedure for the exchange of information concerning the limited declarations relating to new chemicals marketed in the Community in quantities of less than one tonne per year per manufacturer.

2.1.91. The Commission also organized a meeting on 10 and 11 October of the national contact points on the inventory of existing chemical substances (Einecs). The content of the provisional inventory which

<sup>1</sup> Bull. EC 6-1985, point 2.1.97.

<sup>2</sup> OJ L 194, 25.7.1975; Bull. EC 7/8-1975, point 2239.

<sup>3</sup> OJ C 58, 6.3.1985; Bull. EC 1-1985, point 2.1.31.

<sup>4</sup> OJ L 230, 5.8.1982; Bull. EC 6-1982, point 2.1.92.

<sup>5</sup> OJ C 305, 26.11.1985; COM(85) 572 final.

<sup>6</sup> OJ L 269, 11.10.1985.

<sup>7</sup> OJ L 262, 27.9.1976.

<sup>8</sup> Bull. EC 6-1985, point 2.1.102.

<sup>9</sup> OJ L 259, 15.10.1979; Bull. EC 9-1979, point 2.1.46.

<sup>10</sup> OJ 196, 16.8.1967.

the Commission has sent to the Member States for their comments was the subject of a preliminary analysis; the Member States were able to express their views. All the necessary steps have been taken to complete this examination as soon as possible, with a view to publication of the final version.

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

**Fauna and flora**

*Bonn Convention*

2.1.92. The first meeting of the Contracting Parties to the Bonn Convention on the Conservation of Migratory Species of Wild Animals<sup>1</sup> was held in Bonn from 21 to 26 October; the Community and seven Member States, which are now Contracting Parties,<sup>2</sup> participated. The decisions taken include the adoption of the budget for the next two years and the setting up of a Standing Committee and a Scientific Council. In addition, a number of amendments proposed by the Community, the Federal Republic of Germany and Hungary, providing for the inclusion of new species in the Annexes to the Convention, were adopted.

In preparation for this meeting, on 10 October the Commission sent to the Council for its information and to the Convention Secretariat the report on the implementation of this Convention by the Community.<sup>3</sup>

**Consumers**

*Physical protection*

**Cosmetics**

2.1.93. On 11 October the Commission adopted its fourth Directive on methods of analysis necessary for checking the composition of cosmetic products.<sup>4</sup> The aim of

this new instrument is to define the method for the identification and/or determination of six components, namely chlorobutanol, quinine, inorganic sulphites and hydrogen sulphites, the alkali metals, sodium iodate and glycerol 1-(4-aminobenzoate).

**Toys**

2.1.94. Under the Council Directive of 28 March 1983 laying down a procedure for the provision of information in the field of technical standards and regulations,<sup>5</sup> a draft concerning the commissioning of standardization work on the chemical properties of toys was examined on 18 October by the Standards and Technical Rules Committee together with representatives from the European Committee for Standardization. The aim of this draft, which had already been discussed in September by a technical working party in the European Committee for Standardization, is to commission from that organization a European standard covering, among other things, methods of testing the maximum migration limits for certain metals in toys.

**Product safety**

2.1.95. As part of its work in the field of product safety and on the priority measures set out in its communication of 23 July on a new impetus for consumer protection policy,<sup>6</sup> the Commission decided, in collaboration with the European Consumer Products Safety Association, to organize a European conference in November on the prevention of accidents involving children.

*International cooperation*

2.1.96 Following the exchange of letters with Norway in 1983 on consumer protec-

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<sup>1</sup> OJ L 210, 19.7.1982.

<sup>2</sup> Denmark, the Federal Republic of Germany, Ireland, Italy, Luxembourg, the Netherlands and the United Kingdom.

<sup>3</sup> COM(85)532 final.

<sup>4</sup> OJ L 295, 7.11.1985. For first three Directives, see OJ L 383, 31.12.1980; OJ L 185, 30.6.1982; OJ L 291, 24.10.1983.

<sup>5</sup> OJ L 109, 26.4.1983; Bull. EC 3-1983, point 2.1.8.

<sup>6</sup> Bull. EC 6-1985, point 2.1.106.

tion,<sup>1</sup> the Commission held a second consultative meeting with the Norwegian authorities in Oslo on 17 and 18 October. The questions discussed included product liability, easier access for consumers to public and private services, the safety of consumer products and information on prices.

On 22 October a similar but informal meeting was held in Brussels between the Commission and the Finnish authorities. This was the first consultative meeting with Finland on consumer protection. The discussion centred on the overall consumer protection policy pursued by the Community on the one hand and Finland on the other; special attention was also paid to questions relating to product liability.

## Agriculture<sup>2</sup>

### Council

2.1.97. Mr Andriessen, Vice-President of the Commission with special responsibility for agriculture, informed the Agriculture Ministers meeting in Luxembourg on 21 and 22 October that the Commission intended to send the Council during November a memorandum on the organization of the cereals market which would include specific suggestions on possible improvements.

The Council also heard a report from Mr Andriessen on the consultations that the Commission had entered into with interested circles on the ideas put forward in the Green Paper on the perspectives for the CAP.<sup>3</sup>

The only substantial decision taken by the Council concerned the fixing of consumption aid for olive oil for the marketing year beginning on 1 November (→ point 2.1.110).

As regards wine, the Council noted that work on amendments to the basic wine Regulation in respect of œnological practices and the designation of sparkling wines had reached the stage of common positions

so that consultations could be held with Spain and Portugal.

Discussion of the new Community sugar arrangements to apply from 1 July 1986 did not result in a consensus;<sup>4</sup> this was also true of the discussion on the amendment of the price for Community raw sugar for the 1985/86 marketing year.<sup>5</sup>

The Council discussed the problem of imitation milk products in detail (→ point 2.1.105) and examined a compromise text submitted by the Presidency on laying hens.<sup>6</sup>

The Council asked the Commission to consider in the light of Parliament's opinion amendments to its initial proposals on the use of hormones in livestock farming (→ point 2.1.112).

### Economic aspects of the common agricultural policy

#### Agri-monetary measures

2.1.98. The Greek Government decided to devalue the drachma against the American dollar by 15% with effect from 14 October. At the same time it adopted a series of related austerity measures aimed at counteracting the economic problems faced by Greece, which are reflected particularly in a growing balance-of-payments deficit.

This devaluation led to a significant increase in the Greek monetary compensatory amount (MCA). The -11.9 MCA that applied before the devaluation increased to -31.3. This made it necessary to suspend the advance fixing of the MCAs applicable in Greece with effect from 15 October<sup>7</sup> and to apply the new, higher MCAs as soon as possible in order to prevent speculation and

<sup>1</sup> Bull. EC 11-1983, point 2.1.114.

<sup>2</sup> For agricultural research, see point 2.1.150.

<sup>3</sup> Bull. EC 7/8-1985, points 1.2.1 to 1.2.11.

<sup>4</sup> OJ C 219, 29.8.1985; Bull. EC 7/8-1985, point 2.1.155.

<sup>5</sup> Bull. EC 9-1985, point 2.3.24.

<sup>6</sup> OJ C 208, 18.8.1981; Bull. EC 7/8-1981, point 2.1.109; OJ C 187, 22.7.1982; Bull. EC 6-1982, point 2.1.110.

<sup>7</sup> OJ L 274, 15.10.1985.

deflection of trade. The Commission therefore published a notice announcing that the new Greek MCAs would take effect on 16 October,<sup>1</sup> and the corresponding regulation on 17 October.<sup>2</sup> This increase in the Greek MCAs also led the Commission to revise the list of products not listed in Annex II to the Treaty that are subject to MCAs.<sup>3</sup>

Following consolidation of the Council Regulations on agri-monetary matters, which was decided on 30 August, the Commission has consolidated the Regulations laying down detailed rules for applying these arrangements.<sup>4</sup>

## Market organizations

### *Wine*

2.1.99. On 11 October the Commission amended the rules on storage contracts for table wine and must to authorize the processing of concentrated grape must into rectified concentrated grape must during the period of validity of the storage contract.<sup>5</sup>

This is because concentrated grape must is an intermediate stage in the production of rectified concentrated grape must, which may, according to the rules now in force,<sup>6</sup> be produced from stored grape must during the period of storage.

2.1.100. As regards the compulsory distillation of table wine for 1984/85,<sup>7</sup> on 31 October the Commission made it possible for producers who had not made their deliveries before the 31 August deadline to do so until 30 November without being penalized by exclusion from intervention operations. However, a moderate penalty will be applied in the form of a reduction in the buying-in price of the wine from 60% to 50% of the guide price.

2.1.101. On 28 October the Commission communicated to the Council the final estimates of wine supply for 1983/84.<sup>8</sup>

## *Milk and milk products*

### **Curbing milk production**

#### *Community scheme to buy up surrendered quotas*

2.1.102. In accordance with the undertaking it gave last May, the Commission decided to present to the Council a proposal for a Regulation fixing a Community indemnity for the definitive discontinuation of milk production.<sup>9</sup>

In a resolution adopted on 11 October, Parliament had welcomed the idea of such a proposal (→ point 2.5.25).<sup>10</sup>

Despite a reduction in annual Community milk production of about five million tonnes following the introduction of the production quota scheme in 1984,<sup>11</sup> production still greatly exceeds internal consumption levels and the possibilities for disposal in non-member countries.

The indemnities that are now being proposed would be paid to farmers who undertook to cease milk production definitively.

The aim of this scheme is to buy back the quotas for a total quantity of 3 million tonnes of milk or milk equivalent in return for an indemnity of 6 ECU per year per 100 kg of milk, to be paid for seven years.

#### *Application of the additional levy*

2.1.103. The period of application of the quota system from January to August 1985 saw a reduction, compared with the same period in 1984, of 3.6% in the volume of milk collected, 10% in butter manufacture

<sup>1</sup> OJ L 275, 16.10.1985.

<sup>2</sup> OJ L 276, 17.10.1985.

<sup>3</sup> OJ L 294, 6.11.1985.

<sup>4</sup> OJ L 310, 21.11.1985.

<sup>5</sup> OJ L 270, 12.10.1985.

<sup>6</sup> OJ L 116, 30.4.1983.

<sup>7</sup> OJ L 16, 19.1.1985.

<sup>8</sup> COM(85) 561 final.

<sup>9</sup> COM(85) 583 final.

<sup>10</sup> OJ C 288, 11.11.1985.

<sup>11</sup> OJ L 90, 1.4.1984; Bull. EC 3-1984, point 1.2.4.

and 13% in production of skimmed-milk powder.

The reduction recorded during the previous six months was not maintained in July and August.<sup>1</sup>

The Commission accepted the applications made by France, Germany, Italy and the United Kingdom and adapted, as from 1 April 1985, the guaranteed total quantities of milk and milk products fixed for deliveries to purchasers and for direct sales to consumption.<sup>2</sup> The guaranteed total quantity for deliveries to purchasers was increased, and an equivalent reduction was made in the guaranteed total quantity for direct sales to consumption.

In view of the adjustments made by the Council to the milk quota system,<sup>3</sup> on 29 October the Commission adopted a Regulation<sup>4</sup> that included a redistribution of the Community reserve for the first and second periods of application of the additional levy, rules for the event that adaptations are made to the guaranteed total quantities, deferral of the date for the collection of the levy for the period from 2 April 1984 to 31 March 1985 and various accounting adjustments.

#### *Special schemes to dispose of butter stocks*

2.1.104. On 8 October the Commission decided not to repeat the 'Christmas butter' operation<sup>5</sup> in 1985/86 owing to the low additional consumption of the previous year and the very high cost of nearly 800 ECU for each additional 100 kg or 2 ECU for each additional 250 g packet of butter sold.

On the other hand, the Commission intends to extend the 'pastry products butter' and the 'concentrated cooking butter' operations with the aim of disposing of significant quantities on the Community market.

#### *Imitation milk products*

2.1.105. No agreement was reached at the Council meeting of 21 and 22 October on the Commission's proposal to offer protec-

tion against imitations to milk products proper by restricting certain designations to products made from milk.<sup>6</sup> The Council invited the Commission to examine the problems posed by the freedom to develop various substitutes for milk in the light of the imposition of quotas on milk production and to make, where appropriate, suitable additional proposals.

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#### *Intervention stocks (public and private)*

	(tonnes)	
	October 1985	October 1984
Butter	1 185 371	1 234 972
Skimmed-milk powder	497 378	845 322
Cheese	114 615	122 740

#### *Cereals and rice*

2.1.106. The persistent rain in Ireland and Northern Ireland during the summer resulted in the loss of a considerable quantity of winter fodder, causing difficulties for livestock farmers, who face the danger of having to slaughter their cattle prematurely.

In response to requests for aid from Ireland and the United Kingdom, the Council adopted a Regulation permitting cereals held by the Irish and United Kingdom intervention agencies to be put up for sale in Ireland and Northern Ireland for disposal in feedingstuffs at a price 25% below the intervention price valid at the time when the products are placed on sale.<sup>7</sup> The Council decided that 125 000 tonnes of fodder cereals should be made available to farmers in Ireland and 40 000 tonnes to farmers in

<sup>1</sup> Bull. EC 7/8-1985, point 2.1.140.

<sup>2</sup> OJ L 278, 18.10.1985.

<sup>3</sup> Bull. EC 5-1985, point 2.1.83.

<sup>4</sup> OJ L 288, 30.10.1985.

<sup>5</sup> Bull. EC 10-1984, point 2.1.99.

<sup>6</sup> OJ C 111, 26.4.1984; Bull. EC 4-1984, point 2.1.98.

<sup>7</sup> OJ L 280, 22.10.1985.

Northern Ireland on the terms set out above.

2.1.107. According to current estimates, Community production of common wheat will be about 62 million tonnes as compared with 70.3 million tonnes in 1984. This may be attributed to the following factors:

(i) a reduction in acreage owing to the harshness of the 1984/85 winter, which damaged the crop (10.8 million hectares in 1985 as compared with 11.4 million in 1984);

(ii) a reduction in yields owing to less favourable weather conditions during the growing period than in the previous year (57.2 quintals per hectare as compared with 61.7 quintals per hectare in 1984).

None the less, if the size of the carryover stock on 31 July 1985 is taken into account (market and intervention: 15.6 million tonnes as compared with 7.2 million tonnes on 31 July 1984), the amount of Community cereals available for export will be as great as in the preceding marketing year in a situation of reduced world market demand owing, in particular, to increased production in the USSR.

As regards the financial consequences, the burden on the EAGGF will be greater than in the previous marketing year owing to higher storage costs and also to a higher average export refund as a result of the combined effect of a fall in the dollar and a reduction in world market prices.

2.1.108. Community production of durum wheat in 1985 will show a marked decline by comparison with 1984 (5.4 million tonnes as against 6.2 million tonnes).

Since the acreage of durum wheat was the same in both years, the drop in production in 1985 results from a decline in per hectare yields (23.9 quintals as compared with 27.5 quintals in 1984).

Despite the considerable increase in Community availabilities by comparison with the previous year (owing to the fact that the stocks carried over on 31 July 1985 were

greater than those in 1984), a reduction in the stocks carried over at the end of 1985/86 is expected (about 400 000 tonnes as against 1.36 million tonnes on 31 July 1985).

Since internal consumption remains stable, a relatively low carryover stock level is expected to be re-established by an increase in exports (120 000 tonnes) and a significant reduction in imports (280 000 tonnes as compared with 660 000 tonnes in the previous year).

### *Beef/veal*

2.1.109. On 18 October the Commission adopted a Regulation on the sale at prices fixed at a standard rate in advance of certain beef from intervention stocks for processing in the Community.<sup>1</sup>

This Regulation gives the Member States for the first time the opportunity to buy, on particularly advantageous terms, intervention meat intended for their food aid programmes, which provide outlets for these processed products. In this way some of the very high stocks of beef can be disposed of without disrupting the conditions of competition on the market.

### *Oils and fats*

2.1.110. On 21 October the Council fixed the representative market price (198.59 ECU/100 kg) and the threshold price (198.68 ECU/100 kg) for olive oil for the 1985/86 marketing year, beginning on 1 November.<sup>2</sup>

The level of consumption aid resulting from all the decisions on price arrangements for olive oil therefore stands at 53.02 ECU/100 kg, an increase of 15.15 ECU on the present level.

The consumption aid of 49.80 ECU per 100 kg for 1984/85 fixed by the Council was

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<sup>1</sup> OJ L 279, 19.10.1985.

<sup>2</sup> OJ L 287, 29.10.1985.



reduced by the Commission in March.<sup>1</sup> The present increase is based on quotations for competing vegetable oils and likely trends on the Community market during 1985/86.

On the other hand, the amounts withheld from the consumption aid are set at 1.9% as regards the amount withheld for trade organizations and at 7% for measures to promote the consumption of olive oil.

2.1.111. On 25 October Parliament adopted a resolution on the creation of a common organization of the market in table olives and the establishment of a register of olive cultivation in Greece (→ point 2.5.25).<sup>2</sup>

## Agricultural legislation

### Veterinary legislation

#### *Use of hormones in livestock farming*

2.1.112. To take account of the opinion delivered by Parliament on 11 October,<sup>3</sup> the Commission decided on 30 October to amend once again its proposal for a Directive concerning the prohibition of certain substances having a hormonal or thyrostatic action.<sup>4</sup>

The measure is now virtually the same as was initially proposed on 3 November 1980,<sup>5</sup> only slightly changed. It aims to ban from 13 January 1986 the use of any hormonal substances in all livestock farming, with the exception of natural hormonal substances used for therapeutic treatment (oestradiol 17 B, progesterone and testosterone) under strictly regulated and controlled conditions. Meat imports and exports are also covered.

The various stages in the 'hormones affair' since 1980 can be summarized as follows:

*September 1980.* Following the campaign by Community consumers against the use of hormones in veal production, the Council stated on 30 September that it was favourably disposed towards a ban on the use of

both natural and artificial hormonal substances and asked the Commission to put forward proposals on these lines.<sup>6</sup>

*November 1980.* The Commission sent the Council a proposal to this effect.<sup>5</sup>

*January 1981.* The Commission added to its proposals a provision that only three natural hormones could be used for therapeutic purposes, subject to various restrictions and checks (this change is also included in the October 1985 proposal); a further proposal provided for a detailed system of control.<sup>7</sup>

*February 1981.* Parliament<sup>8</sup> and the Economic and Social Committee<sup>9</sup> delivered their opinions on the Commission's 1980 proposal and amended 1981 proposal. Both came out in favour of a total ban on hormones.

*July 1981.* The Council adopted a Directive prohibiting two types of artificial hormone: stilbenes and thyrostatic substances.<sup>10</sup> The decision on all other types of hormones was deferred pending consultation of the relevant scientific bodies. In the meantime, the Member States were allowed to maintain their existing national laws provided no new hormones were authorized.

The current legal situation remains that created by this Council Directive, since the Council has not adopted any other measures to restrict the use of hormones.

*June 1984.* The Commission sent the Council a new proposal,<sup>11</sup> based on the work of the scientific committees. This would allow the Member States to author-

<sup>1</sup> OJ L 75, 16.3.1985; Bull. EC 3-1985, points 2.1.106 and 2.1.107.

<sup>2</sup> OJ C 301, 25.11.1985.

<sup>3</sup> OJ C 288, 11.11.1985.

<sup>4</sup> COM(85) 607 final.

<sup>5</sup> OJ C 305, 22.11.1980; Bull. EC 11-1980, point 2.1.69.

<sup>6</sup> Bull. EC 9-1980, point 2.1.55.

<sup>7</sup> Bull. EC 1-1981, point 2.1.40.

<sup>8</sup> OJ C 50, 9.2.1981; Bull. EC 2-1981, point 2.3.8.

<sup>9</sup> OJ C 138, 9.6.1981; Bull. EC 2-1981, point 2.3.28.

<sup>10</sup> OJ L 222, 7.8.1981; Bull. EC 7/8-1981, point 2.1.76.

<sup>11</sup> OJ C 170, 29.6.1984; Bull. EC 6-1984, point 1.6.1 *et seq.*

ize the use of oestradiol 17 B, testosterone and progesterone for fattening purposes in livestock farming. Zeranol and trembolene would be prohibited, but could be authorized by the Council.

This proposal provoked vigorous reactions from the consumer associations, who denounced the Commission's volte-face. It was not accepted by the Council.

*April 1985.* The Commission again amended its initial proposal to include an obligation whereby, when marketed, meat would have to be accompanied by a declaration indicating the nature of any previous hormone treatment to which the animal may have been subjected for fattening purposes.<sup>1</sup>

*July 1985.* The Council adopted a Directive on control measures relating to hormones.<sup>2</sup> However, the date when this Directive is to take effect is indirectly linked to a decision on the five hormonal substances under discussion.

*October 1985.* Community delivered its opinion<sup>3</sup> on the Commission's amended proposal and called for a total ban on all hormones for fattening purposes.

In the light of this opinion, at their meeting of 21 and 22 October the Agriculture Ministers asked the Commission to examine the adjustments that would have to be made to the proposals that it had already presented. The great majority of Member States were quite clear that the Commission's June 1984 proposal no longer corresponded to current requirements. They were virtually all in agreement on the prohibition of all hormones and on the need for rigorous control.

### Competition

2.1.113. Under Articles 92 and 93 of the Treaty, the Commission decided to raise no objection to the introduction of proposed schemes notified by:

#### Germany

Hessen: aid to private and communal land-owners to maintain and improve woodlands.

#### Denmark

Amendment of the 1985 budget in respect of the plant improvement fund.

#### Greece

Measures to promote the consumption of milk in schools.

#### United Kingdom

Northern Ireland: aid for the modernization of the lamb carcase classification scheme (advisory services aid).

2.1.114. The Commission decided to initiate the Article 93(2) procedure in respect of certain provisions in a Sicilian Act imposing new standards for the grant of short, medium and long-term agricultural loans at low interest rates. The offending provisions were those relating to short-term loans (less than 12 months) granted in respect of a single product and a single operation (e.g. the purchase of an animal or an item of equipment for a single product) or for the storage and placing on the market of agricultural products. No objection was made to the implementation of other measures contained in the Act.

2.1.115. The Commission decided to terminate the Article 93(2) procedure in respect of a Greek scheme to assist cherry and strawberry growers who suffered losses as a result of the 1983 spring rains.<sup>4</sup>

\*

2.1.116. At its October part-sessions Parliament adopted a number of resolutions on agricultural policy, including trends in agricultural incomes in the Community, implementation of the dairy quota arrangements, the promotion of bee-keeping in the Community, the consequences of the drought and the agricultural crisis in Scot-

<sup>1</sup> OJ C 106, 27.4.1984; Bull. EC 4-1985, point 2.1.86.

<sup>2</sup> OJ L 191, 23.7.1985.

<sup>3</sup> OJ C 228, 11.11.1985.

<sup>4</sup> Bull. EC 11-1984, point 2.1.110.

land and northern England (→ points 2.5.25 and 2.5.30).<sup>1</sup>

2.1.117. In October the Economic and Social Committee gave its opinion on the Commission's Green Paper on the perspectives for the common agricultural policy (→ point 2.5.51).

## Fisheries

### Resources

#### *Internal aspects*

#### Community measures

2.1.118. On the basis of information received from the national authorities concerning the exhaustion of certain quotas, the Commission prohibited:

(i) Dutch vessels from fishing for herring in divisions IIa (EC zone), IVa (EC zone), IVb (EC zone), Vb (EC zone), Va north and VIb on 14 September<sup>2</sup> and in divisions VIa south, VIIb and c on 24 September,<sup>2</sup> for mackerel in divisions IIa (EC zone), IIIa, IIIb, c, d (EC zone) and IV on 28 September,<sup>2</sup> for haddock in divisions IIa (EC zone) and IV on 5 October,<sup>3</sup> and for saithe in divisions IIa (EC zone), IIIa, IIIb, c, d (EC zone) and IV on 26 October;<sup>4</sup>

(ii) United Kingdom vessels from fishing for herring in division VIIa (Mourne stock) on 27 September<sup>2</sup> and for sole in division VIIa on 11 October;<sup>5</sup>

(iii) French vessels from fishing for mackerel in divisions IIa (EC zone), IIIa, IIIb, c, d (EC zone) and IV on 21 October;<sup>6</sup>

(iv) Belgian vessels from fishing for sole in subarea VII on 16 October<sup>5</sup> and in divisions VIIh, j and k on 22 October,<sup>7</sup> and for plaice in division IIIa (Skagerrak) on 22 October;<sup>7</sup>

(v) Danish vessels from fishing for mackerel in divisions IIa (EC zone), IIIa, IIIb, c, d (EC zone) and VI on 25 October.<sup>8</sup>

#### National measures

#### *Protection of local stocks*

2.1.119. On 8 October the Commission, acting under Article 19 of Regulation (EEC) No 171/83,<sup>9</sup> approved a French Order setting up, on an experimental basis until 31 December, a fisheries reserve within the Bay of Douarnenez. The Commission reserved the right, however, to look into the fact that the French authorities had failed to give official notice of the Order.

