Bulletin

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Bulletin OF THE EUROPEAN COMMUNITIES

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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 $(\rightarrow \text{ point } 2.1.53)$.

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

ESC = Escudo

FF = Franc français

HFL = Nederlandse gulden (Hollandse florijn)

IRL = Irish pound / punt

LFR = Franc luxembourgeois

LIT = Lira italiana

PTA = Peseta

UKL = Pound sterling

USD = United States Dollar

1. The Hague European Council

1.1.1. As Mr Delors said on the eve of the first European Council of the year, which was held in The Hague on 26 and 27 June. this was the first time since Fontainebleau in June 1984 — in fact since 1983 — that the European Council was not pressed by deadlines and having to take decisions in the place of the Council of Ministers. And so this was a return to the original idea behind these meetings of Heads of State or Government: a 'fireside chat', a free discussion to appraise how Europe stands and to determine how to give it the impetus it needs. It was also the first European Council to be attended by the Spanish and Portuguese Prime Ministers, Mr Felipe González and Mr Aníbal Cavaco Silva.

Such was the background to an agenda which covered several matters of concern to the Community that did not demand immediate decisions: the situation and the outlook on the economic and social front; the state of play on the large internal market; implementing the report on a people's Europe (→ point 2.1.130), which is well behind schedule; the future of the agricultural policy in the face of internal structural challenges and international competition; the safety of nuclear installations following the Chernobyl disaster.

On all these subjects, the Commission had provided the Presidency with brief background material.

The European Council adopted conclusions on each of these items. As regards the internal market, it asked those Member States which had not yet done so to make every effort to ensure that the Single European Act was ratified in time and could be implemented in full from 1 January 1987. It also defined the areas of special interest in which the Council of Ministers should make further efforts: the liberalization and harmonization of land, sea and air transport, and, in the case of air, the need for appropriate decisions on tariffs, capacity and access to markets, in accordance with the competition rules of the Treaty; removal of tax barriers; liberalization of public contracts. On implementing the report on a people's Europe, the European Council also pointed to areas where progress was needed: the easing of restrictions on border area passenger traffic; right of residence; a general system of mutual recognition of diplomas.

The Heads of State or Government also adopted conclusions on the need for effective international cooperation, for collaboration between the Member States and the Commission to combat drug addiction, and for closer relations between the Community and Latin America following enlargement.

It was definitely political cooperationmainly the problem of South Africa—which took up the greater part of the discussions at The Hague. The outcome was a muchdebated statement whereby the European Council declared itself in favour of a European programme of assistance to the victims of apartheid and urged the South African Government to release unconditionally Nelson Mandela and other political prisoners and to lift the ban on the African National Congress and other political parties. No agreement was reached on immediate and automatic sanctions. It was agreed that in the next three months the Community would enter into consultations with the other industrialized countries on further measures which might be needed, including a ban on new investments and on imports of certain products from South Africa. Finally, the emphasis was laid on initiating the necessary dialogue with leaders of the black population. With this in mind the European Council asked Sir Geoffrey Howe, the UK Foreign Secretary and incoming Council President, to go to South Africa in order to establish the conditions in which dialogue could begin.

Conclusions of the Presidency

Economic and social situation

General

1.1.2. 'The European Council considered the economic and social situation within the European

Community and concluded that, in spite of substantial progress in establishing sounder structural conditions for economic growth, present levels of economic performance and investment are by themselves unlikely to permit further substantial reductions in unemployment. It confirmed therefore the necessity of continuing macro-and microeconomic policies aimed at structural improvement, in combination with additional efforts to generate gainful employment. The Council expressed the opinion that economic growth is a responsibility not only of individual Member States but also of the Community as a whole.

The European Council agreed that the opportunities offered by lower oil price levels should as much as possible be translated into additional economic growth. It asked the Council (economic and financial affairs) to monitor the progress made in the framework of the cooperative growth strategy agreed at the end of 1985. The Council further agreed that action at the Community level should be taken to enable business to maximize its capacity to create prosperity and jobs, inter alia by examining the scope for improving access to innovative forms of risk capital and the efforts of the European Investment Bank, and welcomed the measures introduced at both Community and national level to limit the regulatory burdens of legislation. The European Council also called for a common strategy, to be discussed with the social partners, to promote enterprise, to encourage flexible employment patterns, and help long-term unemployed people back into jobs.