#### *External aspects*

#### Bilateral relations

#### *Gambia*

2.1.120. On 28 and 29 October, in the presence of representatives from the Member States concerned, the Commission began the first round of negotiations with a Gambian delegation with a view to concluding a fisheries agreement between the Community and the Republic of the Gambia.

#### *Faeroes*

2.1.121. On 26 October talks between the Community and the Faeroes on reciprocal fishing rights for 1986 began at Thorshavn.

#### Multilateral relations

#### *Norway and Sweden*

2.1.122. On 21 October the Community, Norway and Sweden began trilateral con-

<sup>1</sup> OJ C 288, 11.11.1985; OJ C 343, 31.12.1985.

<sup>2</sup> OJ L 261, 3.10.1985.

<sup>3</sup> OJ L 263, 5.10.1985.

<sup>4</sup> OJ L 290, 1.11.1985.

<sup>5</sup> OJ L 275, 16.10.1985.

<sup>6</sup> OJ L 279, 19.10.1985.

<sup>7</sup> OJ L 280, 22.10.1985.

<sup>8</sup> OJ L 285, 25.10.1985.

<sup>9</sup> OJ L 24, 27.1.1983.

sultations in Brussels on rights and conditions for fishing in the Skagerrak and Kattegat for 1986.

## Markets and structures

### Market organization

2.1.123. On 30 October the Commission proposed to the Council guide prices for fishery products and a producer price for tuna for the canning industry for the 1986 fishing year.<sup>1</sup>

Apart from the statutory criteria for the fixing of prices (average of prices recorded at representative wholesale markets and ports over the past three fishing years, outlook for production and demand, contribution towards the maintenance of producer's incomes, consideration of consumer's interests, etc.), account was taken of various other factors such as the overall reduction in the Community's rate of inflation and the heterogeneous nature of the markets concerned.

The increase in prices in ECU thus ranges from 0 to 6% for fresh products and from 0 to 3% for frozen products, while an increase of 6.5% is proposed for tuna intended for the canning industry. Overall

the prices proposed by the Commission for fishery products would be 2,5% up on 1985, in ECU terms.

The Commission will shortly send to the Council price proposals for the new species of fish which will be covered by Community price arrangements from 1 March 1986, pursuant to the Act of Accession of Spain and Portugal.

In 1985 intervention expenditure on the common organization of the markets in fishery products should not exceed 20 million ECU.

### Structures

2.1.124. Pursuant to Council Regulation (EEC) No 2908/83 of 4 October 1983 on a common measure for restructuring, modernizing and developing the fishing industry and for developing aquaculture,<sup>2</sup> the Commission decided to grant, as the first instalment for 1985, aid totalling 33.2 million ECU towards 167 projects for the construction of vessels, 178 projects for the modernization of vessels and 33 aquaculture projects.

<sup>1</sup> COM(85) 597 final.

<sup>2</sup> OJ L 290, 22.10.1983.

Table 4 — *Aids granted under the common measure for restructuring, modernizing and developing the fishing industry and for developing aquaculture* (Regulation (EEC) No 2908/83)

	Projects submitted		Projects approved		
	Number	Aid requested (million ECU)	Number	Aid granted	
				National currency	Million ECU
Belgium	13	2.24	10	84 105 495	1.86
Denmark	161	12.18	60	30 226 067	3.74
Germany (FR)	28	1.88	27	3 960 385	1.78
Greece	52	13.14	40	516 916 130	4.87
France	77	11.99	34	44 493 877	6.53
Ireland	17	0,95	17	486 733	0.68
Italy	216	48.41	96	11 949 070 079	8.01
Netherlands	21	0.89	21	2 180 029	0.87
United Kingdom	114	11.78	73	2 751 726	4.83
Total	699	103.46	378	—	33.17

2.1.125. On 31 October the Commission transmitted to Council a proposal for a Regulation on a system of structural aid for the conversion of sardine canning plants.<sup>1</sup>

This aid, which totals 10 million ECU, will last for three years. It has proved necessary because of the impact which enlargement will have on the Community market for canned sardines.

2.1.126. On 18 October, again pursuant to Council Regulation (EEC) No 2908/83 of 4 October 1983,<sup>2</sup> the Commission approved the multiannual guidance programme for aquaculture submitted by Belgium.

2.1.127. On 18 October, pursuant to Council Directive 83/515/EEC of 4 October 1983 concerning certain measures to adjust capacity in the fishery sector,<sup>2</sup> the Commission approved draft measures submitted by Italy for the permanent laying-up of certain fishing vessels.<sup>3</sup>

2.1.128. Taking account of discussions with the Member States in the appropriate consultative group, the Commission drew up guidelines for the examination of State aids in the fisheries sector.<sup>4</sup>

These guidelines will form the basis on which the Commission, as guardian of the Treaties, will assess all schemes to provide assistance to the fishing industry whether already existing or newly notified by Member States. They are also designed to improve collaboration between the Commission and the Member States; the latter will be able to anticipate from the outset the Commission's likely reaction to aid schemes notified to it.

2.1.129. The Commission raised no objection to the granting of:

(i) an aid financed by a parafiscal levy for the construction of a top-quality basin with a circulating water supply for mussel-processing firms in the Netherlands;

(ii) a financial aid for the temporary laying-up of fishing vessels in Italy, as pro-

vided for in Council Directive 83/515/EEC of 4 October 1983 concerning certain measures to adjust capacity in the fisheries sector; the appropriations for this aid amount to LIT 28 000 million per year (for 1985 and 1986), including LIT 16 500 million for the payment of laying-up premiums and LIT 11 500 million for daily payments to crew members;

(iii) a number of measures on behalf of fishermen in Ireland, including exemption from the excise duty on fuel oil and the reimbursement of loans granted to finance investments in the fleet; the package also includes extra financing for the Irish Sea Fisheries Board for additional promotional campaigns and experimental fishing; a sum is set aside for the provision of infrastructure at ports, and the appropriations for these measures total approximately IRL 8.2 million for the period 1985-87.

2.1.130. The Commission decided to initiate the Article 93(2) procedure in respect of:

(i) an aid granted by the Region of Sicily in the form of premiums for the temporary laying-up of fishing vessels and a daily allowance to crew members for each day of actual stoppage; the temporary laying-up premiums are based on Council Directive 83/515/EEC of 4 October 1983 but are granted on more generous terms; the appropriations total LIT 25 000 million per year (1985-87);

(ii) a number of measures under a programme of aid for fisheries in Greece for 1985; the aid is for the scrapping of old fishing vessels, for the same purpose and in respect of the same vessels as the aid provided in Directive 83/515/EEC for the permanent laying-up of fishing vessels;

(iii) a subsidy for the purchase of spat, juveniles and fish food as part of an aid scheme for fresh-water aquaculture (moun-

<sup>1</sup> OJ C 297, 20.11.1985; COM(85) 609 final.

<sup>2</sup> OJ L 290, 22.10.1983.

<sup>3</sup> OJ L 287, 29.10.1985.

<sup>4</sup> OJ C 268, 19.10.1985.

tainous and less-favoured areas), salt-water aquaculture and the use of cages in fish farming;

(iv) a general provision whereby the level of the aids granted under the programme would be increased by 25% for certain regions and the level of investment aids would be increased by 25% for recipients belonging to a recognized producers' organization.

2.1.131. Lastly, the Commission decided to terminate the Article 93(2) procedure in respect of the activities of France's Intervention and Market Organization Fund for Sea Fishery and Maricultural Products (FIOM), except for three measures concerning intervention in the area covered by the common organization of the market in fishery products.<sup>1</sup> This decision was based on the fact that the discrimination against products from other Member States which partial financing of these measures by a parafiscal levy seemed to represent was no longer a problem since the revenue from the levy would be used solely to finance unbiased promotional campaigns and since all the other measures would be financed by government subsidies.

## Transport

### Inland transport

#### *Road transport*

##### Access to the market

2.1.132. On 9 October the Commission sent to the Council a proposal<sup>2</sup> for a Regulation amending the Regulation of 16 December 1976 on the Community quota for the carriage of goods by road between Member States.<sup>3</sup>

This proposal lays down the number of Community authorizations to be allocated in 1986 to Spain and Portugal; it also provides for a supplementary increase in the

number of authorizations allocated to the 10 other Member States for 1986 to allow for the expansion of the transport market as a result of the accession of Spain and Portugal.

##### Access to occupations

2.1.133. On 29 October the Commission decided to present to the Council two proposals<sup>4</sup> amending the two Directives of 12 November 1974 concerning admission to the occupations of road haulage operator and of road passenger transport operator in national and international transport operations.<sup>5</sup> Amendment of these Directives is necessary as a result of the accession of Spain and Portugal, and is designed to safeguard the existing rights of operators already engaged in these occupations in Spain and Portugal under conditions comparable to those enjoyed by operators in the present Member States at the time when the two Directives were given effect.

#### *Inland waterways*

##### Access to the market

2.1.134. On 17 October the Council adopted a Commission proposal<sup>6</sup> for a Regulation laying down the conditions for access to the arrangements under the Revised Convention for the Navigation of the Rhine relating to vessels belonging to the Rhine navigation.<sup>7</sup> In future, only vessels having a 'genuine link' with one of the Contracting States or one of the Member States will benefit from the arrangements provided for in Additional Protocol No 2 to the Convention.

<sup>1</sup> Bull. EC 6-1982, point 2.1.142; Bull. EC 7/8-1984, point 2.1.164; Bull. EC 3-1985, point 2.1.130.

<sup>2</sup> OJ C 284, 7.11.1985; COM(85)519 final.

<sup>3</sup> OJ L 357, 29.12.1976.

<sup>4</sup> COM(85)589 final.

<sup>5</sup> OJ L 308, 19.11.1974.

<sup>6</sup> OJ C 48, 20.2.1985; Bull. EC 1-1985, point 2.1.66.

<sup>7</sup> OJ L 280, 22.10.1985.

2.1.135. Parliament adopted a resolution on 9 October on the role and the use of advanced and new technologies in the field of transport (→ point 2.5.22).<sup>1</sup>

2.1.136. At its October session the Economic and Social Committee adopted an opinion on two proposals for Council Directives and a proposal for a Council Regulation designed to eliminate distortions of competition in traffic between seaports and the areas they serve (→ point 2.5.54).<sup>2</sup> It also adopted an opinion on a proposal for an amendment to the Council Directive of 17 February 1975 on the establishment of common rules for certain types of combined transport of goods between Member States (→ point 2.5.55).<sup>3</sup>

## Energy<sup>4</sup>

### Formulating and implementing a Community energy policy

#### New Community energy objectives

2.1.137. At its October session the Economic and Social Committee gave its opinion on a communication and a draft Council resolution on the new Community energy objectives for 1995 (→ point 2.5.53).<sup>5</sup>

### Specific problems

#### Oil and gas

2.1.138. On 28 October, on a proposal from the Commission,<sup>6</sup> the Council adopted a Decision on the granting of support for Community oil and gas projects (1985).

The purpose of the Decision is to grant 63 Community projects financial support totalling 42.5 million ECU under the 1985 budget in the form of subsidies repayable in the event of commercial exploitation of the results.

The projects involved are particularly likely to speed up the exploitation of resources and improve the storage and transportation of oil and gas within the Community, and could not have been carried out, or would have had to be postponed, without Community support.

2.1.139. On 23 October the Governing Board of the International Energy Agency agreed to the setting up of a quarterly surveillance system for imported oil products aimed at ensuring that members of the IEA comply with their undertakings to open up their markets to imports of these products. The Commission will operate a similar system for the Community.

The IEA agreement follows the undertakings made by the Agency's Governing Board on 9 July<sup>7</sup> and the position adopted by the Council on 20 June.<sup>8</sup>

### Commission visits to Australia and China

2.1.140. Commission delegations led by the Director-General for Energy, Mr Christopher J. Audland, visited Australia from 5 to 11 October and China from 12 to 20 October.

#### Australia

2.1.141. In Australia the delegation met the Minister for Resources and Energy, Mr Evans, the Minister for Trade, Mr Dawkins, senior officials from all government departments concerned and private industry representatives.

Besides an exchange of views on energy policy developments in the Community and Australia, there were detailed discussions on coal and uranium. The Australians very

<sup>1</sup> OJ C 288, 11.11.1985.

<sup>2</sup> OJ C 14, 16.1.1985; Bull. EC 12-1984, point 2.1.203.

<sup>3</sup> OJ C 139, 7.6.1985; Bull. EC 5-1985, point 2.1.105.

<sup>4</sup> For coal research, see point 2.1.153.

<sup>5</sup> Bull. EC 5-1985, point 2.1.106.

<sup>6</sup> Bull. EC 7/8-1985, point 2.1.203.

<sup>7</sup> Bull. EC 7/8-1985, point 2.1.205.

<sup>8</sup> Bull. EC 6-1985, point 2.1.159; Bull. EC 3-1985, point 2.1.137.

much want to increase their coal exports to the Community and have the capacity to bring an additional 60 million tonnes or so quickly onto the world market if demand warrants. The determined efforts made in improving industrial relations in this sector have paid off, with the result that Australia has been able to increase its total coal exports by 75% in the past three years.

There have been difficulties between the Community and Australia in the nuclear area recently, brought about by the Australian ban on uranium sales to France—the Country which accounts for half of the Community's total nuclear output. The Australian Government's policy of limiting uranium production to three mines is another area of concern to the Community.

During his visit Mr Audland stressed to all concerned the importance of nuclear energy for Europe's energy needs and security. If Australia was to take its share of Europe's growing requirements for uranium, then the Australian Government needed to create a greater sense of security about continuity of supplies. He pointed out that Europe is already buying around 10% of its uranium requirements from Australia and the potential existed for greatly increasing this amount if the right climate existed in Australia.

### *China*

2.1.142. The principal reason for the visit to China was to review the operation of the Community's energy-planning cooperation programme and to settle the lines of action for 1986, following up discussions held in Brussels in September. Given the importance of China as a major energy consumer, it was also important to find out more about energy prospects.

Discussions were held with senior officials from the State Science and Technology Commission, the State Economic Commission, the State Planning Commission and certain ministries, as well as Deputy Governors of the Provinces of Jiangsu and Zhejiang.

The Chinese take a very pragmatic attitude to the Community programme, being mainly interested in learning and applying new techniques that the energy cooperation programme is funding. For 1986 it was decided to continue the broad line of existing cooperation and to add the following new elements:

(i) assistance with the establishment of four new energy training centres;

(ii) provision of energy buses and/or equipment, in conjunction with France. There is a shortage of investment funds for infrastructure and other capital needs in China. This means that limits on electricity and coal production will, for the foreseeable future, tend to put a brake on the country's overall economic development. The Chinese authorities are trying to counteract this bottleneck in the energy sector through the development of alternative energy sources and, more important, through radically improving energy efficiency. Much of the Community's support is directed to these areas.

Although China has the resources to be a major world exporter of coal and possibly uranium, the lack of infrastructure will probably keep exports at their current modest level for the next few years.

## Research and development

### Community R&D policy

2.1.143. The Research Ministers met informally in Luxembourg on 23 October, mainly to discuss the communication implementing the Commission memorandum 'Towards a European Technology Community', which was laid before the Council on 1 October.<sup>1</sup>

This first discussion of the communication covered the definition of the draft framework programme (1987-91) proposed in the

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<sup>1</sup> Bull. EC 9-1985 1.2.1 *et seq.*



memorandum and the proposed method of financing it and the links to be established between Community work and Eureka before the second intergovernmental Eureka conference due to be held in Hanover on 5 and 6 November.

### New technologies at the European Parliament

2.1.144. From 7 to 11 October Parliament held a part-session based on the theme 'Europe's response to the modern technological challenge', at which nine resolutions were adopted (→ point 2.5.8 *et seq.*).<sup>1</sup>

Other events were organized by Parliament to coincide with this part-session; these included the 'Symposium Europe 2000' concerning the industrial and social challenges, which was attended by experts from the fields of science, politics, industry and communications, and an exhibition on space and new technologies, with some 70 exhibitors representing the main research institutes and firms. The essential aim of attracting the attention of the mass media to the Community's activities in research and development seems to have been achieved, since there were over 37 000 visitors to the exhibition, which included a Commission stand.

Speaking at the symposium, Mr Delors laid special emphasis on the significance of technology for Europe and the importance of the Community dimension.

2.1.145. At its October session the Economic and Social Committee gave its opinion on a proposal for a Council Decision adopting a Community action in the field of shore-based navigation aid systems (Cost 301)(→ point 2.5.56).<sup>2</sup>

## Sectoral R&D activities

### Energy

#### Nuclear fission energy

2.1.146. Under the shared-cost research programme on the management and storage

of radioactive waste (1985-89),<sup>3</sup> over 70 research proposals were adopted following endorsement by the relevant management and Coordination Advisory Committee. The proposals, which will be negotiated by the Commission with a view to concluding shared-cost contrasts with the research organizations concerned, were chosen from among the 256 received in response to the call for proposals published last April.<sup>4</sup>

They relate to part A of the programme, in particular to improvement of radioactive waste-treatment techniques, definition of forms and containers for radioactive waste, research into the disposal of waste in geological formations, and risk evaluation.

2.1.147. Under the research programme on nuclear fuels and the actinides being carried out at the Joint Research Centre Establishment in Karlsruhe, experiments are in progress to study the biochemistry of the interaction of uranium-oxide and plutonium-oxide aerosol particles with lung tissue. In particular, the absorption *in vitro* of such a particle into the lung cell of a rat was observed and photographed for the first time on a scanning electron microscope.

Again in Karlsruhe, an ultrasonic temperature sensor was developed and successfully used to measure in-pile temperatures up to 2 800° C in mixed oxide fuel rods for periods of 30 days and over. The instrument is currently being tested in in-pile fuel melt-down experiments.

2.1.148. The non-proliferation of nuclear weapons and the fight against terrorism call for studies on ways of reducing the quantities of enriched uranium in circulation in the world.

At the Joint Research Centre Establishment in Petten an international seminar was held from 14 to 16 October and was attended by over 100 specialists from 20 countries (notably the United States, Japan and the

<sup>1</sup> OJ C 288, 11.11.1985.

<sup>2</sup> OJ C 182, 20.7.1985; Bull. EC 7/8-1985, point 2.1.219.

<sup>3</sup> OJ L 83, 15.3.1985; Bull. EC 3-1985, point 2.1.141.

<sup>4</sup> OJ L 84, 2.4.1985; Bull. EC 4-1985, point 2.1.110.

Community countries); its purpose was to examine the feasibility of replacing high-enrichment uranium for use in experimental and research reactors by low-enrichment uranium. The seminar showed that remarkable progress had been made, notably in fabricating and testing these new forms of uranium silicide-based fuels and in developing specifications and codes for the behaviour of the reactor core in operation.

## *Industry*

### **Information technologies**

#### *Esprit*

2.1.149. The Esprit Review Board, a committee of independent experts set up to review progress halfway through the first five-year phase of the programme,<sup>1</sup> sent its report to the Commission and the press on 18 October.

The report states that despite initial scepticism on the part of many IT companies, there is now unanimous agreement that Esprit has been extremely successful in promoting trans-European cooperation. This view is expressed by large and small companies, by academics and by independent research institutes.

The findings and conclusions of the Review Board will be considered during the preparation of Commission proposals for the continuation of the programme.

#### *Agriculture*

2.1.150. On 18 October the Commission agreed a list of 77 contracts to be concluded between the Community and research institutes.

The total Community contribution to these contracts is 7 129 million ECU over periods ranging from one to four years. The funds will be provided from the Community budget.

## *Health and safety*

### **Radiation protection**

2.1.151. Unlike other types of external radiation, beta-rays and low-energy X-rays are easily absorbed and thus present a problem as regards their measurement and the damage they may cause to the skin and eyes. Existing personal dosimeters and other monitoring instruments are often insufficiently sensitive to these radiations, so that the information on occupational exposure to beta-rays and low-energy X-rays is inadequate and the awareness of this problem often underdeveloped.

These problems and their implications for dosimetry in radiation protection were the principal subjects of a workshop 'Dosimetry of beta particles and low-energy X-rays' which was held at Saclay, France, from 7 to 9 October by the Commission and the Institut de Protection et de Sûreté Nucléaire of the French Commissariat à l'Energie Atomique, with the co-sponsorship of the US Department of Energy, the Office of Health and Environmental Research and the European Radiation Protection Dosimetry Group.

Since beta-rays are considered to be at least as important for practical radiation protection as neutrons, improved versions of individual dosimeters and other monitoring instruments are being investigated.

Thin-film solid-state detectors look most promising for this purpose but need further development. Another likely approach is based on special diagnostic instruments such as beta-ray spectrometers, which are now being developed. They should provide detailed data on radiation fields needed, for instance, to answer questions on the probability of causation of skin cancer.

2.1.152. In a related field, the skin and the underlying tissues are often critical structures in relation to radiation protection in that they are more susceptible to accidental

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

exposure. These aspects and their implications for radiation protection and the treatment of accident victims were discussed at a workshop entitled 'Radiation damage to skin: fundamental and practical aspects', held at Saclay from 9 to 14 October. This too was organized by the Commission and the Institut de Protection et de Sûreté Nucléaire of the Commissariat à l'Energie Atomique. Experimental studies have contributed to a better understanding of pathogenic mechanisms and have helped to define the threshold doses for radiation lesions to the skin and the underlying tissues. Causes, prevention and treatment of casualties involving local irradiation are being carefully studied. Several new approaches to an early assessment of damage due to such accidents have been developed and may help in the determination of the most appropriate therapy.

Various methods of treating such accident cases by conservative surgery and other surgical procedures have already helped to restore functions more rapidly and reduce the period of disability.

### Social research in the steel industry

2.1.153. On 17 October the Commission decided, pursuant to Article 55 of the ECSC Treaty, to grant financial aid of 1 693 500 ECU to eight research projects under the fifth programme on ergonomics for the coal and steel industries.<sup>1</sup>

On 18 October, likewise under Article 55 of the ECSC Treaty, it also decided to grant financial aid of 381 000 ECU to four research projects under the second programme on safety in mines.<sup>2</sup>

<sup>1</sup> OJ C 270, 22.10.1985; Bull. EC 5-1985, point 2.1.117.

<sup>2</sup> Bull. EC 7/8-1982, point 2.1.71.

## 2. Enlargement and bilateral relations with Spain and Portugal

2.2.1. On 17 October the Parliament of Luxembourg ratified the Treaty of Accession with Spain and Portugal. Luxembourg thus became the second Member State, following Belgium, to ratify the accession instruments (Portugal and Spain having done so in July).

2.2.2. As part of the work to be completed before accession, the Commission proposed to the Council that the cooperation agreements with the Mediterranean preferential countries<sup>1</sup> and the ACP States<sup>2</sup> be adjusted to take account of enlargement.

The Commission also proposed that the rules of the Social Fund be similarly adjusted (→ point 2.1.59).

On 21 October the Council gave the Commission directives for the opening of nego-

tiations with a view to adjusting the agreements with the EFTA countries to take account of the enlargement of the Community (→ point 2.3.16).

2.2.3. Mr Delors visited Madrid from 17 to 19 October for talks with King Juan Carlos, the Prime Minister, Mr Felipe González Márquez, and the Foreign Minister, Mr Francisco Fernández Ordóñez.

The discussions were concerned with the progress being made in the preparations for the accession of Spain to the Community.

2.2.4. On 10 October Parliament passed a resolution on forest fires in Portugal (→ point 2.5.25).<sup>3</sup>

<sup>1</sup> Bull. EC 7/8-1985, points 1.3.1 to 1.3.4; Bull. EC 9-1985, points 1.3.1 to 1.3.3.

<sup>2</sup> COM(85)542 final.

<sup>3</sup> OJ C 288, 11.11.1985.

### 3. External relations

#### Commercial policy

##### Rollback: speeding up the Tokyo Round reductions

2.3.1. In October the Commission proposed to the Council that implementation of the final tariff reductions under the Tokyo Round should be brought forward (→ point 2.3.6 *et seq.*).

#### Implementing the common commercial policy

##### Commercial policy instruments

##### Easing of restrictive measures

2.3.2. 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:

*Benelux-German Democratic Republic*: textiles;<sup>2</sup>

*Italy-Poland*: single viscose rayon yarn;

*France-Poland*: spirituous beverages;

*Benelux-Albania*: textiles;

*France-Viet Nam*: textiles, under outward processing arrangements.

##### Trade protection

2.3.3. The trade protection measures taken in September are shown in Table 5.

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

<sup>2</sup> OJ C 254, 5.10.1985.

Table 5 — *Trade protection measures*

Council <sup>1</sup>	Commission
	<p><i>Anti-dumping proceedings</i></p> <p><i>Provisional anti-dumping duty on imports of:</i></p> <ul style="list-style-type: none"> <li>• electronic typewriters manufactured by Nakajima All Co. Ltd originating in Japan OJ L 266, 9.10.1985 (notice of reopening of proceeding: OJ C 149, 19.6.1985)</li> <li>• certain types of clogs originating in Sweden OJ L 268, 10.10.1985 (notice of opening of proceeding: OJ C 47, 19.2.1985)</li> <li>• certain types of electronic scales originating in Japan OJ L 275, 16.10.1985 (notice of opening of proceeding: OJ C 236, 3.9.1983) (notice of continuation of proceeding: OJ C 196, 25.7.1984)</li> </ul> <p><i>Acceptance of undertakings and termination of the proceeding in respect of:</i></p> <ul style="list-style-type: none"> <li>• imports of certain types of electronic scales from Japan OJ L 275, 16.10.1985</li> </ul> <p><i>Termination of the anti-dumping proceeding concerning imports in 1986 of:</i></p> <ul style="list-style-type: none"> <li>• standard wood particle board originating in Bulgaria, Czechoslovakia, Poland, Romania, the Soviet Union, Spain or Yugoslavia OJ L 268, 10.10.1985 (notice of opening of proceeding: OJ C 305, 16.11.1984)</li> </ul>

<sup>1</sup> For measures concerning steel products, see point 2.1.29.

## *Export credits*

2.3.4. Measures aimed at greater transparency and discipline in the area of tied aid credits were introduced in May;<sup>1</sup> the exact notification procedures to be followed were not specified, however.

By decision of 17 October the Council adopted the procedures established in the mean time by the participants, and also a new definition of tied aid credits which widens considerably the scope of the Consensus rules on this matter.

## **Sectoral commercial policy measures<sup>2</sup>**

### *Textiles*

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

##### *MFA countries*

2.3.5. On 17 October the Council authorized the Commission to commence negotiations with all countries which were signatories to bilateral agreements or arrangements on textiles in order to adapt them to take account of the accession of Spain and Portugal to the Communities, and laid down the appropriate negotiating directives.<sup>3</sup>

## **Relations with industrialized countries**

### **Multilateral aspects**

#### *Rollback: speeding up the Tokyo Round reductions*

2.3.6. The Tokyo Round of multilateral trade negotiations ended in 1979 with agreement on reducing customs tariffs by one third in eight annual stages, the last

of which was due to take effect on 1 January 1987.<sup>4</sup>

In October 1984 the Community decided to bring forward (to 1 January 1985 instead of 1 January 1986) a number of reductions involving products of special interest to developing countries.<sup>5</sup>

The Community made the speeding up of reductions involving other products conditional upon the adoption of similar measures by its main trading partners. Some of the latter — notably the EFTA countries and Japan — have already brought forward the implementation of these reductions.

2.3.7. At the OECD ministerial meeting in April it was agreed that the OECD member countries would present not later than October their proposals for speeding up tariff reductions.<sup>6</sup>

2.3.8. To honour this undertaking — even though the United States and Canada had yet to adopt similar measures — in October the Commission sent a proposal to the Council on implementing the final instalment of Tokyo Round reductions on 1 January 1986 instead of 1 January 1987.<sup>7</sup>

This proposal is in accordance with the position adopted by the Community with regard to the new round of GATT negotiations,<sup>8</sup> in connection with which the Community has urged from the outset that existing undertakings on resisting protectionism must be fulfilled.

At its 21 and 22 October meeting the Council adopted by a qualified majority guidelines relating to the Commission proposal; a final decision will be taken when Spain and Portugal have indicated their views.

<sup>1</sup> Bull. EC 5-1985, point 2.2.13.

<sup>2</sup> For steel products, see point 2.1.28.

<sup>3</sup> Bull. EC 9-1985, point 2.3.4.

<sup>4</sup> Thirteenth General Report, points 494 and 495.

<sup>5</sup> Bull. EC 10-1984, point 2.2.5.

<sup>6</sup> Bull. EC 4-1985, point 2.2.49.

<sup>7</sup> COM(85) 573 final.

<sup>8</sup> Bull. EC 3-1985, point 2.2.12.

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2.3.9. On 10 October Parliament adopted a resolution on the invitation of the President of the United States to the seven leading industrialized nations to meet him in preparation for the Geneva Summit (→ point 2.5.25).

### United States<sup>1</sup>

2.3.10. On 1 October the Council had a general exchange of views on relations with the United States in the light of the speech made by President Reagan on 23 September,<sup>2</sup> recent developments in the monetary field and continuing contacts between the Commission and the United States Administration. At its 21 and 22 October meeting it examined bilateral trade relations on the basis of an oral report from the Commission.

The Council laid particular stress on the importance of combating any protectionist tendencies and, accordingly, of maintaining a constant dialogue in order to find mutually acceptable solutions to the various problems outstanding. The Council considered it important to avoid the proliferation of points of bilateral dispute with the United States, particularly in view of the prospect of a new round of multilateral trade negotiations.

In this context, it noted with concern the intention of the US Government to initiate proceedings in GATT against Community export refunds for wheat, proceedings which, if pursued, could have far-reaching implications within GATT and for the Community's ability to work harmoniously with the United States. The Council accordingly invited the Commission to take the appropriate steps to defend Community interests.

The unanimous finding of the US International Trade Commission of absence of any threat of material injury in the cases brought against certain Community table wine exports was, on the other hand, welcomed by the Council, which recalled

the incompatibility of present US legislation with the provisions of the GATT Subsidies Code.

The Council also took note of the Commission's intention rapidly to resolve the GATT dispute with the United States over canned fruit in a manner acceptable to both sides.

As regard the citrus/pasta dispute (→ point 2.3.11), the Council voiced its concern and asked the Commission to continue its efforts to reach a settlement of this problem with the United States as soon as possible, given its relationship with the Community's preferential arrangements with Mediterranean countries.

### *Citrus/pasta dispute*

2.3.11. The long-standing dispute with the United States over the Community's Mediterranean tariff preferences on citrus fruit came to a head at the end of October. It was in July<sup>3</sup> that an open trade conflict was averted temporarily when the two sides agreed on a 'cooling-off' period — until 31 October — before implementing the tit-for-tat measures both had decided on at the end of June, namely a drastic increase in customs duties on imports of pasta products into the United States and corresponding increases in duties on imports of lemons and walnuts into the Community.

In the mean time the United States' request for compensation for damage which they claim their mainly Californian citrus exporters suffered were adjudged unacceptable by the Community and the US rejected a Community counterproposal.

The United States therefore announced that President Reagan's decision of 21 June — subsequently suspended until 31 October — to increase the duties on

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<sup>1</sup> For relations with the United States on steel, see points 2.1.26 and 2.1.27.

<sup>2</sup> Bull. EC 9-1985, point 2.3.7.

<sup>3</sup> Bull. EC 7/8-1985, point 2.3.14.

Community exports of pasta would take effect on 1 November. The decision raises the duty to prohibitive levels, i.e. from about 0.25% to 25% on pasta containing eggs and from about 0.5% to 40% on pasta without egg.

Mr Willy De Clercq, Member of the Commission with special responsibility for external relations and trade policy, sharply deplored this decision, which he described as a virtual embargo that would have severe effects on a Community industry. He condemned the US measures as illegal in terms of the GATT and as failing completely to acknowledge the contribution which Community tariff preferences make to development in the Mediterranean region.

In these circumstances the Community was left with no option but to implement immediately the countermeasures against the United States on which the Council has agreed in June, by raising the duties on lemons from 8% to 20% and on walnuts from 8% to 30%. These increased duties come into effect on 3 November.<sup>1</sup>

The Community measures will have a trade impact equivalent to that of the US measures, as Community exports of pasta to the United States were worth about USD 30 million in 1984, while Community imports of lemons and walnuts from the US amounted to about USD 32 million.

## Japan

2.3.12. In response to the Council's request of 19 June,<sup>2</sup> the Commission transmitted a communication analysing the current state of relations between the Community and Japan<sup>3</sup> in preparation for the ministerial conference in Tokyo scheduled for 16 to 18 November.

Mr De Clercq presented this communication to the Council on 22 October and drew particular attention to the limited effect of the market-opening measures so far implemented by the Japanese Government (→ point 2.3.13).<sup>4</sup>

Referring to the forthcoming conference, Mr De Clercq stated that it would cover the fundamental issues raised in the Commission analysis, including questions in the field of trade policy, macroeconomic questions, monetary and financial problems and also issues relating to scientific and technical cooperation in the broadest sense.

After discussing the Commission report in detail and noting the measures recently announced by the Japanese Government, the Council expressed full support for the Commission's proposed efforts to persuade the Japanese authorities to speed up the process of opening up Japanese markets and integrating the Japanese economy with those of its partners.

2.3.12. Following the Japanese authorities' announcement on 15 October of various measures to stimulate domestic demand, Mr Willy De Clercq issued a statement pointing out that the Community had been the first to express the view that Japan was in a better position to lead an expansion of world demand than any other industrialized country. It has repeatedly called on Japan to give such a lead and had raised the question again only the previous week in talks with Keidanren representatives. The measures announced showed that the Japanese Government was conscious of the imbalances affecting the international economic system, one of the most serious of them being Japan's trade surplus with its main trading partners. Mr. De Clercq welcomed the Japanese Government's decision.

He cast doubt, however, on the likely effect of the measures on imports into Japan.

2.3.14. On 10 October a delegation representing the Keidanren, led by its President, Mr Yoshihiro Inayama, saw Mr

<sup>1</sup> OJ L 292, 2.11.1985.

<sup>2</sup> Bull. EC 6-1985, point 2.3.14.

<sup>3</sup> COM(85) 574 final.

<sup>4</sup> Bull. EC 7/8-1985, point 2.3.18.

Jacques Delors, the Commission President, and Mr Willy De Clercq.

In their talks, Mr De Clercq emphasized the tensions on the multilateral trading and payments system resulting from the Japanese surpluses and the worsening — in both volume and value terms — of the bilateral trade deficit.

Mr Delors suggested that, in view of Japan's level of prosperity, it should now do its utmost to help raise the level of world demand and ensure that the fundamentals of the Japanese economy were reflected in the yen exchange rate.

### European Free Trade Association

2.3.15. On 29 October senior officials from the EFTA countries and the Commission met in Brussels to consider experts' reports on progress made in cooperation and to work out new directives.

The meeting agreed to adopt and extend the guidelines presented in April<sup>1</sup> on rules of origin, frontier checks and customs documentation and established directives in new fields covering anti-dumping proceedings, public procurement, the exchange of economic information, the environment and export restrictions. Agreement was also reached on new guidelines regarding technical barriers to trade.

2.3.16. On 22 October the Council authorized the Commission to negotiate adjustments to the Agreements with the EFTA countries in order to take account of the accession of Spain and Portugal to the Community.

On the basis of this authorization an initial negotiating meeting was held on 30 October.

At this meeting the EFTA countries rejected the Community's approach on industrial products, notably its request that the EFTA countries should grant tariff preference (zero rates of duty) to Spain after accession. The EFTA countries considered that this was not conducive to the

satisfactory and speedy conclusion of the negotiations.

## Relations with other countries and regions

### Mediterranean countries

#### Overall Mediterranean policy

2.3.17. At its 21 and 22 October meeting the Council discussed in detail the directives to be given to the Commission for negotiations on adapting the Mediterranean agreements to take account of enlargement.<sup>2</sup>

Having achieved considerable progress in defining the Community position, the Council intends to take a decision on the negotiating directives package in November.

#### Yugoslavia

2.3.18. The working group on EEC-Yugoslavia cooperation set up in June 1984 held its first meeting in Belgrade from 14 to 16 October. Discussions centred on the preparation of a joint memorandum concerned principally with business promotion schemes, scientific and technical cooperation, crop science research and statistical cooperation.

2.3.19. EEC-Yugoslavia cooperation took a further step forward with the inauguration in Belgrade on 25 October of an experimental link between the Federal Statistical Office and the Community data banks.

#### Israel

2.3.20. The EEC-Israel Cooperation Council held its fourth meeting in Luxem-

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<sup>1</sup> Bull. EC 4-1985, point 2.2.14.

<sup>2</sup> Bull. EC 7/8-1985, point 1.3.1 to 1.3.4; Bull. EC 9-1985, point 1.3.1 to 1.3.3.



bourg on 22 October under the chairmanship of Mr Jacques Poos, President of the Council.<sup>1</sup> The Israeli delegation was led by Mr Itzhak Shamir, Foreign Minister. The Commission was represented by Mr Cheysson, Member with special responsibility for Mediterranean policy.

The discussions centred on the impact of the Community's enlargement on Israel's agricultural exports and on a re-examination of the Agreement from the agricultural standpoint with a view to effecting possible improvements. The Community delegation stressed that talks were in progress with a view to negotiating with the Mediterranean countries protocols of adaptation which were intended to enter into force as soon as possible, so as to enable the necessary steps to be taken to maintain those countries' traditional exports (→ point 2.3.17).

With regard to the general trade pattern, the Israeli delegation expressed its concern at Israel's deficit *vis-à-vis* the Community. It emphasized the need for greater cooperation in order to achieve a better trade balance through increased Israeli exports in the area of advanced technology.

The Community delegation stated that there had been a considerable slackening in 1984 in Israel's trade deficit with the Community and that the figures for the current year had confirmed this trend.

Referring to agricultural, industrial and scientific cooperation, Mr Cheysson listed the results already achieved and spoke of the possible developments in the light of Israel's achievements in many fields. A number of joint cooperation projects were already under way in Israel, and Israel was associated with four projects under the Community research programme on science and technology for development (1982-86).<sup>2</sup>

On the subject of financial cooperation, the Cooperation Council noted the satisfactory implementation of the second financial protocol. A loan of 20 million ECU has already been granted by the EIB,

and a further loan of the same amount will be granted in the coming months.

## Countries of the Gulf and the Arabian Peninsula

### Gulf Cooperation Council

#### *First ministerial meeting between the Community and the Gulf Cooperation Council*

2.3.21. The first ministerial meeting between the Community and the Gulf Cooperation Council took place in Luxembourg on 14 October.

The Community was represented by Mr Poos, President of the Council, and Mr Cheysson, Member of the Commission with special responsibility for North-South relations. The Gulf Cooperation Council was represented by Sheikh Sabah al Ahmad al Jaber, Chairman of the GCC Council of Ministers and Foreign Minister of Kuwait, and Mr Abdullah Yacoub Bishara, Secretary General of the GCC.

In the joint communiqué issued following the meeting, the Community representatives recognized the successful results achieved by the GCC in the region; the GCC representatives acknowledged the increasing role played by the Community as a factor of economic and political stability and as an element of balance in international relations. The two sides recognized that cooperation between the GCC and the Community is a complementary channel to the Euro-Arab Dialogue and not a substitute for it; they also underlined the political and economic importance they attach to the future development and consolidation of their relations.

To this end, taking account of the exploratory talks which have already been held

<sup>1</sup> Bull. EC 2-1984, point 2.2.27.

<sup>2</sup> OJ L 352, 14.12.1982; Bull. EC 11-1982, point 2.1.139.

since the beginning of the year,<sup>1</sup> both sides agreed that the discussions should now move to a new and more active phase with a view to the conclusion of a comprehensive, mutually beneficial agreement to foster the broadest possible commercial and economic cooperation between the two regions.

The agreement should contain provisions covering future developments in such fields as energy, industrial cooperation, investment, transfer of technology and training. High-level talks will now take place to explore in depth the substantive issues to be covered in the negotiation of such an agreement.

2.3.22. Although the Community and the Gulf States have not yet established official relations at regional level, contacts between the two sides were established at the beginning of 1980 with a view to the conclusion of cooperation agreements between the Community and the Gulf States. To this end, exploratory consultations have taken place with a number of the countries concerned and with the Yemen Arab Republic - a non GCC country with which a Cooperation Agreement entered into force in February.<sup>2</sup>

Parliament affirmed in September 1981 the need to conclude bilateral cooperation agreements with the various countries of the Gulf region.<sup>3</sup>

In June 1981 six of the countries concerned (Saudi Arabia, Kuwait, United Arab Emirates, Qatar, Oman and Bahrain) had signed a treaty setting up the GCC, the aim being to create a customs union and establish closer cooperation in the monetary, energy, investment and economic development fields.

The Community looks forward to closer links with the GCC.

2.3.23. On 22 October, during the European Export Fair held in Abu Dhabi in the United Arab Emirates, the Commission organized a European Day as part of an exhibition concerning the role and work

of the Community and its relations with the GCC Countries.

## Asia

### Association of South East Asian Nations (Asean)

2.3.24. The first ministerial meeting between the Community and Asean devoted exclusively to economic matters took place in Bangkok on 17 and 18 October; it was chaired jointly by Mr Robert Goebbels, President of the Council, and Mr Sidhi Savetsila, Foreign Minister of Thailand. The Commission was represented by Mr Claude Cheysson.

This meeting took place at the end of the first five-year period of the Cooperation Agreement.

Following an overview of the major international economic issues, on which there was very substantial agreement, and an overall assessment of the results of the Cooperation Agreement, discussions centred on future priorities and directions for cooperation between the two regions.

The main results of the meeting included the creation of a high-level working group to consider ways and means of facilitating European investment in the Asean countries, support for the organization of a series of European events in the Asean capitals on the theme 'the city in the year 2000', intensification of cooperation in the fields of human resource development and science and technology, and the feasibility of setting up a European Community-Asean centre for energy management, training and research.

## India

2.3.25. Mr Cheysson paid an official visit to India from 30 September to 2 October.

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<sup>1</sup> Bull. EC 2-1985, point 2.2.24; Bull. EC 3-1985, point 2.2.24; Bull. EC 7/8-1985, point 2.3.29; Bull. EC 9-1985, point 2.3.15.

<sup>2</sup> OJ L 26, 31.1.1985; Bull. EC 10-1984, point 2.2.27.

<sup>3</sup> OJ C 260, 12.10.1981; Bull. EC 9-1981, point 2.3.13.

He was received by President Zail Singh and had talks with the Prime Minister, Mr Rajiv Gandhi, and other members of the Government on a wide range of bilateral and multilateral issues affecting the Community's relations with developing countries. Mr Cheysson also gave a lecture at the India International Center on the international economic situation and the debt problem.

## Latin America

### Central America

2.3.26. On 18 October the text of the Cooperation Agreement between the Community and the countries party to the General Treaty on Central American Economic Integration (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua) and Panama was initialled in Brussels.

This Agreement on economic, commercial and development cooperation is a follow-up to the ministerial meeting in San José, Costa Rica, which was attended by the Foreign Ministers of the Member States of the Community, Spain and Portugal, the Central American countries and the Contadora Group countries, at which an institutional dialogue on economic and political issues was established between the two regions.<sup>1</sup> It is a framework economic cooperation agreement, accompanied by a declaration concerning the GSP and a commitment to increase substantially the aid to be given primarily for the financing of regional projects.

After completion of the appropriate Community procedure, the Agreement will be signed at a further ministerial meeting to be held in Luxembourg on 11 and 12 November.<sup>2</sup>

2.3.27. At the end of October Parliament adopted two resolutions on relations between the Community and Latin America, one concerning the state of negotiations between the Community and the countries of Central America and the other relating to the establishment of a standing

conference between the Community and the Contadora Group countries (→ point 2.5.30).<sup>3</sup>

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2.3.28. Following the earthquake which devastated Mexico City, Parliament adopted a number of resolutions at its first October part-session (→ point 2.5.25).<sup>4</sup>

## State-trading countries

### Council for Mutual Economic Assistance

2.3.29. At the beginning of October Mr De Clercq, the Member of the Commission with special responsibility for external relations, received a letter dated 26 September from Mr Sychov, Secretary of the Council for Mutual Economic Assistance, in reply to his own letter of 29 July.<sup>5</sup> Attached to the letter was a draft general EEC-CMEA statement as suggested in Mr Sychov's first letter of June.<sup>6</sup>

Commenting on this reply during the debate in Parliament on 23 October on the Bettiza report, Mr De Clercq stated that the Community was prepared to establish relations, in an appropriate form, with the CMEA as an organization, but that it was not willing to allow such relations to affect, let alone hinder, its bilateral commercial and other relations with CMEA member countries. He added that the Community was examining Mr Sychov's reply in the light of its own basic objectives, which were to normalize relations with the CMEA member countries and promote economic relations with each of them according to their situation and specific interests.

2.3.30 Following the debate on 23 October, Parliament adopted a resolution on relations between the Community and

<sup>1</sup> Bull. EC 9-1984, point 1.3.1 et seq.

<sup>2</sup> COM(85)588 final.

<sup>3</sup> OJ C 343, 31.12.1985.

<sup>4</sup> OJ C 288, 11.11.1985.

<sup>5</sup> Bull. EC 7/8-1985, point 2.3.38.

<sup>6</sup> Bull. EC 6-1985, point 2.3.37.

the countries of Central and Eastern Europe (→ point 2.5.30).<sup>1</sup>

## Development

### Substantial New Programme of Action for the least-developed countries

#### *Mid-term review*

2.3.31. The intergovernmental group set up within Unctad to examine the problems of the least-developed countries met in Geneva from 30 September to 11 October to carry out a mid-term review of the progress made in implementing the Substantial New Programme of Action (SNPA) for these countries adopted in September 1981.<sup>2</sup>

Note was made of the achievements and shortcomings in the implementation of the programme in terms of both the measures taken at national level by the LLDCs and international support, and a number of priorities and actions to improve the effectiveness of the programme over the remainder of the decade were drawn up.

At this meeting the Community and its Member States announced their intention of establishing a new export earnings compensation system along the lines of Stabex which would cover a large number of agricultural commodities from LLDCs not signatories to the Lomé Convention.<sup>3</sup>

They also expressed the hope that other importing countries would join in.

The conclusions of the mid-term review will be submitted to the 40th session of the UN General Assembly for ratification. The intergovernmental group will recommend that the General Assembly decide on a high-level worldwide review and overall assessment of the SNPA's implementation in 1990.

### Generalized tariff preferences

#### Review of the scheme for 1986-90; scheme proposed for 1986

2.3.32. On 25 October Parliament gave its opinion<sup>4</sup> on the Commission's communi-

cation concerning the review of the Community's generalized tariff preferences scheme for 1986-90<sup>5</sup> and on the proposal for the 1986 scheme.<sup>6</sup>

### Rules of origin

2.3.33. On 22 October the Council adopted a Regulation<sup>7</sup> authorizing derogations from the normal rules of origin<sup>8</sup> with a view to promoting regional cooperation between countries belonging to the following groups: Asean, the Central American Common Market and the Andean Group (→ point 2.1.46).

### Commodities and world agreements

#### Coffee

2.3.34. On 3 October, at its 44th meeting (begun in September), the International Coffee Council reached a decision on export quotas for the coffee year from 1 October 1985 to 30 September 1986.<sup>9</sup>

On the basis of a proposal put forward by a majority of producers and an amendment from the Community, the Council set the initial annual quota at 58 million 60-kg bags linked to a price bracket of 120-140 US cents/lb. This decision was not unanimous on account of opposition from the United States.

At the last moment, the Community's stance produced a consensus among the other consumer countries. Before this the negotiations had reached an impasse because of the attitude of the United States, which had insisted that finding a solution to the problem of what sanctions to apply

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<sup>1</sup> OJ C 343, 31.12.1985.

<sup>2</sup> Bull. EC 9-1981, point 2.2.10.

<sup>3</sup> Bull. EC 7/8, point 2.3.51.

<sup>4</sup> OJ C 343, 31.12.1985.

<sup>5</sup> Bull. EC 5-1985, point 2.2.42.

<sup>6</sup> Bull. EC 7/8-1985, point 2.3.40.

<sup>7</sup> OJ L 285, 25.10.1985.

<sup>8</sup> OJ L 372, 31.12.1983.

<sup>9</sup> Previous meeting: Bull. EC 4-1985, point 2.2.29.

to exporting countries selling coffee to non-member countries must precede the start of talks on the package of economic measures, i.e. export quotas, price brackets and quota adjustment machinery.

The Council also approved the setting up of a committee on 'exemptions from certain obligations' and the procedure for applications made by exporting countries, with a view to speeding up their appraisal.

A procedure designed to improve the stock control system in the producing countries was adopted so that better information would be available on quantities that were actually exportable (volume and quality).

### Food aid

2.3.35. With the endorsement of the Food Aid Committee, the Commission decided on the operations set out in Table 6.

Table 6 — Food aid operations

		(tonnes)			
		Cereals	Milk powder	Butteroil	Other
Guinea-Bissau	cif	5 000	300	100	Vegetable oil 1 000
Sudan	cif		1 000	500	
Angola	cif	18 000			
Jamaica	fob		500	100	
Bangladesh	cif	120 000			
	free at destination	20 000			
Total		163 000	1 800	700	1 000

2.3.36. The Commission also decided on emergency food aid of 5 000 tonnes of cereals for Ethiopia, to be channelled through Oxfam-UK and distributed in Wollo Province.

### Emergency aid

#### Recovery plan for drought-stricken African countries

2.3.37. On 31 October the Commission presented to the Council a recovery plan for drought-stricken African countries together with a report on the implementation of the Dublin plan (→ point 1.4.1 *et seq.*).

#### Viet Nam

2.3.38. In view of the disastrous situation caused by typhoons and torrential rains in

Viet Nam in September and October, on 25 October the Commission approved emergency aid of 500 000 ECU to help the victims. The aid will be used for a relief programme (medicines, supplementary food, clothing and clothing materials, mosquito nets, bed mats) carried out by NGOs (Trocaire, Belgian Oxfam, Secours populaire français) and closely coordinated by the Commission.