The European Council agreed that permanent training and retraining have become a necessity. It also underlined that the services industry and small and medium-sized enterprises constitute major sources of employment growth. In this respect the European Council welcomed the Commission's intention to submit concrete proposals in the near future, in particular to simplify the fiscal regulations as applied to small and medium-sized enterprises.

The European Council asked the Commission, in the framework of the studies on the causes, nature and extent of unemployment, to undertake a thorough analysis of the phenomena of the underground economy and work falling outside the tax net, so as to arrive at intensive and coordinated actions to assist employment policies.

Long-term unemployment

1.1.3. With a view to supporting a convergent European policy aiming at the return of the long-term unemployed to the labour market, the European Council welcomed the Commission's pro-

posals on exchanging information on successful national experiences, on conducting pilot actions under the European Social Fund and on coordinating actions under the Community structural instruments in regions in need of industrial restructuring. In this connection the possibility was also advocated of arriving at tripartite commitments by governments and the social partners to stimulate the re-employment of those who have been out of work for a long time. Similar efforts should be made to encourage the absorption of school-leavers into the labour market.

Technological cooperation

The European Council stressed that technological cooperation and innovation at Community level and in a wider European context will make an indispensable contribution to the ability of European industry to survive in a ruthlessly competitive world. Efforts in this direction should be closely geared to the perfection of the internal market, the application of uniform standards, the opening-up of public purchasing, the implementation of specific R&D programmes which also take account of the interests of small and mediumsized businesses and the need to consult with the social partners who have their own responsibilities in this matter. The Council called on the Commission and the Council of Ministers (industry and research) to complete their deliberations on the next multiannual programme for technological cooperation within the next few months and to see to it that momentum is not lost.

Capital market

1.1.5. Prospects for steady growth will also be enhanced by the creation of a truly free capital market. The European Council welcomed the proposals recently submitted by the Commission for the complete liberalization of capital markets and asked the Council of Ministers to treat these proposals on a priority basis.

Internal market

General

1.1.6. In view of the urgent need to make progress with regard to the introduction of an area without internal frontiers by 1992, as provided for in the Single European Act, the European Council requested those Member States which had not yet

done so to make every effort to ensure that the Single European Act was ratified in time and could be implemented in full as from 1 January 1987.

The European Council reviewed the present situation as regards the completion of the internal market and concluded that, although the decision-making process has speeded up during the first half of 1986, it is still necessary to improve it substantially if the objectives fixed for the current year are to be attained and if the final objective is to be achieved.

The European Council considers that the strengthening of economic and social cohesion, in accordance with the Single European Act, is essential to ensure the correction of potential imbalances and the harmonious development of the Community as a whole. It took note of the Commission's intention to submit to the Council before the end of the year a report and proposals on strengthening structural policies and improving the operation of the structural Funds, as provided for in the Single European Act.

Working method

- 1.1.7. The European Council noted that favourable results have been obtained in the joint efforts of successive Presidencies and voiced the hope that similar 'rolling Presidency programmes' will continue to operate in the future. The members of the European Council undertook to instruct their ministers in the appropriate Councils to:
- (i) continue to give high priority to the measures in the current Presidency programme based on the Commission's White Paper;
- (ii) ensure that technical opposition to the harmonization of legislation does not hinder progress;
- (iii) guarantee adequate coordination of the meetings of the Council in its different compositions;
- (iv) convene, when necessary, special meetings of the Council, entirely or mainly devoted to the internal market.

The President of the European Commission stated that the Commission would endeavour to speed up the submission of its proposals, to evaluate activities in progress and to cooperate closely with successive Presidencies.

Areas of special interest

1.1.8. The European Council considered that the Council of Ministers (transport) should make a further effort to overcome the difficulties which

have recently appeared in relation to the liberalization and harmonization of land, sea and air transport, in the light of the relevant judgments of the European Court of Justice. With regard to air transport, the Council of Ministers should without delay adopt the appropriate decisions on air tariffs, capacity and access to markets, in accordance with the rules of competition of the Treaty.

The European Council confirmed that a number of basic decisions needed to be taken rapidly in relation to the removal of fiscal barriers at the frontiers in order to achieve the goals set for 1992, and welcomed the work programme proposed to this end by the Commission and endorsed by the Council of Finance Ministers.

The European Council considered that public contracts are an essential feature of the internal market and that their liberalization is therefore a precondition for the completion of that market by 1992. Public contracts also have a crucial role to play in stimulating the industrial and technical performance of the European Community. For that reason the Council considered that progress in this area had to be stepped up and requested the Council to give urgent consideration to the Commission's report and proposals in this area.