### Trade promotion

#### International trade events

2.3.39. Helped by technical and financial assistance from the Community, 10 African countries participated in the International Leather Week held in Paris in September,

which brought them business worth an estimated 27 million ECU.

2.3.40. Six ACP States and the ACP liaison committee for fruit and vegetables (COL-EACP) attended the Fiera di Levante in Bari in September. Two days were given over to fisheries, and African officials and Italian experts looked into possibilities for specific forms of cooperation in this area with a view to a food strategy.

2.3.41. Seventy countries and 5 200 firms were represented at the ANUGA World Food Market in Cologne, the largest food fair in the world. The Commission coordinated the participation of the ACP States, which had a group of stands presenting 16 countries and two regional bodies. Total orders for products from the ACP States came to an estimated 54.5 million ECU.

2.3.42. More than 20 African and 30 other developing countries, aided by the Community and the Federal German Government, attended the Overseas Import Fair in Berlin in September. A round table on development problems was also organized, with ACP ambassadors accredited to the Communities taking part.

## **Stabex**

### **LLDCs not party to the Lomé Convention**

2.3.43. At the mid-term review of progress in implementing the Substantial New Programme of Action for the least-developed countries adopted in 1981 (→ point 2.3.31), the Community, following a decision taken by the Council on 1 October, announced that it proposed to set up, subject to certain conditions, a Stabex-type scheme for the LLDCs not party to the Lomé Convention.

## **Financial and technical cooperation**

2.3.44. On 30 September and 1 October a group of experts from the Member States working in the field of aid for the media in developing countries was brought together in Brussels by the Commission to exchange information on what is being done by the Member States and the Commission in this field (bilateral aid, NGOs, radio and television companies).

The meeting was an opportunity for the Commission to become better acquainted with the context in which the new provisions of Lomé III on information and communications will be implemented.

2.3.45. A seminar on 'information technology: a possible development tool', organized by the Commission from Lomé II regional appropriations, was held in Cotonou, Benin, from 7 to 9 October. Decision-makers from five French-speaking African countries (Benin, Cameroon, Gabon, Mali and Togo) were asked to present and discuss specific cases concerning the introduction of information technology in their countries. In addition, a representative of Ivory Coast and one from Senegal each presented a case concerning these countries. This South-South exchange of practical experience was much appreciated by the participants, who made contacts at the meeting and will continue exchanging information on aspects such as the possibilities opened up, the constraints, equipment, software and staff.

### **ACP States and OCT**

2.3.46. In October the Commission allocated fourth and fifth EDF resources totalling 52 632 000 ECU to finance projects, programmes and emergency aid operations which it administers in the following sectors (Table 7).

Table 7 — *Financing of fourth EDF operations*

Sector/country	Project	(million ECU)	
		Grants	Loans
<i>Rural Production</i>			
Malawi	Predominantly agricultural project	3.9	
Niger	Hydro-agricultural scheme	0.3	
Ghana	Plantations	3.7	
Kiribati	Fishing boats	2.8	
<i>Economic infrastructure</i>			
Antigua and Barbuda	Roads	1.6	1.542
<i>Industrialization</i>			
Zambia	Sysmin; mining		28.0
<i>Social development</i>			
Niger	Education and training	2.8	
Mali	Village water engineering	5.8	
Ethiopia	Water supplies	1.9	
<i>Emergency aid</i>			
Seychelles <sup>1</sup>		0.05	
Benin <sup>2</sup>		0.2	

<sup>1</sup> For victims of torrential rains.

<sup>2</sup> For flood victims.

### *Non-associated developing countries*

#### Report on assistance in 1984 and guidelines for 1986

2.3.47. On 24 October the Commission sent the Council its report on the implementation in 1984 of financial and technical assistance to the non-associated developing countries and also a proposal on the general guidelines for this assistance in 1986.<sup>1</sup>

2.3.48. The 1984 appropriations (218 million ECU), which were allocated on the basis of geographical region, benefited 10 Asian countries (Maldives, Thailand, Nepal, Laos, India, Indonesia, Pakistan, Bangladesh, Bhutan and the Yemen Arab Republic—and also the Israeli-occupied territories), one Latin American country (Bolivia), two Latin American regional bodies and one African country (Angola).

In 1984 24.2% of the funds were received by the least-advanced countries (Maldives, Nepal, Laos, Bangladesh and the Yemen Arab Republic), a remarkable increase compared with previous years' commitments.

The main sectors financed were agriculture (75%), trade and banking (10%) and public services (8%).

2.3.49. For 1986 the Commission proposes to continue with previous years' guidelines, including the geographical breakdown of 75% for Asia and 20% for Latin America.

As for the funds previously earmarked for Africa (5%), the Commission proposes that they constitute a reserve since the only two African beneficiaries to date, Angola and Mozambique, are now associated with the

<sup>1</sup> OJ C 285, 8.11.1985; COM(85) 559 final; COM(85) 560 final.

Community under the third Lomé Convention. In the case of Central America, any aid accorded under an EEC-Central America cooperation agreement would be additional to the present provisions.

### Financing decisions

2.3.50. With the endorsement of the Committee on Aid to Non-associated Developing Countries, the Commission decided in October to finance the following from appropriations under Article 930 of the Community budget:

*Yemen*: seed production project (phase two), parallel cofinancing with Italy: total cost 12.4 million ECU, Community contribution 5.8 million ECU;

*Angola*: rural water supplies, parallel cofinancing with Unicef: total cost 120 million ECU, Community contribution 2.25 million ECU;

*Bangladesh*: rural development programme in the Rangpur area, parallel cofinancing with the Netherlands: total cost 40 million ECU, Community contribution 25.5 million ECU.

### Cooperation via non-governmental organizations

2.3.51. In the period 1 January to 31 October this year a total of 29.5 million ECU was committed by the Commission for the cofinancing of 215 projects presented by 107 NGOs.

The Commission also contributed a total of 2 625 000 ECU to 50 campaigns to increase European public awareness of development issues.

### Institutions

#### ACP-EEC

2.3.52. On 22 October the Commission presented to the Council draft directives

for negotiations with the ACP States on a protocol of adaptation to the third Lomé Convention following the accession of Portugal and Spain in order to make provision for progressive access for ACP products to the new Members States' markets over the transitional period.<sup>1</sup>

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2.3.52a. In October Parliament passed two resolutions,<sup>2</sup> one on the association of the overseas countries and territories with the Community<sup>3</sup> and the other on the proposal to extend the implementation of the special programme to combat hunger in the world.<sup>4</sup>

### International organizations and conferences

#### United nations

##### United Nations conference on the Law of Treaties

2.3.53. In accordance with General Assembly resolution 39/86, the United Nations Conference on the Law of Treaties between States and International Organizations or between International Organizations will be held in Vienna from 18 February to 21 March 1986.

Resolution 39/86 appealed to participants in the Conference to organize, prior to the convening of the Conference, consultations concerned primarily with its organization and methods of work.

Preparatory consultations between States were held in March, and further talks involving the Community and a number of international organizations took place in July. The consultations are continuing during the current session of the General

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<sup>1</sup> COM(85) 542 final.

<sup>2</sup> OJ C 288, 11.11.1985.

<sup>3</sup> Bull. EC 4-1985, point 2.2.26.

<sup>4</sup> OJ C 219, 29.8.1985; Bull. EC 7/8-1985, point 2.3.44.



Assembly so that the Sixth Committee can submit to the Assembly a motion for a resolution on the organization of the Conference.

The Council has already given the Commission two sets of negotiating directives (22 April and 8 July) concerning (a) the Communities' participation in the Vienna Conference and the preliminary consultations and (b) the final clauses of the draft convention, which were discussed at the July consultations.

The Council laid special stress in its directives on the Communities' international capacity, which justifies their claiming a status as close as possible to that of a State in both the Conference and the consultations.

In this context, the Commission adopted on 24 October a recommendation in which it requested the Council to supplement the negotiating directives given to the Commission in July and to decide the Community's overall attitude with regard to the characteristics of the draft convention itself and to the possible consequences of the present and future negotiations for the Community.<sup>1</sup>

## General Agreement on Tariffs and Trade

### Rollback: speeding up the Tokyo Round reductions

2.3.54. During October the Commission proposed to the Council that implementation of the final tariff reductions under the Tokyo Round should be brought forward (→ points 2.3.6 to 2.3.8).

### Council

2.3.55. The GATT Council, meeting on 10 October, took note of the fact that consultations and discussions were continuing with a view to launching a new round of trade negotiations and, in the various committees, on the 1982 Work Programme.<sup>2</sup>

The Council set up a panel to examine the United States trade embargo on Nicaragua and another to examine the Israel-United States free-trade-area agreement.

The Council was unable to discuss the report by the panel which examined the American complaint concerning Community aid for canned fruit.

### Committee on Subsidies and Countervailing Duties

2.3.56. The GATT Committee on Subsidies and Countervailing Duties met on 23 and 24 October.

With regard to examination of the signatories' national legislation, the Community noted opposition from various quarters to the Canadian and American procedures concerning countervailing duties. The Committee again examined problems relating to agricultural subsidies that have arisen with regard to uniform interpretation and effective application of the Code.

The United States drew attention to the unanimous conclusion of the US International Trade Commission, which found no grounds for the allegations of material injury made in the petitions filed in respect of certain exports of Community table wine. While welcoming this conclusion, the Community pointed out that current United States legislation was not compatible with the provisions of the Code.

Lastly, the Committee took note of Israel's accession to the Code.

## Council of Europe

### Parliamentary Assembly

2.3.57. In the Course of the Assembly's autumn session (25 September to 3 October), the Council of Europe parliamentarians approved the recommendations

<sup>1</sup> COM(85) 563 final.

<sup>2</sup> Sixteenth General Report, point 802.

—already welcomed by the Committee of Ministers—made by the Special Commission chaired by Mr Colombo, former Italian Foreign Minister, which had been set up by the Assembly to chart the prospects for European cooperation beyond the present decade.<sup>1</sup>

According to the Colombo Commission, the Community as such should play an increasingly active role in Council of Europe projects, thereby demonstrating the complementarity of the two organizations.

For its debate on economic matters the Assembly had invited Mr Jean-Claude Paye, the OECD Secretary-General, who spoke on developments in the world economic situation, and Mr Jermu Laine, Finland's Foreign Trade Minister, who presented the EFTA view on the current process of cooperation with the Community.

The Assembly also examined various other topics, notably concerning the European

Social Charter, protection of the Mediterranean environment and the management of radioactive waste.

## Diplomatic relations

2.3.58. The President of the Council and the President of the Commission received HE Mr Shan Liu, Head of Mission of the People's Republic of China to the European Communities, who presented his letters of credence, to take effect on 1 October, and also the following ambassadors, who presented their letters of credence, to take effect on 21 October: HE Mr Celso Monteiro Furtado, Head of Mission of the Federative Republic of Brazil to the European Communities; HE Mr Said Al-Assaad, Head of Mission of the Lebanese Republic to the European Communities.

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<sup>1</sup> Bull. EC 11-1984, point 2.2.57.

# 4. Financing Community activities

## Budgets

### General budget

#### 1986 budget

##### *Letter of amendment to the 1986 budget*

2.4.1. In accordance with Article 12(6) of the Financial Regulation of 21 December 1977,<sup>1</sup> on 11 October the Commission sent the budgetary authority a letter of amendment<sup>2</sup> to the preliminary draft budget of the Communities for 1986.<sup>3</sup>

The letter of amendment simply adjusted the amount entered in the 1986 preliminary

draft<sup>4</sup> as the correction of budgetary imbalances for 1985 calculated in accordance with the mechanism agreed at the Fontainebleau European Council.<sup>5</sup> The item of the calculation concerned was the United Kingdom's share of VAT payments in 1985. The new calculation resulted in a further reduction of 264 million ECU in its 1986 VAT payments.

The Council meeting on economic and financial affairs on 28 October recognized that the adjustment was justified but asked the Commission to resolve this problem

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<sup>1</sup> OJ L 356, 31.12.1977.

<sup>2</sup> COM(85) 550 final.

<sup>3</sup> Bull. EC 6-1985, points 1.6.7 to 1.6.14.

<sup>4</sup> Bull. EC 6-1985, point 1.6.12.

<sup>5</sup> Bull. EC 6-1984, point 1.1.9 (section 1).

and make any other corrections required by means of a preliminary draft amending budget in September 1986.

## Financial operations

### ECSC

#### Loans raised

2.4.2. In October the Commission made a 100 million ECU public issue. Carrying a coupon of 8.625%, it was issued at 99.5% of its face value for 10 years. The Commission also concluded two private placings in marks for the equivalent of 28.95 million ECU.

#### Loans paid out

2.4.3. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission paid out loans in October for a total of 109.16 million ECU, broken down as follows:

##### *Industrial loans*

2.4.4. The following industrial loans (Article 54) totalling 78.73 million ECU were made:

##### Italy

###### *Nuova Italsider, Genoa*

Restructuring and modernization of the Bagnoli steelworks

###### *Acciaieria e Ferriera Lombarde Falck SpA, Milan*

Restructuring and modernization of the company's works

###### *Acciaieria Venete SpA, Camin (Padua)*

Restructuring and modernization of the Camin works

###### *Acciaieria e Ferriera di Crema, Crema*

Restructuring and modernization of the Crema works

###### *Acciaieria e Ferriera di Crema, Turin*

Restructuring and modernization of the Settimo Torinese works.

##### Germany

###### *Westdeutsche Genossenschafts-Zentralbank eG, Münster*

Promoting the use of Community coal

###### *Commerzbank AG, Düsseldorf*

Promoting the use of Community coal

##### *Subsidized housing*

2.4.5. Loans for the building of subsidized housing for steelworkers amounted to 1 million ECU.

##### *Conversion loans*

2.4.6. Conversion loans (Article 56) totalling 29.43 million ECU were paid out to the following companies as supraregional loans for small and medium-sized firms:

##### Germany

###### Bank für Gemeinwirtschaft AG, Frankfurt

###### Bayerische Vereinsbank AG, Munich

###### Deutsche Bank AG, Düsseldorf

###### Westdeutsche Genossenschafts-Zentralbank eG, Münster

###### Westfalenbank AG, Bochum

###### Dresdner Bank AG, Frankfurt

##### United Kingdom

###### Investors in Industry Group plc, London

###### Barclays Bank plc, London

France

Société de Développement Régional de Lorraine Lordex, Nancy

**EEC-NCI**

**Loans raised**

2.4.7. In October the Commission made a public issue of LFR 1 000 million at par for 10 years carrying a coupon of 8.875%, a public issue of SFR 100 million at par for 15 years carrying a coupon of 5.5% and a public issue of 100 million ECU at par for 8 years carrying a coupon of 8.875%.

**Loans paid out**

2.4.8. NCI loan contracts signed during October totalled 62.2 million ECU: 13.4 million ECU was under the first tranche of

NCI III<sup>1</sup> and 48.8 million ECU was under the second tranche of NCI III.<sup>2</sup>

Denmark

A loan of 8.7 million ECU was granted to the Danish State Railways to fund the electrification of the main network in the interests of greater efficiency and energy saving.

Italy

Two NCI loan contracts totalling 53.5 million ECU were signed. One was a global loan of 40.1 million ECU to Istituto Mobiliare Italiano for the financing of small and medium-scale investments in central and northern Italy. The other was a 13.4 million ECU loan to fund basic infrastructure in the new business quarter of Naples that is to be created at Poggioreale, in the eastern suburbs.

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<sup>1</sup> OJ L 164, 23.6.1983.

<sup>2</sup> OJ L 208, 3.8.1984.

## 5. Political and institutional matters

### Political cooperation

2.5.1. The Foreign Ministers held a Gymnich-style informal meeting in Luxembourg from 25 to 27 October. Political cooperation topics discussed included East-West relations, the Middle East and Central America.

2.5.2. On 30 October the Ten issued the following statement in support of the democratic process in Argentina:

'The Foreign Ministers of the Ten and of Spain and Portugal were gravely concerned to learn that attempts were being made to challenge the democratic process in Argentina, leading to a declaration of martial law.

The Foreign Ministers reaffirm their support for the courageous efforts being made by President Alfonsín to restore and maintain fundamental freedoms and to stabilize the economy, and express the hope that these exceptional, temporary measures will help ensure that the forthcoming elections can be held on the date planned in a climate of peace and freedom, and that democracy will be definitively consolidated in Argentina.'

2.5.3. During its two part-session in October Parliament passed a number of resolutions on political cooperation and human rights (→ points 2.5.26 and 2.5.31).<sup>1</sup>

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<sup>1</sup> OJ C 288, 11.11.1985; OJ C 343, 31.12.1985.

## European policy and relations between the institutions

### European policy

#### Intergovernmental Conference

2.5.4. The Intergovernmental Conference convened to amend the EEC Treaty and draft a treaty for a common foreign and security policy held its second meeting in Luxembourg on 21 and 22 October. On 22 October it received a delegation from Parliament (→ point 1.1.1 *et seq.*)

Mr Delors also sent the Conference a document on the Community's monetary capacity.

2.5.5. At its second October part-session Parliament debated its involvement in the Conference's activities following this meeting and adopted a resolution on the subject (→ point 1.1.4).<sup>1</sup>

At its first October part-session Parliament had adopted a resolution on this Conference and in particular the proposals made by the Commission and the Member States (→ point 2.5.25).<sup>2</sup>

On 24 October it also adopted a resolution on meeting facilities in Brussels (→ point 2.5.30).<sup>1</sup>

#### Relations between the institutions

2.5.6. On 22 October Parliament adopted a resolution in which it expressed its desire to intensify its relations with the European Investment Bank (→ point 2.5.30).<sup>1</sup>

## Institutions and organs of the Communities

### Parliament

#### Strasbourg: 7 to 11 October<sup>3</sup>

2.5.7. Parliament organized the first of its October part-sessions around the burning

question of 'Europe's response to the modern technological challenge', holding a series of debates and passing no less than nine resolutions on the subject.

Amid general uproar the House also heard the Council's presentation of the 1986 draft budget, which it termed 'illegal', 'irresponsible' and 'in bad faith'.

#### Europe's response to the modern technological challenge

##### Reports presented

2.5.8. A leading Japanese figure recently addressed a challenge to Europe, saying that they were going to win and the industrial west was going to lose! We couldn't do much about it, because 'the fault is not in our stars, but in ourselves'! This challenge in technology is probably the biggest facing the Community today. True, the Community is not without resources. In certain fields, like nuclear fusion (JET) and space (the European Spacelab and the Ariane rockets), it even has a lead. But any overall appraisal shows it to be lagging disquietingly behind. So it is for Europe to start proving, by marshalling its forces, that it can take up the gauntlet thrown down by the United States and Japan. The report by Michel Poniatowski (*Lib/F*) attempts to draw the main lines of a European strategy. It is based on certain inescapable truths: Europe's weakness is due, in particular, to the scattering of its research effort and to the lack of a real internal market; Europe also fails to put the results of its research into practice. But Europe cannot simply copy the American and Japanese models, for they are not suited either to Europe's needs or to its political realities.

<sup>1</sup> OJ C 343, 31.12.1985.

<sup>2</sup> OJ C 288, 11.11.1985.

<sup>3</sup> The complete texts of the resolutions adopted by Parliament are reproduced in OJ C 288, 11.11.1985, and the report of the proceedings is contained in OJ Annex 2-330. 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).

The report went on to propose a strategy: the immediate needs are a Technology Community, a large internal market and reform of the decision-making process. Furthermore, European research must be given adequate funds. The target for the contribution from the Community budget must be at least 6% of commitment appropriations in 1988.

What part is Eureka to play? The Eureka project must be integrated into the Community framework and the Commission must be involved in each of the projects.

What about the American strategic defence initiative (SDI)? By a small majority, the Committee on Energy, Research and Technology, responsible for the report, called for 'European research capacity to be mobilized and focused on non-military aims' and rejected 'European participation in the SDI project on political, economic, scientific and ethical grounds' (paragraph 17 of the resolution).

For the medium term the report sets particular store on involving workers in the decision-making process within the framework of a Europe of technology. In other words, technological Europe must take its place alongside 'a European social area'.

For the long term the Community should commit itself to making good the industrial competitiveness in high-technology goods it has lost over the last 20 years.

2.5.9. Mr Werner Münch (*EPP/D*) presented a report on a European research area. He was convinced that Europe must switch from the defensive to the attack in its research policy and industrial policy; hence the concept of a European research area. What this meant was avoiding duplication of effort, raising the research appropriations in the Community budget from 3% to 6% between now and 1989, stepping up coordination and establishing a Community centre to coordinate European and national research in order to develop a common research and technology strategy. It also meant enhancing the social status of research workers and encouraging

exchanges. And, finally, it meant eliminating the bottlenecks between basic research, applied research and market-oriented research, and forging links between industry and education so that a European research and technology strategy could develop.

2.5.10. Mr Gérard Longuet (*Lib/F*) presented a report on the differences in technological development between the Community countries. He maintained that the individual Member States did not accord anything like the same priority to research, if only because of budgetary constraints. So there were undeniably big differences in technological development between them. But European solidarity made its own demands. How, then, should research be organized in Europe so that all may benefit? Mr Longuet's answer was that a common research policy must take due account of the disparities in technological development. The Commission would have to devise rules to ensure the effective scientific participation of the technologically less-advanced countries in all the Community research projects. To that end, technology transfers within the Community would have to be encouraged.

2.5.11. The first finding in the report by Mr Michelangelo Ciancaglini (*EPP/I*) on the consequences of the new technologies for European society was that current technico-economic change was much swifter than social and cultural change. A balance must be struck between tradition and scientific and technological innovation; and for that, social and political consensus was essential.

Mr Ciancaglini also held that no effort must be spared to avoid sliding into a 'two-tier' society consisting of people at work with high incomes and others out of the mainstream and on social assistance. He warmly welcomed the Italian IRIS project, with its objective of evaluating the social impact of the new technologies.

2.5.12. The report by Mr Alman Metten (*Soc/NL*) contended that the present American attitude to controls on technology transfers was unacceptable. For the Amer-

icans, any Community product for export was subject to their legislation if it incorporated technical components manufactured in the United States. From the military angle, it was the eastern countries that the Americans were worried about, but, paradoxically, Western Europe was the hardest hit by their policy, which cramped its capacity and its freedom to produce and export, since the eastern countries were, in any case, circumventing the American legislation to acquire the technology they needed.

For Mr Metten the commonsense solution would be to confine the controls imposed by the Americans to technology transfers that were critical for military reasons, without stretching them to cover all technology.

2.5.13. In his report on vocational training and the new information technologies Mr Elmar Brok (*EPP/NL*) took a generally positive line on the new technologies, which could help make work more human. However, in some industries their advent had caused the loss of jobs since the emphasis had been laid primarily on rationalizing production. In the software industry the labour force was expected to increase between now and 1990 by an annual 10% of the 900 000 currently employed. Software workers would then total 2 million, and by the year 2000 a quarter of the population was likely to be employed in sectors using the new technologies. With that prospect in view Mr Brok laid the emphasis on better vocational training and the introduction of permanent education in information technology.

2.5.14. The report compiled by Mrs Heinke Salisch (*Soc/D*) on the impact of microtechnology on job opportunities for women took as its initial premise that the new technologies must not be used to the detriment of women's employment. The Committee on Women's Rights was therefore urging the adoption of positive measures so that women could compete on equal terms with men for access to the new types of job. Mrs Salisch stressed, for example, the need for greater humanization of work. Furthermore, women must enjoy the same

possibilities as men for engaging in the vocational training which would enable them to utilize the new technologies.

2.5.15. Mr Hugh McMahon (*Soc/UK*) presented a report on the information technologies and the schools systems, in which he welcomed the 1985-87 work programme proposed by the Commission in its communication on new information technologies and the schools systems in the Community.<sup>1</sup> The Council, the budgetary authority and the Member States were urged to ensure that education departments were given more money to enable them to take full part in this work programme.

2.5.16. In his report Mr Rolf Linkohr (*Soc/D*) stressed that both the social and the economic effects of the new technologies imposed options which, in our democracies, were political. In the Community it was therefore for Parliament, armed as it was with budgetary powers, to determine the options. Why not set up its own Office for Scientific and Technological Option Assessment on the lines of the Office of Technology Assessment set up by the US Congress in 1972, a pioneer in this field?

2.5.17. The report by Mr Claus Toksvig (*ED/DK*) held that Europe must continue to meet the challenge of space under the direction of the European Space Agency and with special emphasis on the development of research programmes for the manufacture of new products in space. There was all to play for from the scientific, political and economic angles, for the industries involved in space activities provided a remarkable stimulus for the new technologies.

2.5.18. Mr Florus Wijnsenbeek (*Lib/NL*) presented a report on transport and the new technologies. Transport and telecommunications were two of the 10 subjects proposed by the Commission in its memorandum 'Towards a European Technology

<sup>1</sup> Bull. EC 1-1985, point 2.1.22.

Community'.<sup>1</sup> The report nevertheless deplored that fact that the Commission had announced neither its selection criteria nor its priorities. It therefore proposed a number itself: the quality of the environment, shorter travelling times, better-quality service—speed, safety, comfort—and rationalization of costs.