In view of the fundamental importance which the European Council attaches to this question, it decided to evaluate at its next meeting the progress made in all the above sectors.

A people's Europe

1.1.9. The European Council considered that the implementation of the report on a people's Europe (Adonnino Report) was clearly not proceeding as quickly as had been expected. The Council of Ministers was asked to give further attention to carrying out the recommendations contained in this report and to submit a report on progress made at the next meeting of the European Council.

In particular it was considered desirable to make progress in the following areas:

- (i) easing of restrictions on border area passenger traffic;
- (ii) right of residence;
- (iii) a general system of mutual recognition of diplomas.

The European Council also requested the Council of Ministers to reach agreement in the near future on programmes to promote:

(i) cooperation in the area of public health (action programme against cancer), and

(ii) intra-Community contacts between students and universities (Erasmus).

It will have to be ensured that the funds to be devoted to programmes of this kind are of benefit to as many people as possible and that bureaucracy is kept to the absolute minimum.

Agricultural policy in the international context

General

1.1.10. The European Council noted with satisfaction that decisions on agricultural prices and related measures were taken in good time this year, and that the Council of Ministers had recently adopted a constructive position *vis-à-vis* the possibility of trade policy measures by the United States against the Community.

The European Council also welcomed the decision of the Council of Ministers to adopt an overall approach for the forthcoming multilateral trade negotiations including agriculture in accordance with the positions previously adopted in the GATT, the OECD and at the Tokyo Summit. It noted that the Community was thus well prepared to deal with problems of agricultural policy on a balanced and mutually advantageous basis in the negotiations which would begin shortly.

Structural problems

1.1.11. In view of the importance of the common agricultural policy as a factor of integration for the European Community, the European Council reviewed the different agricultural policies currently in operation in the world. It noted that these policies continue to be hampered by contradictions such as the simultaneous existence of a large unsatisfied demand in certain developing countries and enormous surpluses in the developed countries, the increasing pace of technological innovation resulting in an increase in productivity, whilst the incomes of small farmers in some rural areas remained disappointing.

The European Council considered that the European Community must continue to adapt the common agricultural policy to the changed circumstances. Whilst retaining the objectives and principles of the common agricultural policy and taking into account the Community's interests as an exporter, a better control of total production must be ensured so that it is better adjusted to the market situation with the result that the share of

public expenditure claimed by agriculture can be reduced.

Preservation of the environment and the countryside should be an integral part of a more flexible agricultural policy, more dynamic and better adapted to the market. The adjustment of the common agricultural policy must also take into account the specific nature of the European agricultural model and the need to safeguard the social fabric in rural areas.

International cooperation

1.1.12. The European Council pointed out that the problems of adaptation were certainly not confined to the Community; they were facing its principal partners in the OECD, chiefly the United States, just as much. For that reason it is in favour of international cooperation, both multilateral and bilateral, in order to facilitate the processes of adaptation and establishing new balances.

The situation after the Chernobyl disaster

1.1.13. In view of the deep concern for public health and safety and the fact that nuclear energy is being increasingly used in a number of countries, the European Council examined the work carried out since the Chernobyl disaster and decided that efforts should be made to improve coordination both at international level and within the Community.

Short-term consequences

1.1.14. As regards the short-term consequences of the disaster, the European Council considered it important that general contamination tolerance levels be determined on a scientific basis very quickly, in the framework of Chapter III of the Euratom Treaty, in such a way that public health will be guaranteed and the unity of the Community's internal market ensured.

Medium and long-term consequences

1.1.15. As regards the medium and long-term aspects, the European Council considered that it was within the International Atomic Energy Agency that progress should primarily be made, inter alia in analysing the accident at Chernobyl, and the Community and the Member States had to contribute actively to the decision-making pro-

10 Bull. EC 6-1986

cess in that forum. The Community and the Member States will, in particular, have to promote the rapid preparation of international conventions guaranteeing the essential exchange of information and governing mutual assistance in the event of accidents as well as the implementation of the international responsibility of States.

They will also have to make a major contribution to the international conference on nuclear safety in September, whose importance is stressed by the European Council.