2.5.19. The report by Mrs Carla Barbarella (*Com/I*) supported the solution of national contributions for financing supplementary research programmes. In its Decision of 7 May on own resources,<sup>2</sup> the Council had opened the door to the financing of supplementary research programmes by means of national contributions entered as such in the Community budget. The report accepted this solution, which preserved Community 'supervision' and Parliament's participation. It emphasized, however, that research financed in this way must be supplementary in relation to Community research financed from its own resources. The programmes decided under Eureka, for instance, should have the status of supplementary programmes.

#### *Debate and resolutions*

2.5.20. The House split the whole debate on the new technologies into three parts: a general part on the Poniatowski and Ciancaglini reports, which together served as a broad introduction to the specific and sectoral reports; a part devoted to the application of the advanced technologies in specific sectors (Münch, Longuet, Wijsenbeek and Barbarella reports), and a third part devoted to the social and educational aspects (Brok, Salisch, McMahon and Linkohr reports).

The Metten report on controls on technology transfers and the Toksvig report on European space policy were held over for another part-session.

2.5.21. The divisions on the Poniatowski and Ciancaglini reports were preceded by speeches from several members. The debate centred on the Eureka project, the American SDI programme and the Community's par-

ticipation. The Eureka programme objectives were endorsed by a large majority of the House, which nevertheless wanted to see the programme put in a Community setting while allowing 'variable geometry' participation—for both smaller Member States and non-member countries—in the various projects.

After making a number of amendments to the Poniatowski report, the House finally passed a resolution on Europe's response to the modern technological challenge by 197 votes to 85 (mainly Socialist) with two abstentions.

Parliament rejected by 152 votes to 146 paragraph 17 of the report (which in fact had barely cleared the Committee) (→ point 2.5.8), which would have had the House oppose any European participation in the SDI project (amendment by Mr Croux (*EPP/B*), Mr von Wogau (*EPP/D*) and Mr Sälzer (*EPP/D*)).

The fact that it did not expressly reject European participation in the SDI prompted the great majority of the Left to vote against the resolution. By remaining silent on possible European participation, Parliament thus implicitly paved the way for it.

In its resolution on the consequences of the new technologies for European society (the Ciancaglini report) the House pointed out the difficulty of identifying and assessing the social effects and the effect on employment of new technology and considered that as a general principle 'suiting machines to their users should be preferred to the reverse'; this implies a new international division of labour and new structures of production. Parliament also considered that the Technology Community that was to be set up must have 'a programme taking account of implications for ordinary people and for society'. It therefore welcomed with keen interest the Italian IRIS project, which was designed to take account of the social consequences of new technology. Concerning genetics, the House adopted an amend-

<sup>1</sup> Bull. EC 9-1985, point 1.2.1 *et seq.*

<sup>2</sup> OJ L 128, 14.5.1985; Bull. EC 5-1985, point 2.3.5.



ment by Mr Petronio (*ER/I*) stressing the serious ethical and moral problems involved and calling for 'precise legal standards... on the rights of children and unborn children.'

2.5.22. Parliament then proceeded to debate the more specific reports.

Speaking on the Longuet report on the technological gap between certain Member States, Mr Kolokotronis (*Soc/GR*) felt that regional policy was not to be jeopardized on account of the additional expenditure required for research and technology. Mr Seligman (*ED/UK*) also believed that the least-developed countries must have the chance to catch up with the others.

On the Barbarella report, Mrs Scrivener (*Lib/F*) was in favour of a link between the two types of action—Community programmes and supplementary programmes—with Parliament maintaining its powers of control, since this was essential to avoid a complete dismantling of the Community edifice. Mr Pasty (*EDA/F*) recognized that the Community budget could not—and, indeed, must not—do everything; he accepted the *à la carte* financing suggested by Mrs Barbarella, which would preserve the Community element, even for projects financed under a supplementary programme.

Concerning the Münch report on the European research area, Mr Mallet (*EPP/F*) was amazed that such a ludicrously small proportion of Community resources was devoted to research.

Parliament finally passed the following resolutions.

*Creation of a European research area* (Münch report). The Member States were called upon to improve the harmonization of their national research policies, and the Council was urged to double the proportion of the Community budget allocated to research from 3% to 6% by 1989. The House recommended that an effective Community coordinating body set up, with responsibility for preparing a common

strategy for research and technology and supervizing its implementation.

*The differences in technological development between the Member States* (Longuet report). Parliament regretted that technological problems were not given closer consideration during the accession negotiations, considered that the common research policy should take due account of the disparities in technological development and wished to see Spain and Portugal begin to participate in European research programmes as soon as possible.

*The role and use of advanced and new technologies in the field of transport* (Wijsenbeek report). Parliament suggested to the Commission that it adopt specific criteria in its selection of projects, so as to balance the physical ecology, minimize travelling times, rationalize production and maintenance costs, encourage mobility of production factors and flexibility in operating time, and conserve energy.

The Wijsenbeek report was, however, altered by the amendments of Mr Jan Klinkenberg (*Soc/D*) and Mr Angelo Carossino (*COM/I*).

*The financing of supplementary research programmes* (Barbarella report). The House was in favour of supplementary programmes as a financial instrument which might help integrate research efforts currently being pursued at different levels. Parliament insisted that the Eureka programmes be integrated into a Community strategy and financed as supplementary programmes.

2.5.23. The third part of the debate was devoted to social aspects, after Mr Brok, Mrs Salisch, Mc McMahon and Mr Linkohr had presented their reports.

On the Linkohr report, Mr Amédée Turner (*ED/UK*) said that he was not in favour of Parliament creating an Office for European Scientific and Technological Option Assessment as he feared the appointment of 'per-

manent expert' who would soon 'get out of date'.

Mrs Jessica Larive-Groenendaal (*Lib/NL*) believed there was no call to fear any ill effects on employment from the new technologies. In the United States they had thought computerization would cause jobs to be lost, but twenty years later they found it had created 30 million. Steps should be taken straight away to get well-trained labour for the new employment market and develop constructive measures for the benefit of women. Mrs. Martine Lehideux (*ER/F*) felt that regulation of 'the European social dimension' would accentuate the rigidity of the labour market.

The following resolutions were passed.

*The impact of microtechnology on job opportunities for women* (Salisch report). Parliament stressed the need for special courses for women and urged the Council to provide a uniform legal framework that would give access to basic vocational training and further retraining and cover financing arrangements.

*The social aspects of technological change* (Brok and McMahon reports). Parliament emphasized the need to take appropriate measures to provide more training for all groups of the population and particularly for women. It also stressed the importance of information and consultation between management and workers. Finally, the House warned against the serious ethical and social problems posed by certain developments, notably in the field of genetic engineering. The Member States were urged to ensure that education departments were given additional financial resources and support so that they could play a full part in the 1985-87 work programme proposed by the Commission.<sup>1</sup>

*Establishment of a European Parliament Office for Scientific and Technological Option Assessment* (Linkohr report). Parliament considered that it was essential for the House to be able to assess and influence the effects of technological projects and

believed that initially this Office should give priority to studies that could be completed within a year. Certain areas of technology assessment could be delegated to existing Community bodies.

2.5.24. Parliament gave opinions on the following Commission proposals:

(i) an amendment to the Regulation of 18 December 1978 on the European Monetary System as regards the use of the ECU by 'other holders' (→ point 2.1.4);

(ii) a framework Regulation for a European media policy based on the Commission's Green Paper on the establishment of the common market for broadcasting, especially by satellite and cable (→ point 2.1.14);

(iii) a work programme for 1985-87 on new information technologies and the schools systems in the Community (→ point 2.1.62);

(iv) a Regulation on a Community aid scheme for non-documentary cinema and television coproductions (→ point 2.1.79);

(v) an amendment to the Directive of July 1981 on the prohibition of certain substances having a hormonal action and of any substances having a thyrostatic action (→ point 2.1.112);

(vi) a draft Decision on the association of the overseas countries and territories under the Lomé Convention III for the period 1985-90;<sup>2</sup>

(vii) a Regulation on the extension of the validity of the Regulation implementing a special programme to combat hunger in the world.<sup>3</sup>

2.5.25. Parliament also passed resolutions on the following subjects.

*Monetary stability.* Parliament regretted that six years after its beginning, two Member States were still not participating fully in the European Monetary System. It urged them both, and especially the United King-

<sup>1</sup> Bull. EC 1-1985, point 2.1.22.

<sup>2</sup> Bull. EC 4-1985, point 2.2.26.

<sup>3</sup> OJ C 219, 29.8.1985; Bull. EC 7/8-1985, point 2.3.44.

dom, to become full members without further delay. It also called on those Member States which were still maintaining exchange controls and restricting the use of the ECU to eliminate these barriers.

*The meeting of the Finance Ministers of certain countries in New York.* Parliament noted that the Community was not invited to and did not take part in this meeting and protested against the holding of a meeting under such circumstances since it was likely to produce changes which would inevitably affect the countries of the Community.

*The economic aspects of the common market for broadcasting.* Parliament emphasized that the European television project would have no chance of achieving its fundamental social and cultural objectives and serving Europe's wider interests unless the opening up of this market was accompanied by the simultaneous development of a fully fledged European communications industry producing infrastructures and hardware on the one hand and software on the other. The House called on the Member States, acting on a proposal from the Commission, to adopt a common technical standard for direct broadcasting by satellite by the end of 1986. Finally, it welcomed the Commission's intention to submit a draft Directive to harmonize certain aspects of national regulations governing advertising.

*The drought in Europe, particularly in France and Italy.* In two resolutions Parliament appealed for help from the Community authorities in the granting of special funds for the farms affected; the Commission was urged to provide adequate financial aid to help the farmers in the hard-hit areas to cope with the disastrous situation with which they were faced.

*Implementation of dairy quota arrangements.* Parliament wondered whether the principle of coresponsibility was compatible with the imposition of quota restrictions on production. It also pointed to further risks inherent in a quota policy: a stagnation of production structures and a decline of the competitiveness of dairy farms in Europe.

Finally, it asked the Commission to conduct an active export and food aid policy.

*The agricultural crisis in Scotland and Northern England.* Parliament urgently requested the Commission and Council to grant emergency aid to the affected areas and take all appropriate measures to save farmers from inevitable bankruptcy in many instances.

*Forest fires in Portugal.* Parliament asked the Commission to provide emergency aid for the regions and people affected by the fires and to consider with the Portuguese Government a reafforestation plan for the areas destroyed.

*The earthquake in Mexico City.* Parliament urged the Commission and Council to make the maximum possible contribution to relief and reconstruction and demanded rapid implementation of the EEC-Mexico Cooperation Agreement with a view to giving Mexico comprehensive assistance in developing its national economy. Finally, it undertook to make the finding of a political solution to the debt problem one of the points of its work.

*The Intergovernmental Conference.* The House appealed to the Member States to respect the commitment they entered into when agreeing to take part in the Intergovernmental Conference and to submit by 15 October the proposals they were invited to formulate. It also asked the Commission not to restrict its proposals to short-term issues but, like Parliament, to give full weight to the concept of the European Union in all its medium-term and longer-term implications.

2.5.26. In the fields of political cooperation and human rights, Parliament passed resolutions on the following subjects.

*The situation in Lebanon.* Parliament called on the Council to take an immediate diplomatic initiative with a view to ending the systematic massacre of the religious communities and the taking and murdering of hostages.

*The Israeli raid in Tunisia.* Parliament reaffirmed its condemnation of all terrorist acts whether they were perpetrated by individuals, groups or States.

*The invitation from the President of the United States to the seven leading industrial nations to meet him in preparation for the Geneva Summit.* The House called on President Reagan to extend his invitation to the Summit Meeting to be held in New York on 24 October to the President of the Council, since the Community was playing an increasingly important role in foreign and security policy.

*On jamming stations in Europe.* The House protested against the continued use of jamming stations by the Governments of the USSR, Bulgaria, Czechoslovakia and Poland, which constituted a flagrant breach of human rights and was incompatible with the Helsinki Final Act.

*The CSCE and the freedom of the press.* Parliament condemned any action designed to restrict press freedom and therefore denounced the administrative harassment inflicted on western journalists in Eastern Europe.

*Cooperation with the Gulf States and freedom of religion.* The House called on the Council and Commission to include the elementary guarantees of freedom of religion as a decisive factor in their negotiations with the Gulf States, so that persons practising religions other than Islam might continue to participate in EEC projects without hindrance.

*The situation of the Chilean detainee, Pedro Fernández Lembach.* Parliament decided to support the request that his sentence be commuted from imprisonment to exile.

*The abduction of Inés Duarte Durán, daughter of the President of El Salvador.* Parliament called for Inés Duarte Durán to be released immediately and unconditionally and for the international organizations of the democratic parties active in

Central America to exert pressure accordingly.

### *Strasbourg: 21 to 25 October*<sup>1</sup>

2.5.27. Parliament's second part-session in October was devoted to debates on topics to which Parliament attaches great importance, such as the Intergovernmental Conference responsible for amending the EEC Treaty (→ point 1.1.4), implementation of the 1985 budget, human rights and relations with Eastern Europe.

In keeping with its now well-established tradition of offering a platform for statesmen from the Community and non-member countries, the House received Mr Richard von Weizsäcker, President of the Federal Republic of Germany, who spoke on Parliament's powers, security and détente, and the division of Europe and of Germany. On this last point he said that Europe need have no uneasiness about 'German uncertainties'; on the contrary, it could be confident in a 'European certainty'.

### **Human rights**

2.5.28. A debate was held on human rights in the world on the basis of the report by Mrs Ien van den Heuvel (*Soc/NL*) on behalf of the Political Affairs Committee. This paper, the third annual report on the subject, surveyed the violations of human rights committed in 1984 and critically appraised the positions taken in European political cooperation.

Generally speaking, the Member States' governments had undertaken to review their policies and their legislation in order to be certain that they were not abetting the practice of torture and cruelty. This involved:

(i) not returning refugees to countries where they might be subjected to such treatment;

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<sup>1</sup> OJ C 343, 31.12.1985; OJ Annex 2-331.

(ii) refusing to grant export licences for equipment that could be used for such purposes;

(iii) not offering 'safe havens' for torturers and endeavouring to bring to justice those who were guilty of torture in non-member countries.

The report welcomed the inclusion in the third Lomé Convention of a reference to basic human rights and human dignity. It also rebutted countries' claims that Parliament's action and resolutions concerning human rights amounted to inadmissible interference in their internal affairs.

As for the Community, its policy should be more explicit and better coordinated. So, in the event of flagrant violations of human rights, the Community should consider ending all aid and cooperation agreements (except in the matter of food or emergency aid) with the countries committing these violations. Clauses concerning human rights should be inserted into development programmes and external agreements.

Finally, the 10 Member States were urged to ratify the United Nations Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.

The debate on this report reflected certain misgivings, symptoms of which were discernible in the explanations of vote of Mrs Simone Veil (*Lib/F*), the large number of amendments and the no less than 105 abstentions. Clearly, the House had not found the most appropriate form to express its commitment.

The resolution in the van den Heuvel report was passed by 154 votes to 17 with 105 abstentions. The House had earlier adopted a number of amendments, including: those of the European Democratic Group, one of which altered the text on Pakistan, recognizing 'substantial improvements' since the February 1985 elections, while another toned down the comments on Morocco and the last added the word 'persistent' in the sentence 'in the case of persistent flagrant violations of human rights the Community should consider ending all agreements of

aid and cooperation with the offending State'; the amendment by Mr Leendert van der Waal (*NA/NL*), which deleted the section on the United States; the amendment by Mr Marco Pannella (*NA/I*) and others, whereby systematic violations of human rights in several ACP countries should be a reason to increase the protection of these rights in the Lomé Convention and should be an important consideration in the protocols on the implementation of agreements with those countries.

Finally, it should be mentioned that Parliament rejected by 147 votes to 129 the Rainbow Group's amendment which would have had Parliament's Legal Affairs Committee compile an annual report on the situation of human rights in the Member States.

In the explanations of vote, Mrs Marlene Lenz (*EPP/D*) said that the EPP Group would vote for the report despite its objections. One of these objections concerned the section on the ACP countries, for the resolution did not differentiate between countries as regards the human rights situation.

Mrs Simone Veil (*Lib/F*), on her own behalf, Mr Richard Balfe (*Soc/UK*), Mr Robert Chambeiron (*Com/F*) and Mr Denis Baudoin (*EDA/F*), Chairman of the EEC-Maghreb Delegation, criticized the way in which the report had been compiled. Mrs Veil thought it quite outrageous that the report should contain a catalogue of judgments on all the countries of the world, when many of the charges could not be substantiated, whereas it always contrived to keep quiet about acts committed in the Community. Mr Chambeiron justified the abstention of the French Communists on the grounds that Parliament was neither entitled nor equipped to set itself up as an international court, especially as it refused to take stands on violations of human rights in the Community. It also stood condemned for failing to call for sanctions against South Africa. Mr Baudoin said he was shocked by the accusations against Morocco and felt that the vehemence of certain passages smacked of political machination against certain countries.

2.5.29. Parliament gave opinions on the following Commission proposals:

(i) a Regulation laying down measures to discourage the release for free circulation of counterfeit goods (→ point 2.1.40);

(ii) a Decision empowering the Commission to borrow under the New Community Instrument for the purpose of promoting investment within the Community (NCI IV) (→ point 2.1.6);

(iii) a communication on the review of the Community's generalized tariff preferences scheme and a proposal fixing the scheme for 1986 (→ point 2.3.23);

(iv) a Regulation on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community.<sup>1</sup>

2.5.30. Parliament also passed resolutions on the following subjects.

*The harmonization of the age of majority under civil law and the legal capacity of young people in the Community.* Parliament considered it highly desirable that national legislation relating to the legal capacity progressively granted to young people by reason of their age should be harmonized within the Community. The House therefore advocated that the age of majority under civil law should rapidly be standardized at 18 in all the Member States; the Commission was asked to ensure that Parliament's guidelines were implemented by means of a proposal to the Council.

*Trends in agricultural incomes in the Community.* Parliament noted that agricultural incomes in most Member States had fallen in both relative and absolute terms in recent years. It therefore took the view that, in order to narrow the gap between agricultural incomes in the Member States, the Community must take specific measures in the fields of agricultural policy, general social and economic policy, and taxation policy and that these measures should be tied in closely with regional development policy. The Commission was asked to con-

sider ways of introducing a varied support scheme for agricultural incomes.

*The promotion of bee-keeping in the Community.* Parliament regretted that the aid to promote bee-keeping, hitherto 1 ECU per hive per marketing year, had scarcely resulted in any rise in production and that the Commission was not proposing to extend these measures beyond 30 June 1984 as the cost outweighed the benefit. But the Commission was urged not merely to include bee-keeping within the general measures to promote agriculture under the structural policy for agriculture but to propose measures appropriate to the production methods and structure of the bee-keeping sector.

*The creation of a common organization of the market in table olives and the establishment of a register of olive oil cultivation in Greece.* Parliament called on the Commission to draw up and present to the Council, within the timetable provided by the Act of Accession of Greece to the Community, a proposal for a Regulation establishing a common organization of the market in table olives. It also considered that, against the background of the new regulations recently promulgated in the oils and fats sector and the enlargement of the Community to include Spain and Portugal, the work on establishing a register of olive cultivation in all the Member States must be speeded up.

*International trade in counterfeit goods.* Parliament stressed the importance of establishing a GATT code of conduct to combat international trade in counterfeit goods and drew attention to the active role that the Community could play during the new GATT round in expediting the work in this field. It welcomed the initiative taken by the Commission in presenting a proposal for a Regulation designed to discourage the release of counterfeit goods for free circulation.<sup>2</sup>

<sup>1</sup> OJ C 240, 21.9.1985; Bull. EC 7/8-1985, point 2.1.97.

<sup>2</sup> For Parliament's opinion on this proposal, see point 2.1.40.

*State of negotiations between the Community and the countries of Central America.* With regard to the second ministerial meeting between the Ten, Spain and Portugal and the countries of Central America and the Contadora Group to be held in Luxembourg on 11 and 12 November, Parliament considered that the new cooperation agreement to be signed on that occasion, as part of an institutionalized political dialogue, should contribute to the stabilization of the region, autonomous development and economic and political integration.

*Establishment of an EEC-Contadora Group Standing Conference.* Considering the weakened position of the Contadora initiative, Parliament resolved to establish an official and permanent consultative body between itself and the parliaments of the Contadora Group countries.

*Relations between the Community and the Countries of Central and Eastern Europe.* Parliament hoped that normal relations would be established between the Community and the CMEA countries and that this would lead to an arrangement which took account of the differences in the power and structure of these two organizations, yet reaffirmed the principle of concluding trade agreements following bilateral negotiations between the Community and each of the countries of Central and Eastern Europe. It also called on the Community to work for more comprehensive relations with the countries of Central and Eastern Europe.

*Economic and trade relations between the EEC and Albania.* Parliament hoped that the conditions needed to improve and develop economic and trade relations between the Community and Albania would be created and expressed the wish to see methods and procedures developed to promote economic and trade cooperation.

*The importance of the Commission Delegations in the ACP countries and the Maghreb and Mashreq countries and the status of the overseas staff of the EAC.*

Recalling that the great majority of delegates and their staff were not employed as Community civil servants, but under contract to the European Association for Cooperation, a non-profit-making association under Belgian law, Parliament welcomed the Commission declaration of December 1984, confirmed in June 1985, to the effect that all the overseas EAC A and B equivalent staff would be given established posts.

*Meeting facilities in Brussels.* For its own needs, Parliament decided to have a building constructed, with a room providing seating for not less than 600 people, a visitors' gallery and ancillary facilities, as close as possible to parliament's present building in the rue Belliard. It was hoped that the project would be completed by no later than 31 August 1988.

*The budgetary control aspects of the management of Community development aid funds by the European Investment Bank.* Parliament wished to intensify its relations with the Bank so as to be kept well informed of its activities in relation to implementation of Community development aid.

*Monitoring the application of Community law by the Member States.* The House welcomed the fact that the Commission had submitted its first two annual reports but regretted that they did not give a full picture of the application of Community law in the Member States. The Commission was therefore asked to supplement its report with a country-by-country analysis according to the authority concerned—legislative, executive or judicial. It was also requested to investigate and report on difficulties which individuals have encountered in enforcing their rights under Community law through national courts and to take all steps necessary to encourage and facilitate such actions.

2.5.31. In the fields of political cooperation and human rights Parliament passed resolutions on the following subjects.

*Peace initiatives in the Middle East and the Mediterranean.* In two resolutions Parlia-

ment called on the Council to launch an appropriate initiative, by a decision under political cooperation—an initiative that would propose once again a peace process based on the Jordanian-Palestinian proposal, which was the only possible means of halting the tragic spiral of terrorism and reprisals.

*The hostages in Lebanon.* The House appealed once more to the Foreign Ministers meeting in political cooperation to work together to help restore peace and put an end to civil war and secure the release of the hostages at the earliest opportunity.

*The state of emergency in Nicaragua and the reasons for it.* In two resolutions Parliament declared that it saw the continuation of US policy towards Nicaragua as a deliberate attempt to drive the country into dictatorship. The House welcomed the initialling and called for early signature of the Cooperation Agreement between the EEC and Central America as a contribution towards lasting peace in the region.

*The human rights situation in Turkey.* Parliament expressed deep concern at the continuing seriousness of the situation with regard to respect for human rights in Turkey, strongly condemned all forms of violence against persons practised in that country, and called on the Turkish Government to move rapidly towards a restoration of human rights in Turkey.

*Terrorist organizations of the extreme left and the extreme right.* The House condemned in particular those responsible for the recent attacks on the ORTF building in Paris and the Palais de Justice in Luxembourg and called again for effective cooperation between Member States to combat terrorism and on the need to give this greater emphasis than has been the case in the past.

*The murder of Mr Klinghoffer.* Parliament condemned the members of the PLO and other organizations who instigated and carried out the seizure of the ship and the murder, and expressed its indignation and dismay at the fact that the United States had responded to sea piracy with air piracy. The House undertook to use all the means at its disposal to ensure that Member States were under no circumstances allowed to lower themselves to the same level as terrorist groups.

## Council

2.5.32. The Council held seven meetings in October. The table below lists the number, place and date of each meeting, the names of the Council President and Commission representatives and the main items of business. A more detailed account of specific items can be found in the sections of the Bulletin referred to in the footnotes.

Table 8 — Council meetings in October

Number, place and date of meeting	Subject	President	Commission	Main items of business
1030th Luxembourg 1 October	Foreign affairs	Mr Poos	Mr Delors Mr Andriessen Mr De Clercq	<i>Adaptation of Mediterranean Cooperation Agreements following enlargement</i> <sup>1</sup> <i>New technologies</i> <i>1986 budget</i> <sup>2</sup> <i>Relations with USA</i> <sup>3</sup> <i>LLDCs — Mid-term review of the Substantial New Programme of Action</i> <sup>4</sup>



Number, place and date of meeting	Subject	President	Commission	Main items of business
1031st Luxembourg 7 October	Internal market	Mr Goebbels	Lord Cockfield	<i>Completion of internal market: conclusions</i> <i>Luxembourg Community Patent Convention<sup>3</sup></i> <i>A people's Europe:</i> Easing border controls Right of residence
1032nd Luxembourg 17 October	Industry/ steel	Mr Poos	Mr Narjes Mr De Clercq Mr Sutherland	<i>Community steel policy after 1985<sup>6</sup></i> <i>Relations with USA on steel</i>
1033rd Luxembourg 21/22 October	Foreign affairs	Mr Poos	Mr Delors Mr Cheysson Mr De Clercq Mr Ripa di Meana	<i>Mediterranean policy of enlarged Community<sup>1</sup></i> <i>Relations with USA: conclusions<sup>3</sup></i> <i>Relations with Japan<sup>3</sup></i> <i>Rollback: speeding up Tokyo Round tariff cuts<sup>3</sup></i> <i>Fourth meeting of EEC-Israel Cooperation Council<sup>1</sup></i> <i>Easing controls and formalities at intra-Community borders</i>
1034th Luxembourg 21/22 October	Agriculture	Mr Fischbach	Mr Andriessen	<i>Cereal and oilseed rape prices</i> <i>Perspectives for CAP (Green Paper):</i> <i>Wine</i> <i>Sugar</i> <i>Intervention price for raw sugar 1985/86</i> <i>Olive oil<sup>8</sup></i> <i>Imitation milk products<sup>8</sup></i> <i>Egg production</i> <i>Completion of internal market</i> <i>Hormones</i>
1035th Luxembourg 28 October	Economic and financial affairs	Mr Sauter	Lord Cockfield Mr Christophersen Mr Pfeiffer	<i>Annual Economic Report 1985/86<sup>9</sup></i> <i>Safeguard measures taken by Greek Government</i> <i>Dismantling tax frontiers</i> <i>Undertakings for collective investment in transferable securities</i> <i>Budget discipline</i> <i>1986 budget — letter of amendment<sup>2</sup></i> <i>Use of ECUs by 'other holders'<sup>9</sup></i>

## Commission

Number, place and date of meeting	Subject	President	Commission	Main items of business
1036th Luxembourg 29/30 October	Industry/ steel	Mr Poos	Mr Narjes Mr De Clercq Mr Sutherland	<i>Steel policy after 1985: market organization, aid system<sup>6</sup> Relations with USA on steel<sup>7</sup></i>

<sup>1</sup> Relations with other countries and regions.

<sup>2</sup> Financing Community activities.

<sup>3</sup> Relations with industrialized countries.

<sup>4</sup> Development.

<sup>5</sup> Internal market and industrial affairs.

<sup>6</sup> Point 1.2.1 *et seq.*

<sup>7</sup> Steel.

<sup>8</sup> Agriculture.

<sup>9</sup> Economic and monetary policy.

## Commission

### Activities

2.5.33. The President of the Commission, Mr Delors, presented to the Ministers of Economic and Financial Affairs and transmitted to the Chairman of the Intergovernmental Conference his proposals on the Community's monetary capacity; they take the form of straightforward amendments to Article 107 of the EEC Treaty (→ points 1.1.5 and 1.1.6).

### *Discussions, communications and proposals*

2.5.34. After consulting Parliament and the Economic and Social Committee the Commission sent to the Council its annual report on the economic situation in the Community for 1985-86, which offers a cooperative growth strategy for more employment (→ point 1.3.1 *et seq.*).

The seventh Commission report on the state of the Community shipbuilding industry (the situation at the beginning of 1985) was transmitted to the Council.

With the aim of reducing annual milk production in the Community by at least three million tonnes, the Commission proposed to the Council a Regulation introducing a system of compensation to farmers for permanent cessation of milk production.

Adoption of this Regulation will constitute a further stage in the plan for improving the organization of the milk market, which since 1983 has already produced a number of major Council decisions, especially the 1984 Decision introducing production quotas.<sup>1</sup>

Still on the agricultural side, the Commission adopted a proposal for a Council Directive that would ban, from 1 January 1986, the use of any hormonal substances, whether natural or artificial, in all stock-farming. The one exception to this rule would allow therapeutic treatment with the aid of natural hormone substances under strictly controlled and monitored conditions.

An emergency plan for the rehabilitation and recovery of the African countries hardest hit by the drought was proposed to the Council (→ point 1.4.1 *et seq.*), along with medium-term and long-term food strategy and anti-desertification measures.

In accordance with the Community's position on the new round of GATT negotiations<sup>2</sup> the Commission adopted a proposal for a Council Decision to bring forward to 1 January 1986 the final stage in the tariff cuts of the Tokyo Round, due to be made on 1 January 1987.

<sup>1</sup> OJ L 90, 1.4.1984; Bull. EC 3-1984, point 1.2.4.

<sup>2</sup> Bull. EC 3-1985, point 2.2.12.

*Discussions, policy debates and work in hand*

2.5.35. The Commission made preparations for the second session of the Inter-governmental Eureka Conference, scheduled to take place in Hannover on 5 and 6 November.

It also held a policy debate on the creation of a Eurotype product warrant (particularly the link with the internal market) and on the forms of Community financing for research and innovation.

**Appointment of a Director-General**

2.5.36. The Commission appointed Mr Kaj Barlebo-Larsen Director-General of the Service for the Coordination of Structural Instruments, a department recently set up by the Commission.

Kaj Barlebo-Larsen

Born 7 June 1931

Married, three daughters

Master's Degree in Economics, University of Aarhus, Denmark

1955	Danish Ministry of Foreign Affairs
1955-59	Principal, Multilateral Economic Cooperation
1959-62	Secretary of Embassy, Danish Delegation to OEEC/OECD, Paris
1962-66	Deputy Head of Section (bilateral and multilateral agricultural questions), Ministry of Foreign Affairs
1966-72	Deputy Head, Danish Mission to the European Communities, Brussels
September 1966 to July 1967	Chargé d'Affaires <i>ad interim</i>
1972-73	Head of Trade Policy Sec-

tion, Ministry of Foreign Affairs

1973-81

Director, Organization of Markets in Livestock Products, Directorate-General for Agriculture, Commission of the European Communities

1981-31 October 1985

Head, Delegation of the European Communities in Australia and, from December 1984, also in New Zealand.

**Court of Justice***Analysis of judgments delivered between 1 July and 30 September 1985***Competition**

2.5.37. In *Ford v Commission* the Court dismissed actions brought by Ford-Werke AG and Ford of Europe Inc. against a Commission Decision refusing to grant an exemption to the German main dealer system pursuant to Article 85(3).<sup>1</sup>

Article 85 applies only to agreements, decisions by associations of undertakings, and concerted practices. The main issue was whether the Commission was entitled to refuse an exemption by reason of the fact that Ford-Werke had 'unilaterally' (i.e. without the agreement of the German distributors) discontinued supplies of right-hand-drive cars to its German distributors in order to prevent their being exported to the United Kingdom, where prices were higher. The Court held that the discontinuance of supplies by Ford formed part of the contractual relations between Ford and its dealers. One of the clauses in the main dealer agreement allowed Ford to determine the models which would be supplied. The

<sup>1</sup> Joined Cases 25 and 26/84 *Ford-Werke and Ford of Europe v Commission*.

Court also found that when it refused to exempt the dealer agreement on the grounds that the market was partitioned as a result, the Commission was obliged to take account of all the circumstances surrounding the application of the agreement and was entitled to take the view that the mere refusal to supply German dealers with right-hand-drive cars was a key element in this partitioning. Nor was the Commission under an obligation to make a detailed study of all the advantages and disadvantages likely to flow from a selective distribution system when it had good grounds for thinking that a manufacturer had used such a system to prevent parallel imports and thus artificially to partition the common market.

#### Freedom of movement and social provisions

2.5.38. In *Ministère Public v Mutsch*<sup>1</sup> the question was put to the Court whether a migrant worker of Luxembourg nationality residing in a German-speaking municipality in Belgium was entitled to require that criminal proceedings instituted against him before the *Tribunal Correctionnel* (Criminal Court) of Verviers should take place in German. Under a Belgian law of 1935 proceedings in German may be required by accused persons of Belgian nationality residing in a German-speaking municipality within the jurisdiction of the Verviers court.

The Court ruled that the principle of free movement of workers required that a worker who is a national of one Member State and habitually resides in another Member State be entitled to require that criminal proceedings against him take place in a language other than the language normally used in proceedings before a court which tries him if workers who are nationals of the host Member State have that right in the same circumstances.

The Court took the view that a person's right to use his own language in proceedings before the courts of the Member State of which he was a resident under the same

conditions as national workers constituted an important contribution to the integration of migrant workers and their families in the society of the host country, and hence to the attainment of the objective of the free movement of workers. That right therefore fell within the scope of Article 7(2) of Regulation No 1612/68 on freedom of movement for workers within the Community.<sup>2</sup>

2.5.39. On another request for a preliminary ruling, in *Mikkelsen v Danmols Inventar*,<sup>3</sup> the Court had to consider the applicability, where a firm ceases payments, of Council Directive 77/187/EEC of 14 February on the safeguarding of employees' rights in the event of transfer of undertakings, businesses or parts of businesses,<sup>4</sup> and two questions of interpretation of the Directive.

The Court ruled as follows:

(i) The fact that a company was transferred after the transferring company had become insolvent did not in itself take the transaction outside the scope of the Directive. Thus the Directive did apply to a transfer in the course of insolvency proceedings or at a stage prior to the initiation of such proceedings.

(ii) Article 3(1) of the Directive had to be construed as not covering the transfer of the rights and obligations of persons who were employed by the transferor at the date of the transfer, but who, by their own decision, did not continue to work as employees of the transferee.

(iii) The expression 'employee' within the meaning of the Directive had to be interpreted as covering any person who, in the Member State concerned, was protected as an employee under national labour law.

#### Common agricultural policy

2.5.40. In *Bozzetti v Invernizzi and Ministero del Tesoro*<sup>5</sup> the Court confirmed the

<sup>1</sup> Case 137/84.

<sup>2</sup> OJ L 257, 19.10.1968.

<sup>3</sup> Case 105/84.

<sup>4</sup> OJ L 61, 5.3.1977.

<sup>5</sup> Case 179/84.

validity of the milk co-responsibility levy introduced by Council Regulation No 1079/77.<sup>1</sup>

### External policy

2.5.41. In *CMC and Others v Commission*<sup>2</sup> the Court confirmed its previous finding<sup>3</sup> that undertakings which submit tenders for or are awarded contracts financed by the European Development Fund (EDF) remain outside the exclusive dealings conducted on this matter between the Commission and the African, Caribbean and Pacific (ACP) States; measures adopted in this context by the Commission could not be regarded as 'of direct concern' to undertakings within the meaning of the second paragraph of Article 173 of the EEC Treaty and thus were not capable of being the subject of an action for annulment under Article 173 or of an action for failure to act under Article 175.

However, the Court held that an action for damages brought against the Commission in the same case, pursuant to Article 178 and the second paragraph of Article 215, was indeed admissible, as it would be wrong to dismiss the possibility that the Commission had acted wrongly in connection with projects financed by the EDF; though the claim was unfounded in this instance. That such actions were admissible was confirmed in another action brought by a contractor against the Commission.<sup>4</sup>

### Staff

2.5.42. In three judgments delivered on 11 July<sup>5</sup> the Court accepted that the European Association for Cooperation was an international association governed by Belgian law, and accordingly could not be regarded as a 'legal fiction' or an administrative arm of the Commission. The applicants' claim that they had been Community staff since their recruitment by the EAC was therefore dismissed.

### ECSC

2.5.43. In *Finsider v Commission*<sup>6</sup> the Court dismissed an application brought by

the Finsider steel group for the annulment of the general Commission Decision No 234/84<sup>7</sup> in so far as it contained no provision similar to that in the general Decision No 1696/82<sup>8</sup> which would have allowed Finsider to obtain an adjustment of its reference production for the bringing into operation of the new wide-strip mill at Bagnoli. Finsider also sought damages.

Finsider put forward several submissions in support of its claim; all of them were rejected by the Court, which followed its consistent findings in previous cases. It is worth noting the Court's refusal to accept an allegation of a breach of the principle of the protection of legitimate expectation. Finsider based its claim of legitimate expectation on the fact that it had properly declared the Bagnoli investment, and that the Commission had not only approved and partially financed it but had expressly asked for its operation to be postponed by one year. If this postponement had not taken place Finsider could have obtained an adjustment of its reference production under Article 15 of Decision No 1696/82, which was in force on the date on which the new mill was originally due to come on stream. The Court found, however, that Article 15 did not confer entitlement to an adjustment even if the firm satisfied all the tests it laid down, and that repeal of the Article was foreseeable and necessary given the deepening crisis. The Court also confirmed its previous finding that an opinion delivered pursuant to Article 54 of the ECSC Treaty merely represented advice given to the firm. The Court did not rule out the possibility that a favourable opinion under Article 54 might in other circumstances give rise to a legitimate expectation on the part of the undertaking to which it was

<sup>1</sup> OJ L 131, 26.5.1977.

<sup>2</sup> Case 118/83.

<sup>3</sup> Case 126/83 *STS v Commission*.

<sup>4</sup> Case 33/82 *Murri Frères v Commission*.

<sup>5</sup> Joined Cases 87 and 130/77, 22/83 and 9 and 10/84 *Salerno and Others v Commission and Council*; Joined Cases 66, 67, 68 and 136 to 140/83 *Hattet and others v Commission*; Case 119/83 *Appelbaum v Commission*.

<sup>6</sup> Joined Cases 63 and 174/84.

<sup>7</sup> OJ L 29, 1.2.1984.

<sup>8</sup> OJ L 191, 1.7.1982.

addressed, but took the view that such circumstances were not present here.

2.5.44. in *Wirtschaftsvereinigung Eisen- und Stahlindustrie v Commission*<sup>1</sup> the Court clarified the extent of the obligation to publish data which is imposed by Article 47 of the ECSC Treaty. The Court accepted that publicity played a fundamental role within the context of the ECSC Treaty, subject to the obligation of professional secrecy. On the basis of the actual situation of the individual firms, the Court ruled in favour of transparency of the additional quotas. It accepted the Commission's position that there would have to be an exception for the 'exceptional difficulties' referred to in Articles 14 and 16 of Decision No 234/84.<sup>2</sup>

#### **Election of the President of the Court**

2.5.45. On 7 October the Court elected Lord Mackenzie Stuart as its President for the period from 7 October 1985 to 6 October 1988.<sup>3</sup>

#### **Composition of the Chambers and appointment of Presidents of the Chambers**

2.5.46. On the same day the Court made the following appointments for a period of one year from 7 October 1985, subject to any changes which might prove necessary as a result of the accession of Spain and Portugal:<sup>3</sup>

- Judge R. Joliet as President of the First Chamber,
- Judge K. Bahlmann as President of the Second Chamber,
- Judge U. Everling as President of the Third Chamber,
- Judge K. Bahlmann as President of the Fourth Chamber,
- Judge U. Everling as President of the Fifth Chamber.

The composition of the Chambers was fixed as follows:

#### *First Chamber*

R. Joliet, President of Chamber;  
G. Bosco and T.F. O'Higgins, Judges

Judge T. Koopmans continues to be attached to the First Chamber for cases in which he sat and which were heard before 7 October 1985.

#### *Second Chamber*

K. Bahlmann, President of Chamber;  
O. Due and F. Schockweiler, Judges.

#### *Third Chamber*

U. Everling, President of Chamber;  
Y. Galmot and C.N. Kakouris, Judges.

#### *Fourth Chamber*

K. Bahlmann, President of Chamber;  
G. Bosco, T. Koopmans, T.F. O'Higgins and F. Schockweiler, Judges.

#### *Fifth Chamber*

U. Everling, President of Chamber;  
R. Joliet, O. Due, Y. Galmot and C.N. Kakouris, Judges

If either the Fourth or the Fifth Chamber is incomplete because one of its members is prevented from attending, the President of the Court is to sit with the remaining members and, in that case, will act as President of the Chamber in question.

#### **Appointment of First Advocate-General**

2.5.47. The Court also appointed G.F. Mancini as First Advocate-General for one year from 7 October 1985.<sup>3</sup>

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<sup>1</sup> Case 27/84.

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

<sup>3</sup> OJ C 277, 29.10.1985.

## 2.5.48. New cases

Case	Subject	Basis
<b>State aids</b>		
304/85 Acciaierie e Ferriere Lombarde Falck v Commission	Annulment of the Commission Decision of 31 July 1985 authorizing additional aid for the Italian steel industry under Decision 1018/85	Article 33 ECSC
310/85 Deufil v Commission	Annulment of the Decision of 10 July 1985 declaring aid granted by the German Government to a producer of polyamide and polypropylene yarn situated in Bergkamern incompatible with Article 92 EEC	Article 173 EEC
<b>Social policy</b>		
286/85 the State at the prosecution of McDermott and Cotter v the Minister for Social Welfare and the Attorney General	Interpretation of Directive 79/7/EEC in respect of Irish law on unemployment, which provides less favourable conditions for married women than for married men as regards the amount and duration of benefit	Article 177 EEC
309/85 Barra and Others v 1. Belgian State, represented by the Minister of Education, and 2. City of Liège, represented by the Collège des Bourgmestres et Echevins <sup>1</sup>	1. Retroactive scope of the interpretation given by the Court of Justice in Case 293/83 Gravier <sup>2</sup> 2. Compatibility with Community law of Belgian legislation subsequent to the Gravier judgment preventing the reimbursement of the registration fee paid by foreign students in the past where legal proceedings for repayment were not initiated before the date of that judgment.	Article 177 EEC
<b>Agriculture</b>		
288/85 HZA Hamburg-Jonas v Plange Kraftfutterwerke	Validity and interpretation of Commission Regulation No 1957/69 in regard to the basis for calculation of the deposit in the event of advance payment of refund	Article 177 EEC
290/85 Caisse de Mutualité Sociale Agricole of Gers v Anglade and Others in the presence of the Trésorier Payeur Général of the Department of Gers <sup>3</sup>	Do the premiums granted under Council Regulation No 1357/80 and No 1198/82 and under Commission Regulation No 1709/83 (premiums for maintaining suckler cows) constitute in law workers' or employees' pay having regard to Community legislation and are they attachable?	Article 177 EEC
305/85 United Kingdom v Commission	Annulment of Article 2 of Commission Regulation No 1989/85 as regards the calculation of the amount and the balance of the premium payable per ewe in Great Britain	Article 173 EEC

Case	Subject	Basis
<b>Commercial policy</b>		
297/85 and 297/85 R Towa San- kiden v Council	Annulment of Council Regulation No 1698/85 imposing a definitive anti-dumping duty on imports of electronic typewriters originating in Japan, in so far as it affects the applicant. Application for suspension of the effect of the Regulation until the Court takes a decision on the substance of the case.	Article 173 EEC Article 83 of the Rules of Procedure of the Court of Justice
299/85 Tokyo Juki Industrial v Council and Commission <sup>4</sup> 300/85 Canon v Council <sup>5</sup> 301/85 Sharp v Council	Annulment of Council Regulation No 1698/85 imposing a definitive anti-dumping duty on imports of electronic typewriters originating in Japan, in so far as it applies to the applicant	Article 173 EEC
308/85 Nippon Seiko v Council	Annulment of Council Regulation No 1739/85 introducing a definitive anti-dumping duty on imports of certain ball bearings and tapered roller bearings originating in Japan, in so far as it affects the applicant	Article 173 EEC
<b>Infringements</b>		
291/85 Commission v Greece	Failure to give effect to Directive 78/319/EEC on toxic and dangerous waste	Article 169 EEC
292/85 Commission v Greece	Failure to give effect to Council Directive 82/147/EEC on cosmetic products	Article 169 EEC
293/85 and 293/85 R Commission v Belgium <sup>6</sup>	1. Access for nationals of other Member States to university courses in Belgium under the conditions applied to Belgian students 2. Application for interim measures	Article 169 and 186 EEC
298/85 Commission v Germany <sup>7</sup>	The second subparagraph of Article 4(4) of the sixth Council Directive on VAT (77/388/EEC) in regard to the close relationship between undertakings ( <i>Organschaft</i> )	Article 169 EEC
315/85 Commission v Luxem- bourg	Article 11(2) of Annex VIII to the Staff Regulations of Officials of the European Communities (Regulation No 259/68) in regard to the transfer of pension rights	Article 169 EEC

**Disputes between the Community and its staff**

v Council and Economic and Social Committee:

307/85 Gavanas

v Commission:

294/85 Hochbaum<sup>8</sup>

295/85 Rawes<sup>8</sup>

296/85 Bonnet<sup>4</sup>

306/85 Huybrechts



v Parliament:

303/85 Loeffler<sup>4</sup>

v Court of Auditors:

302/85 Pressler-Hoeft<sup>9</sup>

<sup>1</sup> OJ C 286, 9.11.1985.

<sup>2</sup> Bull. EC 4-1985, point 2.4.17.

<sup>3</sup> OJ C 275, 26.10.1985.

<sup>4</sup> OJ C 293, 15.11.1985.

<sup>5</sup> OJ C 305, 26.11.1985.

<sup>6</sup> OJ C 281, 2.11.1985.

<sup>7</sup> OJ C 285, 8.11.1985.

<sup>8</sup> OJ C 289, 12.11.1985.

<sup>9</sup> OJ C 290, 13.11.1985.

## 2.5.49. Judgments

Date and case	Held
<p>ECSC — Steel</p>	
<p>15.10.1985: 211 and 212/83 and 77 and 78/84 Krupp Stahl and Thyssen Stahl v Commission<sup>1</sup></p>	<p>Applications dismissed (decisions concerning the system of monitoring and production quotas for steel)</p>
<p>26.9.1985: 62/84 Usinor v Commission<sup>2</sup></p>	<p>Ordered removed from the Court Register (decision imposing a fine for exceeding production quotas)</p>
<p>Customs union</p>	
<p>7.10.1985: 163/84 HZA Hannover v Telefunken Fernseh und Rundfunk<sup>3</sup></p>	<p>A combined tuner/record-player and cassette recorder imported together with two loudspeakers intended for use with it constitutes one set of goods falling within CCT heading No 85.15 if the goods concerned are put up in a single package and are intended to be marketed together in order to satisfy a specific demand</p>
<p>7.10.1985: 223/84 Telefunken Fernseh und Rundfunk v Oberfinanzdirektion München</p>	<p>An apparatus described as a timer/tuner consisting of a colour-television reception component and of a timer, which must be linked to a video recorder of a specific design in order to convert into visible form transmissions received, must be regarded as a part or accessory within the meaning of CCT subheading 92.13 D</p>
<p>10.10.1985: 200/84 Daiber v HZA Reutlingen<sup>2</sup></p>	
<p>10.10.1985: 252/84 Collector Guns v HZA Koblenz<sup>2</sup></p>	<p>1. Collectors' pieces within the meaning of CCT heading No 99.05 are objects which possess the requisite characteristics for inclusion in a collection, that is to say pieces which are relatively rare, are not normally used for their original purpose, are the subject of special transactions outside the normal trade in similar utility pieces and are of greater value.</p>

Date and case	Held
<p><b>Taxation</b></p> <p>3.10.1985: 249/84 Ministère Public and the Ministry of Finance v Venceslas Profant<sup>3</sup></p>	<p>2. Collectors' pieces which evidence a significant step in the evolution of human achievement or illustrate a period of that evolution are to be regarded as possessing historical or ethnographic interest, for the purposes of CCT heading No 99.05</p> <p>1. The VAT which a Member State levies on the importation of a motor vehicle from another Member State is not a customs duty on importation or a charge having equivalent effect, within the meaning of Articles 12 and 13 EEC</p> <p>2. The rules of Community law, and in particular those laid down by the sixth VAT Directive (77/388/EEC), prevent the levying by a Member State of VAT on the importation of a motor vehicle purchased in another Member State, where VAT was paid and the vehicle is registered, when the vehicle is used by a national of the second Member State resident in that state but studying in the first Member State, where for the period of his studies his name is entered in the alien's register. Whether or not the person in question is married is irrelevant</p>
<p><b>Competition</b></p> <p>3.10.1985: 311/84 Centre Belge d'Etudes de Marché-Télé-Marketing v Compagnie Luxembourgeoise de Télédiffusion and Information Publicité Benelux<sup>4</sup></p>	<p>1. Article 86 EEC must be interpreted as applying to an undertaking holding a dominant position on a particular market, even where that position is due not to the activities of the undertaking itself but to the fact that by reason of provisions laid down by law there can be no competition or only very limited competition on that market</p> <p>2. An abuse within the meaning of Article 86 is committed where, without any objective necessity, an undertaking holding a dominant position in a particular market reserves to itself or to an undertaking belonging to the same group an ancillary activity which might be carried out by another undertaking as part of its activities on a neighbouring but separate market, with the possibility of eliminating all competition from such undertaking</p>
<p><b>State aids</b></p> <p>3.10.1985: 214/83 Germany v Commission<sup>5</sup></p>	<p>Application dismissed (annulment of the Commission Decisions of 29 June 1983 concerning the proposed grant of aids by the Belgian, French, Italian and United Kingdom Governments to the steel industry)</p>

Date and case	Held
18.9.1985: 196/84 1. Rogesa Roheisengesellschaft Saar, 2. Dillinger Hüttenwerke and 3. Arbed Saarstahl v Commission <sup>5</sup>	Ordered removed from the Court Register (Commission Decision of 18 June 1984 in so far as the release of aid for the construction of a blast-furnace was subject to the condition that another blast-furnace be closed down)
<b>Free movement of workers</b>	
18.9.1985: 102/85 Steinrücke v President of the Oberlandesgericht, Cologne <sup>5</sup>	Ordered removed from the Court Register (Article 48 EEC and Article 7 of Council Regulation No 1612/68 concerning the term 'workers' and period of training for the second state examination in law)
<b>Agriculture</b>	
1.10.1985: 125/83 Office Belge de l'Economie et de l'Agriculture v Nicolas Corman et Fils <sup>6</sup>	<ol style="list-style-type: none"> <li>1. Interpretation of the date of taking-over within the meaning of Article 6 of Regulation No 232/75</li> <li>2. The fact that a subsequent buyer relied on the customs officer who was responsible for supervising the final processing of the butter and for entering the final date of use on the T5 export form and who had granted that buyer an extension of the period permitted for processing does not constitute a case of <i>force majeure</i>, within the meaning of Articles 18 and 19(1) of Regulation No 232/75, as far as a successful tenderer for stored butter is concerned</li> </ol>
3.10.1985: 46/84 Nordgetreide v HZA Hamburg-Jonas <sup>5</sup>	Consideration of Commission Regulation No 746/79 amending certain monetary compensatory amounts in the cereals sector and of Commission Regulation No 3013/80 amending Regulation No 2140/79 as regards certain monetary compensatory amounts and Regulation No 2803/80 as regards certain export refunds in the cereals sector has disclosed no factor of such a kind as to affect their validity
3.10.1984: Fleischwaren- und Konservenfabrik Schultz und Berndt v HZA Berlin-Süd <sup>6</sup>	Commission Regulation No 3584/81 is also applicable to operations carried out before its entry into force, provided that proof of the quantity of meat actually processed was furnished by the importers concerned within the period prescribed by the first subparagraph of Article 2(3) of Commission Regulation No 1136/79
3.10.1985: 195/84 Denkavit Futtermittel v Land Nordrhein-Westfalen <sup>3</sup>	<ol style="list-style-type: none"> <li>1. Interpretation of certain terms in Council Directive 70/524/EEC concerning additives</li> <li>2. Directive 79/373/EEC does not permit Member States to impose marketing restrictions on animal feedingstuffs on the ground that they lack the additives referred to in Directive 70/524/EEC or contain undesirable substances within the meaning of Directive 74/63/EEC</li> </ol>

Date and case	Held
7.10.1985: 199/84 <i>Procuratore della Repubblica v Migliorini and Tiburzio Fischl</i> <sup>3</sup>	Regulation No 3225/82 is intended to ensure that the allocation of the Community tariff quota is effected in proportion to the requirements of the Member States and must be interpreted as meaning that the Community quota must be allocated equitably among the persons concerned in each Member State, but it does not authorize the Member States to adopt measures intended to prevent, restrict or affect the re-exportation of goods which have been properly imported within the framework of that quota and which are consequently in free circulation in a Member State
10.10.1985: 183/84 <i>Söhnlein Rheingold v HZA Wiesbaden</i> <sup>4</sup>	<p>1. Commission Regulation No 1608/74 must be interpreted as meaning that the waiver or refund on equitable grounds of monetary compensatory amounts levied on imports may be granted even if the contracts in pursuance of which the imports were carried out were concluded before 4 June 1973</p> <p>2. Commission Regulation No 1608/74 must be interpreted as meaning that the competent national authorities have a degree of discretion in assessing whether the conditions laid down in Article 2(2) are satisfied, but it does not empower those authorities to refuse to grant a waiver or a refund where they accept that the conditions giving the right to such a waiver or refund are satisfied</p>
15.10.1985: 125/84 <i>Continental Irish Meat v Minister for Agriculture</i> <sup>1</sup>	Article 2a of Council Regulation No 974/71, as amended by Article 2 of Council Regulation No 1112/73, must be interpreted as meaning that an exporting Member State which has entered into an agreement with an importing Member State for the payment of a monetary compensatory amount which should be granted by the latter State acts in the same capacity when it pays that amount as when it recovers the monetary compensatory amount payable upon exportation of the product from its own territory
23.10.1985: 267/80 rev. <i>Riseria Modenese v Council and Commission</i> <sup>7</sup>	The application for revision of judgment 267/80 is dismissed as inadmissible
<b>Fisheries</b>	
3.10.1985: 207/84 <i>Rederij L. de Boer en Zonen v Produktschap voor Vis en Visprodukten</i> <sup>3</sup>	Community law, and in particular Council Regulations No 170/83 and 1353/83, does not preclude rules, made by a body which is part of a trade association of a Member State endowed with duties of a public nature, whereby only fishermen whose vessels are equipped for salting and gutting herrings on board may receive a licence to fish for herring. However, Council Regulation No 3796/81, and in particular the second para-

Date and case	Held
<p>Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial matters</p>	<p>graph of Article 5(1) thereof, must be interpreted as precluding a rule made by such a body which provides that any herring caught must necessarily be either gutted and salted or deep frozen on board the vessel</p>
<p>3.10.1985: 119/84 Capelloni and Aquilini v Pelkmans<sup>3</sup></p>	<ol style="list-style-type: none"> <li>1. By virtue of Article 39 of the Convention, a party who has applied for and obtained authorization for enforcement may, within the period mentioned in that Article, proceed directly with protective measures against the property of the party against whom enforcement is sought and is under no obligation to obtain specific authorization.</li> <li>2. A party who has obtained authorization for enforcement may proceed with the protective measures referred to in Article 39 until the expiry of the period prescribed in Article 36 for lodging an appeal and, if such an appeal is lodged, until a decision is given thereon.</li> <li>3. A party who has proceeded with the protective measures referred to in Article 39 of the Convention is under no obligation to obtain, in respect of those measures, any confirmatory judgment required by the national law of the court in question</li> </ol>
<p>18.9.1985: 123/85 La Pieve v Alfons Lenz<sup>5</sup></p>	<p>Ordered removed from the Court Register (Articles 31 <i>et seq.</i> and Article 47 of the Convention — judgment in default)</p>
<p>Administrative questions</p>	
<p>3.10.1985: 232/84 Commission v Tordeur and Others<sup>5</sup></p>	<ol style="list-style-type: none"> <li>1. The liability which a Community institution is alleged to incur towards a temporary employee under the provisions of national law applicable to contracts entered into between that institution and temporary employment agencies does not fall within the scope of the non-contractual liability referred to in the second paragraph of Article 215 EEC, with the result that the Court of Justice does not have exclusive jurisdiction over disputes in which such liability is in issue.</li> <li>2. Article 6 of the Conditions of Employment of Other Servants of the European Communities precludes the application to the Community institutions of provisions of national law which, in the event of non-compliance with certain national rules relating to temporary employment, create a contract of employment of indeterminate duration between the employer and the temporary employee</li> </ol>

Date and case	Held
<b>Commercial policy</b>	
18.10.1985: 250/85 R Brother Industries v Council and Commission	Application dismissed (suspension of the effect of Council Regulation No 1698/85 concerning dumping until the Court takes a decision on the substance of the case)
18.10.1985:	Applications for interim measures dismissed (suspension of the effect of Council Regulation No 1698/85 concerning dumping until the Court takes a decision on the substance of the cases)
1. 260/85 R Tokyo Electric v Council	
2. 273/85 R Silver Seiko v Council	
Intervener: Commission	
3. 277/85 R and 300/85 R Canon v Council	
4. 297/85 R Towa Sankiden v Council	
24.10.1985: 239/84 Gerlach Internationale Expeditie v Minister for Economic Affairs <sup>5</sup>	<p>1. The provisions of Council Regulation No 2779/78 are not applicable to products which fall within the ambit of the ECSC Treaty.</p> <p>2. The Commission derived from Article 74 of the ECSC Treaty and from Recommendation No 77/329/ECSC the power to issue Recommendation No 3140/78/ECSC, of which the Commission's communication of 30 December 1978 must be regarded as an integral part.</p> <p>3. The prolonged maintenance of obligatory conversion rates for calculating the anti-dumping duty applicable to products falling within the ambit of the ECSC cannot be considered as such to be incompatible with Community law, unless it is established that the resulting calculation conflicts with the requirements of Commission Recommendation No 77/329/ECSC (in particular Article 19(3))</p>
<b>Infringements</b>	
3.10.1985: 28/84 Commission v Germany <sup>5</sup>	By adopting rules laying down the minimum content and maximum permitted level of iron and sodium in animal feedingstuffs, the Federal Republic of Germany has failed to fulfil its obligations under Council Directives 70/524/EEC, 74/63/EEC, 79/373/EEC and Article 30 EEC
15.10.1985: 281/83 Commission v Italy <sup>1</sup>	By continuing to restrict, under Act No 527 of 2 August 1982, the designation <i>aceto</i> (vinegar) exclusively to wine vinegar, although that restriction was held to be incompatible with Article 30 EEC by the Court of Justice in its judgment in Case 193/80, Italy has failed to fulfil its obligations under Article 171 EEC
25.10.1985: 293/85 R Commission v Belgium	Pending the judgment on the main application, Belgium is required:

Date and case	Held
	<p>(i) on notification of the order, immediately to adopt all the measures needed to ensure that students who are nationals of other Member States have access to vocational training offered by Belgian universities on the same conditions as Belgian students, provided that they give a personal undertaking, in writing, to pay the amount of the enrolment fee if the main application is dismissed by the Court; the personal undertaking in writing should take the form of an individual acknowledgment of liability to pay.</p> <p>(ii) to inform the Commission and the Court of Justice within one month at the latest of the measures which it has adopted in order to comply with paragraph 1(a) of the operative part of the order</p>
18.9.1985: 193/84 Commission v United Kingdom <sup>5</sup>	Ordered removed from the Court Register (import of perfumes and toilet waters containing alcohol — tax discrimination)
18.9.1985: 301/84 Commission v United Kingdom <sup>5</sup>	Ordered removed from the Court Register (local authority incentives for the purchase of UK manufactured vehicles)
23.10.1985: 62/85 Commission v Italy <sup>9</sup>	Ordered removed from the Court Register (provision of national law impeding the import of foodstuffs)
<b>Disputes between the Community and its staff</b>	
7.10.1985: 128/84 van der Stijl v Commission <sup>4</sup>	Judgment for the applicant
16.10.1985: 159 to 529/79 and 734/79 Gilbert and Others v Commission <sup>10</sup>	Ordered removed from the Court Register (Regulation No 3087/78 concerning adjusted weighting for Italy)

<sup>1</sup> OJ C 285, 8.11.1985.<sup>2</sup> OJ C 282, 5.11.1985.<sup>3</sup> OJ C 277, 29.10.1985.<sup>4</sup> OJ C 281, 2.11.1985.<sup>5</sup> OJ C 275, 26.10.1985.<sup>6</sup> OJ C 274, 25.10.1985.<sup>7</sup> OJ C 300, 23.11.1985.<sup>8</sup> OJ C 294, 16.11.1985.<sup>9</sup> OJ C 296, 19.11.1985.<sup>10</sup> OJ C 290, 13.11.1985.

## Economic and Social Committee

### 230th plenary session

2.5.50. The Economic and Social Committee held its 230th plenary session on 30 and 31 October with Mr Gerd Muhr in the chair.

It gave its opinion on the Commission's Green Paper on 'Perspectives for the common agricultural policy' and on various other Commission communications, reports and proposals.

### Green Paper on the perspectives for the common agricultural policy

2.5.51. The Committee adopted by a large majority (with two votes against and three abstentions) a cautious and very guarded opinion on the future of the common agricultural policy.<sup>1</sup>

In its opinion the Committee regretted that the Commission had failed to provide figures to demonstrate the positive or negative impact of recent agricultural measures (guarantee thresholds, milk quotas, compulsory distillation of wine, budgetary discipline, etc.).

The Committee felt that this shortcoming made it difficult to assess the possibilities and consequences of these new guidelines.

Although the CAP had on the whole attained its objectives, the income and development disparities between farmers and regions had gradually increased. The Committee felt that the CAP would have to be completely revised in order to produce the fairest possible allocation of resources and of the sacrifices involved. A new strategy was therefore required. It should take account of the objective of eliminating regional imbalances, the requirements of economic rationalization, budgetary constraints, the need to diversify activities and provide income support for surplus workers, better use of the potential offered by the internal market, a reasonable proportion of farm products in total Com-

munity exports, balanced social and population structures in farming and rural areas and preservation of family farms and farming jobs.

### Fourteenth Report on Competition Policy

2.5.52. The Committee adopted *nem. con.* with four abstentions an opinion on the Fourteenth Report on Competition Policy.<sup>2</sup> It felt that the quality of this report was increasing and that it clearly and openly set out both the successes and the difficulties and setbacks experienced.

The Committee welcomed the fact that the Commission had been implementing a competition policy which was more consistent, more all-round and, in particular, closer to reality and other Community policies. It was glad that the Commission had acted in line with the general interests of the Community as regards research and development agreements, licensing and patent agreements, distribution agreements, motor vehicle sales and after-sales service agreements and specialization agreements (in favour of small and medium-sized firms). However, the Commission admitted that some of its measures had met with failure; this was the case with the control of State aids, merger control and air transport. In these cases, the Committee felt that the Commission had not taken its opinions into account.

On State aids, the Committee felt that the Commission must act at the stage of the notification procedure. The Commission should therefore consider improving transparency in such a way that both the Member States and the interested parties were informed in good time of any measure or act with legal consequences and were able to enforce their rights under the Treaty.

### New Community energy objectives

2.5.53. The Committee unanimously adopted an opinion on the Commission

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<sup>1</sup> Bull. EC 7/8-1985, points 1.2.1 to 1.2.11.

<sup>2</sup> Bull. EC 4-1985, points 2.1.31 to 2.1.38.



communication, accompanied by a draft resolution, on new Community energy objectives for 1995.<sup>1</sup>

According to the Committee, Europe's dependence on external factors called for a sustained effort: 'Public opinion and policy-makers must be constantly reminded that there are still risks inherent in the present energy situation.' It feared undue optimism for which there was no factual basis at the moment. It also considered that the development and marketing of new and renewable energy sources should be intensified in order to guarantee continuous energy supplies for the Member States. The sources were expected to triple their displacement of conventional fuels by the end of the century.

Europe's dependence on oil imports posed two problems: the inadequacy of bilateral relations between Member States and oil-exporting countries or countries with other indigenous energy sources and the inevitable dependence on supply contracts with non-member countries which would result from the foreseeable decline in European production — in the natural gas sector, for instance.

#### Transport: harmonization of the conditions of competition

2.5.54. The Committee unanimously adopted an opinion on three proposals for a Regulation or Directives to eliminate distortions of competition in traffic between seaports and their hinterland.<sup>2</sup>

It approved these proposals in principle, but expressed several reservations. It had certain doubts as to whether, on the way to achieving a common transport market, all the necessary measures were really available to nip in the bud any possible negative effects of the proposals (e.g. misinvestment, bad working conditions, lack of transport services in some regions). It also regretted that the Commission had not indicated how the proposed changes would fit in with the longer-term aim of liberalizing and harmonizing the conditions of competition.

#### Combined transport

2.5.55. The Committee unanimously endorsed the proposal for a Council Directive on the establishment of common rules for certain types of combined transport of goods between Member States.<sup>3</sup> The Committee welcomed the proposed extension of the application of the rules on combined transport by inland waterway to cover lorries, semi-trailers (with or without tractor), trailers and swap bodies. However, it considered that the proposed extension of the liberalization zone around inland waterway ports for initial and final road journeys to a radius of 150 km (instead of the present 50 km) could seriously disrupt the development of the transport market from both an economic and social point of view. As regards facilitation of own-account combined transport, the Committee suggested that the Commission proposal be confined to cases where the initial and final stages by road are carried out by tractors operated by one firm and personnel working for one firm or by two firms belonging to the same economic entity. Finally, it rejected the proposed exemption of initial and final road sections of combined transport operations from bars imposed on conventional road transport on certain days and at certain periods.

#### Shore-based marine navigation aid systems

2.5.56. The Committee unanimously approved a proposal for a Council Decision adopting a concerted action project for the Community in the field of shore-based marine navigation aid systems.<sup>4</sup>

#### Waste oils

2.5.57. The Committee endorsed *nem. con.* with two abstentions the proposal for

<sup>1</sup> Bull. EC 5-1985, point 2.1.106.

<sup>2</sup> OJ C 14, 16.1.1985; Bull. EC 12-1984, point 2.1.203.

<sup>3</sup> OJ C 139, 7.6.1985; Bull. EC 5-1985, point 2.1.105.

<sup>4</sup> OJ C 182, 20.7.1985; Bull. EC 7/8-1985, point 2.1.219.

a Directive on waste oil disposal.<sup>1</sup> However, it doubted whether giving priority to regeneration over combustion was the answer, as experience had shown that, as matters stand at present, the possibility of recycled oil polluted by poisonous substances finding its way back onto the market cannot be completely ruled out.

### Indirect taxes and excise duties

2.5.58. The Committee adopted by 51 votes to 28, with three abstentions, an opinion on two proposals for Directives concerning indirect taxes on the consumption of alcoholic drinks and the harmonization of excise duties on fortified wine and similar products.<sup>2</sup> Given that a schedule already existed for the general harmonization of excise rates, the Committee urged that, on approval of the two Directives, the Council affirm the partial nature of the texts and reiterate its commitment to establishing a harmonized, equitable excise system for all alcoholic drinks as soon as possible, in accordance with a detailed timetable of implementation. It also wondered whether common arrangements might usefully be introduced as soon as possible for all alcoholic drinks, including sparkling wines and partially fermented musts coming under CCT heading 22.04.

### Strengthening of relations between the Community and Latin America

2.5.59. The Committee adopted by a majority vote with eight votes against and seven abstentions an opinion on the Commission communication on guidelines for the strengthening of relations between the Community and Latin America.<sup>3</sup> It preferred an individual or regional approach rather than an overall approach, in view of the wide range of political, social and economic situations in the subcontinent and the diversity of development levels.

Trade relations between the Community and Latin America could be given fresh momentum in a climate of freer trade. The investment climate in Latin America must

also be improved: the Committee proposed an international institutional framework for protection against non-commercial risks and bilateral agreements providing for the free movement of capital. As regards industrial cooperation, the Community should attempt to remove the institutional obstacles to joint ventures.

## ECSC Consultative Committee

### 252nd meeting

2.5.60. The ECSC Consultative Committee held its 252nd meeting in Luxembourg on 11 October with Mr J. Laurens in the chair. The Commission was represented by Mr Karl-Heinz Narjes, Vice-President with special responsibility for industrial affairs.

The meeting was mainly devoted to the document on the European steel industry after 1985, on both sections of which (organization of the market and aids) the Committee had been asked for its opinion. There had been a general debate on this subject at the previous meeting.<sup>4</sup>

### Organization of the market

2.5.61. Mr Soule, Chairman of the Subcommittee for Markets and Prices and rapporteur of the joint meeting of the Subcommittee for General Objectives and the Subcommittee for Markets and Prices, recalled that the lack of consensus between the three groups on the Committee on liberalization of the quota system had become clear at the previous meeting; the workers' representatives has opposed liberalization, fearing a collapse of prices and job losses, and the producers had also expressed serious reservations; the consumers and dealers, on the other hand, had called for even broader liberalization measures, which would also include rolled products.

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<sup>1</sup> OJ C 58, 6.3.1985; Bull. EC 1-1985, point 3.1.31.  
<sup>2</sup> OJ C 114, 8.5.1985; Bull. EC 4-1985, point 2.1.47.  
<sup>3</sup> Bull. EC 4-1984, point 1.3.1 *et seq.*  
<sup>4</sup> Bull. EC 9-1985, point 2.5.35.

During the ensuing debate the Commission was invited to state clearly whether, given the serious reservations expressed, it intended to amend its proposal to the Council. It was also asked to submit precise figures on rates of utilization of capacity.

Mr Narjes replied that the Commission intended to maintain its proposal, but was prepared to be open-minded in certain specific cases. If the Council took no decision on 17 October, the Commission would insist that it meet again as soon as possible. In any case, the transitional system proposed should continue to avoid the problems which a sudden change would cause. Finally, Mr Narjes agreed to submit figures on the rates of utilization of capacity, which in some cases were as high as 80 %.

The Committee adopted its opinion by 42 votes to 2 with 13 abstentions.<sup>1</sup> It expressed its concern about the consequences which would result from any delay in the Council's adoption of the new quota system and requested that, if a decision were not taken by the Council on 17 October, the Commission should propose to the Council that it extend the present quota regime for three months.

### Public aids

2.5.62. Mr Soule also recalled the views on aids expressed at the meetings of the Subcommittee for Markets and Prices and the Subcommittee for General Objectives.

During the debate the reservations and demands previously expressed were repeated. It was asked whether aids for environmental protection were to be reserved exclusively for measures for which there was a legal basis from 1 January 1986. This should be avoided, since otherwise the uncertainty about when national legislation would enter into force would cause grave injustices. It was also asked whether aids for closure could not be extended to cold-rolling mills. As in the past, there was a request for data on aids granted.

Mr Narjes replied that the Commission intended to grant aids for environmental

protection to the steel industry, since it would otherwise be treated worse than other industries. The Commission would look into the problems caused by national legislation coming into force on different dates. The Commission had concentrated its restructuring drive on hot-rolling mills, but the problem of cold-rolling mills could also be studied. Finally, the Commission was prepared to submit data on subsidies granted.

The debate was concluded and the Committee's opinion considered to have been delivered.

## European Investment Bank

### *Operations in October*

2.5.63. In October the European Investment Bank announced loans for investment within the Community totalling 537.7 million ECU<sup>2</sup> — 371.95 million in Italy, 125.4 million in Greece and 40.3 million in the United Kingdom. Of this total, 64 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 60 million ECU for investment in Spain under the pre-accession financial cooperation arrangement and 33.3 million to ACP States under the second Lomé Convention.

### Community

#### *Italy*

2.5.64. Loans of LIT 553 200 million were granted, including LIT 95 000 million under the NCI, for projects for the introduction of advanced technologies, protection of the environment, support for industrial inno-

<sup>1</sup> OJ C 285, 8.11.1985.

<sup>2</sup> The conversion rates at 30 September used by the EIB in statistics for the final quarter of 1985 were: 1 ECU = BFR 44.88, DKR 8.05, DM 2.21, DR 108.59, FF 6.75, HFL 2.49, IRL 0.73, LIT 1 495, LFR 44.88, UKL 0.59, USD 0.83.

<sup>3</sup> OJ L 298, 25.10.1978; Bull. EC 10-1979, point 2.1.10.

vation and rationalization of energy consumption. Of this total, LIT 288 000 million was allocated for investments in the Mezzogiorno, of which LIT 40 000 million was for the reconstruction of areas affected by the 1980 earthquakes.

Global loans (credit lines) totalling LIT 379 000 million were granted to national or regional banks or financial institutions to help finance small and medium-scale ventures in the industrial sector.

LIT 50 000 million was allocated for modernizing a factory producing cathode-ray tubes for colour televisions in south Lazio, LIT 30 000 million for the automation of a tyre factory in the north, LIT 22 000 million for the modernization of four textile factories in Lombardy, LIT 15 000 million for expanding a pharmaceuticals plant in Lombardy, LIT 12 000 million for the construction of another pharmaceuticals plant in Campania and LIT 9 000 million for expanding a bakery products factory in Marche.

With regard to small and medium-scale ventures, LIT 75 000 million will be onlent by Isveimer (Istituto per lo Sviluppo Economico dell'Italia Meridionale), LIT 30 000 million by the Banco di Napoli, Sezione di Credito Industriale, and LIT 10 000 million by Crediop (Consorzio di Credito per le Opere Pubbliche) for investment in manufacturing industry and services in the Mezzogiorno and LIT 10 000 million will be onlent by the Monte dei Paschi di Siena, Sezione di Credito Fondario, for investment in hotels and the tourist industry. LIT 60 000 million will be onlent from NCI resources by IMI (Istituto Mobiliare Italiano) and LIT 15 000 million by Efibanca (Ente Finanziario Interbancario) to finance small and medium-scale projects in central and northern Italy, together with a global loan of LIT 7 500 million from the Bank's own resources to Centrobanca.

Finally, the Bank granted a global loan of LIT 17 750 million to IMI for small and medium-sized industrial projects in central and northern Italy which apply advanced

technologies to the production process or to the finished product.

The Bank lent LIT 96 600 million for infrastructure projects, including LIT 40 000 million to reconstruct disaster-hit regions.

These investments form part of a programme to set up 20 industrial zones which should generate some 15 000 jobs. In accordance with the programme, a 3% interest subsidy from the Community budget was granted on this loan. LIT 20 000 million from NCI resources helped to finance the conversion of an old industrial area to the east of Naples (Poggioreale) into a management centre (administrative offices, etc.) as part of the city's reorganization. LIT 14 500 million will be used by ANAS (Azienda Nazionale Autonoma delle Strade) for improvements to sections of seven national highways in Apulia. LIT 12 500 million will help to construct a rail/road freight interchange in Verona (Veneto).

Finally, LIT 10 000 million granted to the region of Piedmont will help finance installations to reduce pollution in the lake of Avigliana and the Dora Riparia river, west of Turin.

LIT 78 900 million was made available for energy projects: LIT 20 850 million for the construction and extension of gas distribution networks in Lombardy, Veneto, Piedmont and Emilia-Romagna and LIT 20 000 million in the form of a global loan to Mediocredito Lombardo for small and medium-scale schemes directed mainly at gas distribution in central and northern Italy. LIT 18 000 million was granted for the conversion of an oil refinery in Falconara (Marche) in order to reduce fuel consumption and improve environmental protection. LIT 10 000 million was granted to the Friuli-Venezia Giulia region for the establishment of a local natural gas distribution system.

Finally, a LIT 10 000 million global loan to Isveimer will be onlent to help finance small and medium-scale energy infrastructures in

mainland Mezzogiorno, mainly natural gas distribution networks.

### *Greece*

2.5.65. The Bank advanced DR 13 800 million for telecommunications and small and medium-sized agro-industrial ventures. DR 9 000 million was lent to the OTE (Greek Telecommunications Organization) for telecommunication development projects in various parts of Greece.

A global loan of DR 4 800 million granted to the Agricultural Bank of Greece will be onlent to help finance on-farm investment, agro-industrial ventures and smaller-scale industrial investment in agricultural areas.

### *United Kingdom*

2.5.66. Of the UKL 24.4 million granted in the United Kingdom, UKL 9 million was for a package of road improvement schemes and industrial estate preparation works, mainly in Sheffield and around the Rotherham, Barnsley and Doncaster areas, UKL 5.3 million for extension of the main runway and associated improvements at Leeds-Bradford Airport (Yeadon), to enable the airport to take modern jets, UKL 5 million to finance major improvements on the Newport to Abertillery road serving an area severely affected by the decline in the coal and steel industries and a further UKL 2.7 million for infrastructure schemes, including construction of a major carpark and coastal protection works at Blackpool, and preparation of industrial sites at Blackburn, to contribute to the development of industry and tourism in Lancashire. Finally, UKL 1.6 million was granted to British Alcan Aluminium to modernize and strengthen the competitiveness of alumina-processing and aluminium-manufacturing plants in Scotland and Wales through investments which will help to reduce production costs, increase flexibility to market requirements, improve product quality and achieve energy savings.

## Outside the Community

### *Mediterranean countries*

2.5.67. The EIB completed its programme of loans to Spain under the pre-accession financial cooperation agreement by providing 60 million ECU for investments to develop major communication links and improvements to regional infrastructure. Of this total, 47 million ECU is for projects to improve traffic flows on two international routes — one linking south-west France with north-west Spain and Portugal, and the other connecting Spain's Mediterranean coast with the south of France. This loan also covers the construction of the Córdoba bypass, improving communications between Madrid and Andalusia. The remaining 13 million ECU is for port investments to reduce regional imbalances by improving operations and reducing transport costs at Cádiz (Andalusia) and Santa Cruz de Tenerife (Canary Islands).

These loans bring to 510 million ECU (some PTA 63 000 million) the total of EIB finance for key investments in Spanish industry, energy and infrastructure since December 1981 under the pre-accession financial cooperation agreement and its two extensions. From 1986, when Spain becomes a full member of the Community, the usual conditions for EIB loans will apply without the upper limit on loans which applies outside the Community.

### *ACP States*

2.5.68. Under the second Lomé Convention, the EIB granted further financial aid of 33.3 million ECU to the ACP States, of which 13.8 million ECU was drawn on risk capital which the Bank manages from European Development Fund resources.

In Trinidad and Tobago the Bank advanced a global loan for 12 million ECU to the Trinidad and Tobago Development Finance Company Ltd (TTDFC), with an interest subsidy from EDF resources, for small and medium-scale ventures. The role of TTDFC, set up in 1970, is to promote the

country's economic development by fostering the establishment and expansion of businesses in the manufacturing, agriculture, tourism and service industries.

In Malawi the EIB provided loans of 9.5 million ECU for small and medium-sized business and for a tea-processing plant; 6 million ECU was advanced to the Investment and Development Bank of Malawi (Indebank) to help in funding small and medium-scale ventures, of which 4 million ECU from the EIB's own resources, with an interest subsidy, will be onlent in support of projects and 2 million ECU drawn from risk capital was granted under a conditional loan to finance equity participations and loans to enterprises.

A further 3.5 million ECU was made available from the Bank's own resources to the Kavuzi Tea Company, set up in 1983 to develop a tea plantation on a site of around 2 400 hectares in the north of the country.

In Burkina Faso 7 million ECU was granted for supplementary investment to improve and extend the working life of a gold mine. This conditional loan was granted against risk capital to the Government to cover a shareholder's advance to the Société de Recherches et d'Exploitation Minière de

Burkina (Soremib). The Poura workings, 180 km south-west of Ouagadougou, were reopened in 1984 and are expected to yield more than 17 tonnes of gold. This latest round of investment will serve to accelerate operations in the surface workings and afford swifter access to the deeper-level seams.

In Guinea, where an effective banking structure must be set up before economic and financial mechanisms can be reorganized, the EIB lent 2.8 million ECU to set up the Banque Internationale pour le Commerce et l'Industrie de Guinée (Bicigui) to handle both national (trade and development) and international operations. This aid, drawn on risk capital, is divided between a conditional loan of 2.1 million ECU to the State to enable it to subscribe to the capital of the future bank, and a shareholding in this capital of 0.7 million ECU on behalf of the European Community.

In Vanuatu the Bank granted a conditional loan, drawn from risk capital, of 2 million ECU to the Development Bank of Vanuatu (DBV) to be used in part-financing small and medium-scale capital investment in industry, the agro-industrial sector, tourism, energy and transport.



PART THREE  
DOCUMENTATION

# 1. ECU

## Values in national currencies of one ECU

31 October <sup>1</sup>	
Belgian franc and Luxembourg franc (convertible)	44.8225
Belgian franc and Luxembourg franc (financial)	45.1777
German mark	2.21085
Dutch guilder	2.49484
Pound sterling	0.585670
Danish krone	8.02154
French franc	6.74325
Italian lira	1 493.10
Irish pound	0.714884
Greek drachma	129.977
United States dollar	0.845708
Swiss franc	1.81464
Spanish peseta	135.778
Swedish krona	6.65868
Norwegian krone	6.65445
Canadian dollar	1.15625
Portuguese escudo	137.428
Austrian schilling	15.5526
Finnish mark	4.74781
Japanese yen	178.740
Australian dollar	1.20988
New Zealand dollar	—

<sup>1</sup> OJ C 281, 2.11.1985

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*

October	
National currency	Value in national currency of one ECU
Belgian franc and Luxembourg franc	46.4118
Danish krone	8.41499
German mark	2.39792 <sup>1</sup> 2.41047 <sup>2</sup> 2.38516 <sup>3</sup>
Greek drachma	77.2479 <sup>4</sup> 102.345 <sup>5</sup> 90.5281 <sup>3</sup>
French franc	7.00089 <sup>6</sup> 6.49211 <sup>4</sup> 7.10590 <sup>7</sup> 6.86866 <sup>3</sup>
Irish pound	0.725690 <sup>4</sup> 0.750110 <sup>3</sup>
Italian lira	1 341.00 <sup>4</sup> 1 482.00 <sup>5</sup> 1 432.00 <sup>3</sup>
Dutch guilder	2.70178 <sup>1</sup> 2.71620 <sup>2</sup> 2.68749 <sup>3</sup>
Pound sterling	0.618655

<sup>1</sup> For cereals and durum wheat.

<sup>2</sup> For milk and milk products.

<sup>3</sup> For other products.

<sup>4</sup> For seeds.

<sup>5</sup> For milk and milk products, beef/veal, sheepmeat and goatmeat, sugar, durum wheat, cereals, eggs and poultrymeat, pigmeat, rice and wine.

<sup>6</sup> For beef/veal, sheepmeat and goatmeat, sugar, durum wheat, cereals, eggs and poultrymeat, and rice.

<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 2.1.223*

Memorandum — Establishment of a fifth ECSC programme of ergonomics for the steel and coal industries  
OJ C 270, 22.10.1985

### **Bull. EC 7/8-1985**

#### *Point 2.1.60*

Commission Decision of 10 July 1985 on aid granted by the Federal German Government to a producer of polyamide and polypropylene yarn situated in Bergkamen  
OJ L 278, 18.10.1985

#### *Point 2.1.129*

Commission Directive of 22 July 1985 adapting to technical progress the Council Directive of 6 December 1984 on the supervision and control within the European Community of the transfrontier shipment of hazardous waste  
OJ L 272, 12.10.1985

#### *Point 2.3.14*

Council Regulation of 27 June 1985 suspending tariff concessions and increasing duties under the Common Customs Tariff with regard to certain products originating in the United States of America  
OJ L 292, 2.11.1985

### **Bull. EC 10-1985**

#### *Point 2.4.4*

Opinion of the Court of Auditors of the European Communities on a proposal for a Council Regulation extending the terms of validity of the Council Regulation of 19 December 1985 implementing in respect of own resources accruing from value-added tax the Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources

OJ C 261, 12.10.1985

#### *Point 2.5.30*

Special Report of the Court of Auditors on certain aspects of technical cooperation financed by Community development aid

OJ C 261, 12.10.1985

### **Bull. EC 9-1985**

#### *Point 2.1.10*

Proposal for a Council Directive amending for the eighth time the Directive of 23 October 1962 on the approximation of the rules of the Member States concerning the colouring matters authorized for use in foodstuffs intended for human consumption

OJ C 278, 30.10.1985

#### *Point 2.1.32*

Commission Regulation of 18 September 1985 laying down implementing provisions for the Council Regulation of 18 February 1985 simplifying formalities in trade in goods within the Community and the Council Regulation of 10 February 1985 introducing a specimen declaration form for use in trade in goods within the Community

OJ L 274, 15.10.1985

#### *Point 2.1.115*

Commission Decision of 16 September 1985 concerning applications for reimbursement and the payment of advances in respect of certain measures to adjust capacity in the fisheries sector

Commission Decision of 16 September 1985 concerning applications for reimbursement and the payment of advances in respect of measures to encourage exploratory fishing and cooperation through joint ventures in the fishing sector  
OJ L 284, 24.10.1985

*Point 2.1.120*

Commission Decision of 27 September 1985 allocating among the Member States the additional

authorizations resulting from the increase in the Community quota for the carriage of goods by road for 1986  
OJ L 284, 24.10.1985

*Point 2.3.13*

Proposal for a Council Regulation concerning the conclusion of a Financial Protocol between the European Economic Community and the Republic of Malta  
OJ C 274, 25.10.1985

### 3. Infringement procedures

#### Initiation of proceedings for failure to implement directives

3.3.1. In October 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 12 cases:

##### Employment and social affairs

Council Directive of 27 November 1980 on the protection of workers from the risks related to exposure to chemical, physical and biological agents at work<sup>1</sup> (Belgium, France, Luxembourg, Ireland).

Council Directive of 14 February 1977 on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of businesses<sup>2</sup> (Greece).

##### Agriculture

Third Commission Directive of 22 December 1982<sup>3</sup> amending the Annex to the Council Directive of 2 April 1979 on the marketing of compound feedingstuffs<sup>4</sup> (France).

Council Directive of 7 February 1983<sup>5</sup> amending the Directives of 12 December 1972 on health and veterinary inspection problems upon importation of bovine animals and swine and fresh meat from

third countries<sup>6</sup> and the Directive of 21 December 1976 on the examination for trichinae (*Trichinella spiralis*) upon importation from third countries of fresh meat derived from domestic swine<sup>7</sup> (France, Denmark, Ireland).

Commission Directive of 7 June 1984<sup>8</sup> amending the Annexes to the Council Directive of 21 December 1976 on the examination for trichinae (*Trichinella spiralis*) upon importation from third countries of fresh meat derived from domestic swine<sup>7</sup> (France, Luxembourg, Denmark, Ireland).

Council Directive of 11 December 1984<sup>9</sup> amending the Directive of 22 January 1980 introducing Community measures for the control of classical swine fever<sup>10</sup> (France, Denmark, Germany).

Commission Directive of 23 June 1982 laying down the categories of ingredients which may be used for the purposes of labelling compound feedingstuffs for pet animals<sup>11</sup> (France, Luxembourg, Ireland).

Commission Directive of 14 March 1983<sup>12</sup> amending the Annex to the Council Directive of 21

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<sup>1</sup> OJ L 327, 3.12.1980.

<sup>2</sup> OJ L 61, 5.3.1977.

<sup>3</sup> OJ L 386, 31.12.1982.

<sup>4</sup> OJ L 86, 6.4.1979.

<sup>5</sup> OJ L 59, 5.3.1983.

<sup>6</sup> OJ L 302, 31.12.1972.

<sup>7</sup> OJ L 26, 31.1.1977.

<sup>8</sup> OJ L 167, 27.6.1984.

<sup>9</sup> OJ L 339, 27.12.1982.

<sup>10</sup> OJ L 47, 21.2.1980.

<sup>11</sup> OJ L 213, 21.7.1982.

<sup>12</sup> OJ L 91, 9.4.1983.

December 1978 prohibiting the placing on the market and use of plant protection products containing certain active substances<sup>1</sup> (France).

Council Directive of 11 December 1984<sup>2</sup> amending the Directives of 26 June 1964<sup>3</sup> and 12 December 1972<sup>4</sup> as regards certain measures relating to foot-and-mouth disease and swine vesicular disease (France, Luxembourg, Denmark).

Forty-sixth Commission Directive of 28 May 1984<sup>5</sup> amending the Annexes to the Council Directive of 23 November 1970 concerning additives in feedingstuffs<sup>6</sup> (France, Luxembourg, United Kingdom).

#### **Environment, consumer protection and nuclear safety**

Council Directive of 3 December 1982 on a limit value for lead in the air<sup>7</sup> (Ireland).

Commission Directive of 29 July 1983<sup>8</sup> adapting to technical progress for the fifth time the Council Directive of 27 June 1967 on the approximation of the laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous substances<sup>9</sup> (Germany).

#### **Reasoned opinions**

3.3.2. The Commission delivered reasoned opinions in the following cases:

##### **Legal Service**

Issue of an order for enforcement (Greece).

##### **Internal market and industrial affairs**

Rules on sickness insurance (reimbursement of the cost of proprietary medicinal products) (Belgium).

Requirement of Greek nationality for teaching (Greece).

Requirement of import declaration for horsemeat and other agricultural products and foodstuffs (France).

Importation and marketing of fishery products (Greece).

Censorship of advertisements (Italy).

Failure to inform the Commission of national measures to give effect to the Council Directive of 25 July 1978 concerning the mutual recognition of diplomas, certificates and other evidence of the formal qualifications of practitioners of dentistry, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services<sup>10</sup> (Greece).

Failure to inform the Commission of national measures to give effect to the Council Directive of 14 December 1981<sup>11</sup> supplementing the Council Directives of 16 June 1975,<sup>12</sup> 27 June 1977,<sup>13</sup> 25 July 1978<sup>14</sup> and 18 December 1978<sup>15</sup> concerning the mutual recognition of diplomas, certificates and other evidence of the formal qualifications of doctors, nurses responsible for general care, dental practitioners and veterinary surgeons respectively, with regard to acquired rights (Greece).

#### **Employment and social affairs**

Discrimination in regard to the taking-up of employment (Belgium).

#### **Agriculture**

Coupage of rosé table wines (France).

German legislation on sparkling wines (Germany).

Obstacles to trade in olive oil (Greece).

#### **Environment, consumer protection and nuclear safety**

Incorrect application of the Council Directive of 18 December 1978 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer<sup>16</sup> (labelling of bread packaging) (Germany).

#### **Financial institutions and taxation**

Restrictions on freedom of establishment and freedom to provide services in banking legislation (Greece).

#### **Budgets**

Refusal to pay interest on delayed payments (Greece).

<sup>1</sup> OJ L 33, 8.2.1979.

<sup>2</sup> OJ L 339, 27.12.1984.

<sup>3</sup> OJ L 121, 29.7.1964.

<sup>4</sup> OJ L 302, 31.12.1972.

<sup>5</sup> OJ L 183, 11.7.1984.

<sup>6</sup> OJ L 270, 14.12.1970.

<sup>7</sup> OJ L 378, 31.12.1982.

<sup>8</sup> OJ L 257, 16.9.1983.

<sup>9</sup> OJ L 196, 16.8.1967.

<sup>10</sup> OJ L 233, 24.8.1978.

<sup>11</sup> OJ L 385, 31.12.1981.

<sup>12</sup> OJ L 167, 30.6.1975.

<sup>13</sup> OJ L 176, 15.7.1977.

<sup>14</sup> OJ L 233, 24.8.1978.

<sup>15</sup> OJ L 362, 23.12.1978.

<sup>16</sup> OJ L 33, 8.2.1979.

## 4. Madrid manifesto

3.4.1. The second symposium on the European cultural area, held in Madrid from 17 to 19 October, adopted the following manifesto:

'1. The intellectuals of Europe meeting in Madrid in October 1985 are delighted that this venue actually symbolizes the enlargement of the Community through the accession of Spain and Portugal, which is now a reality and without which the Community lacked an essential dimension. They reaffirm their belief in a cultural Europe transcending the common market, a Europe only half the size of the part from which it is isolated, a Europe which must nevertheless be defended and which is culturally alive, as is shown by the presence of like-minded individuals from the East who have come to express their views and by those present at the Budapest Cultural Forum. They express the wish that more such meetings may be held, developing in due course into an Assembly of European Intellectuals, providing a forum for regular discussions on ideas and culture and able to take on board specific cultural projects.

2. It is becoming increasingly clear that the European venture, especially its cultural aspects, provides every one of the constituent identities with a historic opportunity, not to lose themselves in a larger abstract entity, but to step outside themselves and see themselves in a new light, less blinkered and with a vision enhanced by fruitful encounters with others. No one identity is 'greater' or 'less great' than another; it is merely more closed or more open to the 'event' of meeting others. It is along this road that the solution to the conflict between unity and pluralism lies.

3. It is therefore up to the Community bodies, notably the Luxembourg Intergovernmental Conference, to be sufficiently aware of this dynamic of European consciousness to review the purely commercial approach, pave the way for new agreements promoting this cultural dimension and provide effective and practical institutional stepping-stones transforming Europe from a market to a dynamic, diversified and flexible cultural area. For Europe must have a cultural identity or none at all, and the cultures from which it is formed must come together or be reduced to isolation or oblivion.

Funds available for culture, which currently represent 0.0007% of the Community budget, should be increased to the significant figure of 1%. This symposium enthusiastically supports the plan for a history of Europe, available and accessible to as many people as possible, to place history in the context of the present and the present in the context of history: a major work, published simul-

taneously in all the Community languages, scholarly but easy to read, intended for the educated public but, because of its erudite basis, also suitable for use as a reference work by specialists in universities and research centres; abridged editions for more popular use, particularly in secondary education; and finally, adaptation, planned from the outset, for other media, especially television.

A committee of historians from several European countries is to meet in January to discuss this project.

4. These operations should not be one-off projects, expensive and bureaucratic, where the European ideal withers in a vacuum with no cultural or creative impact. Instead, they should enable cultural agents to circulate and hold constructive meetings. The time has come for the Paris-based European Foundation, one of the rare fruits of intergovernmental cultural decision, to become fully operational, especially since its remit is to stimulate knowledge of European languages and culture through intensive use of the audiovisual media.

5. Similarly, at university level it is important to move on from bilateral agreements and to ensure that Europe's universities blossom as branches of a great European arborescence of science and culture, notably by the establishment of systems of equivalence enabling students and researchers to move freely and on equal terms from one university to another and by the drafting of curricula more similar in their diversity. Once the links are forged at European level, we may rely on the movement of individuals and ideas to overcome apprehension and open up new horizons.

As for the University Institute in Florence, established as a multinational community to provide young European university students with economic, social and legal qualifications, the time has come for it to expand its research activities to include scientific cooperation and the broad themes of the European cultural area discussed in Madrid and still awaiting implementation.

6. Europe, rich in its diversity, must set up a facility to assist with the translation of contemporary works from all its countries. A particularly positive development is the plan for a vast network of libraries, providing access to works from all the different countries. Similarly, the introduction of a Community aid scheme for non-documentary cinema and television co-productions deserves the direct support of the Commission. This symposium calls for closer consultation and cooperation between the various European press organiz-

ations with a view to promoting collaboration and liaison in journalism and literature along the lines of the current scientific and technical cooperation in evidence at the Madrid meeting.

7. The intellectuals present here, convinced that they are working in the interests of world peace and cultural renewal, resolve to meet again next

year in Cambridge or Göttingen to assess the practical measures taken at institutional and inter-governmental level and to renew their efforts to spread European culture.

They are determined to ensure that these efforts are not jeopardized by bureaucratic or political considerations but undertaken by the intellectuals themselves.'

## Grants for research into European integration, 1986-87

In order to encourage university research in the field of European integration, the Commission of the European Communities will award, in July 1986,

### 20 RESEARCH GRANTS OF A MAXIMUM OF 4 500 ECU<sup>1</sup>

*3 grants will be reserved for historical research into the origins of European integration*

#### CONDITIONS:

1. The awards will be given to young university teaching staff at the start of their career who, individually or as a team, are doing research work on European integration.
2. Application forms are available from the Press and Information Offices of the European Communities given below.<sup>2</sup> The applications must be submitted in duplicate and should contain:  
an application form;  
a 5-10 page typed description of the research project;  
a curriculum vitae;  
a certificate from the institution, confirming the position currently held by the applicant;  
an estimate of the costs involved.
3. Applicants should not be over 40 years of age.
4. Awards are not renewable.
5. The maximum award of 4 500 ECU is paid in two instalments, at the beginning and at the end of the research.
6. Award holders who do not complete their research must reimburse the grant.
7. Employees of the institutions of the European Communities as well as their spouses and children are not eligible to apply.
8. The manuscript of the research should amount to a minimum of 40 000 words.  
Languages admitted: Danish, Dutch, English, French, German, Greek, Italian, Portuguese, Spanish.  
Final type-written text to be submitted in duplicate.  
Deadline for submission of the research: 1 October 1987.
9. The Commission of the European Communities may assist with the costs of publishing the work.
10. The awards will be made by 15 July 1986 at the latest.
11. Applications must be submitted by 31 March 1986 to:  
Commission of the European Communities  
Directorate-General Information, Communication, Culture  
University Information  
200 rue de la Loi  
B-1049 Brussels (Tel. 235 45 83 or 235 25 85)

<sup>1</sup> 4 500 ECU = circa BFR/LFR 200 000, DKR 36 000, DM 10 000, DRA 500 000, IRL 3 200, LIT 6 700 000, HFL 11 300, UKL 2 700, ESC 630 000, PTA 610 000.

<sup>2</sup> Application forms can be obtained from the above address or from the Press and Information Offices of the European Communities listed below:

ATHENS: 2, Vassilissis Sofias, T.K. 1602, GR-Athinai 134.

BONN: Zitelfmannstraße 22, D-5300 Bonn.

BRUSSELS: Rue Archimède 73, B-1040 Bruxelles.

COPENHAGEN: Højbrohus, Østergade 61, Postbox 144, DK-1004 København-K.

DUBLIN: 39, Molesworth Street, Dublin 2.

THE HAGUE: Lange Voorhout 29, NL-Den Haag.

LISBON: 35, rua do Sacramento à Lapa, 1200 Lisboa.

LONDON: 8, Storey's Gate, London SW1P 3AT.

LUXEMBOURG: Bâtiment Jean Monnet, Luxembourg-Kirchberg.

MADRID: Calle de Serrano 41, 5a planta, Madrid 28001.

PARIS: 61, rue des Belles Feuilles, F-75782 Paris Cedex 16.

ROME: Via Poli, 29, I-00187 Roma.

ANKARA: Kuleli Sokak, Gazi Osman, Ankara.

CANBERRA: Capitol centre, Franklin Street, P.O. Box 609, Manuka. ACT, Canberra a.c.t.

BANGKOK: Thai Military Bank Bld., 9th & 10th Flrs., 34, Phya Thai Road, Bangkok.

CARACAS: Valle Arriba, Calle Colibri, Carretera de Barruta, Caracas.

GENEVA: rue de Vermont, 37-39, CH-2111 Genève 20.

OTTAWA: Office Tower (Suite 1110), 350 Sparks Street, Ottawa Ont. K1R 7S8.

TOKYO: Kaiwa 25 Building, 8-7 Sanbancho, Chiyoda-Ku, Tokyo 102.

WASHINGTON: 2100 M Street N.W. (Suite 707) Washington D.C. 20037, USA.