The European Council also considered that complementary action is possible and desirable within the European Community. The Community institutions and the Member States, each within the limits of their powers, must concert their action so as to ensure its maximum effect. This particularly applies to:

- (i) the protection of health and the environment;
- (ii) the safety of installations and of their use;
- (iii) the procedures to be followed in the event of a crisis;
- (iv) research, including the JET.

The European Council received with great interest in this connection the communication of 16 June 1986 from the European Commission and asked the Council to give priority to examining the programme of work incorporated in it.

Drugs

1.1.16. The European Council expressed itself gravely concerned about the serious problem of drug abuse. It pointed out that, for certain aspects of this problem, effective international cooperation exists, in particular within the 'Pompidou Group' of the Council of Europe and the relevant UN agencies, but that for other aspects there is every need to improve and intensify international collaboration, particularly as regards the production of and traffic in drugs and demand for these products.

The European Council considered it advisable to organize ad hoc collaboration between the Member States and the European Commission to examine what initiatives could be taken in this area without there being any duplication with work carried out elsewhere. The European Council noted with approval that the Presidency intends to have this question examined by Ministers for the Interior in the autumn. The contribution which could be made to the conference to be held under the auspices of the UN in the first half of 1987 should also be examined. The European Council

decided to continue its examination of this serious matter at its next meeting.

Latin America

1.1.17. The European Council discussed the situation regarding relations between the European Community and Latin America, in particular in the light of the enlargement of the Community to include Spain and Portugal.

It reaffirmed its desire to strengthen and develop these relations both on the political level and on the economic and technical level.

The European Council therefore asked the Commission to submit a document in accordance with the objectives set out in the Declaration annexed to the Accession Treaty. It also instructed the Ministers for Foreign Affairs to follow this matter closely and to submit reports to the European Council as and when necessary.

Statement on South Africa

1.1.18. '(1) The European Council is gravely concerned about the rapid deterioration of the situation and the increasing levels of violence in South Africa. The reimposition of the state of emergency and the indiscriminate arrest of thousands of South Africans can only further delay the start of a genuine national dialogue on South Africa's future, which is so urgently needed if a peaceful solution of the country's problems is to be found.

Furthermore, extensive censorship has been imposed on the media. The European Council believes that the present policies of the South African Government can only lead to increasing repression, polarization and bloodshed.

- (2) Against this background, the European Council has re-examined the Twelve's policy towards South Africa. It reaffirms that the main goal of this policy is the total abolition of apartheid. To support the process of non-violent change in South Africa and to emphasize their deep concern about the recent course of events, the Heads of State or Government have decided to take additional action.
- (3) The European Council has declared itself in favour of a concerted European programme of assistance to the victims of apartheid, encompassing both Community and national action, in order to maximize the effectiveness of Europe's contribution in this field.

In this connection the European Council has agreed on an increase in financial and material

assistance to the victims of apartheid, in particular those affected by the disturbances in Crossroads, and to political prisoners, including those arrested in connection with the recent reimposition of the state of emergency.

(4) The European Council is convinced that the commencement without delay of a national dialogue with the authentic leaders of the black population is essential to halt a further escalation of violence and allow negotiations leading to a truly democratic and non-racial South Africa.

This dialogue cannot take place as long as recognized leaders of the black community are detained and their organizations are proscribed.

In this context the European Council calls on the South Africa Government:

- (i) to unconditionally release Nelson Mandela and other political prisoners;
- (ii) to lift the ban on the African National Congress, the Pan Africanist Congress of Azania and other political parties.
- (5) In the mean time in the next three months the Community will enter into consultations with the other industrialized countries on further measures which might be needed covering in particular a ban on new investments, the import of coal, iron, steel and gold coins from South Africa.
- (6) The European Council decided to ask the future UK Presidency Foreign Minister to visit southern Africa, in a further effort to establish conditions in which the necessary dialogue can commence.'

Statements and comments

Mr Ruud Lubbers, President of the 1.1.19. European Council, said at his final press conference after the meeting that all those present had recognized the need to agree on a package of measures banning new investments and imports of certain products from South Africa, a package that could be altered after consultations with the other industrialized countries but which must still be 'at least as heavy'. He also said that he hoped Sir Geoffrey Howe's mission would be successful, which would make it unnecessary to apply these measures. He stressed that this solution was the result of a compromise between those who would have liked to decide upon sanctions there and then and those who wanted only a declaration of intent. They could have gone further, he added, but it was a step in the right direction, especially as it had been recognized that no Member State could block these measures should they prove necessary.

Mr Delors highlighted three positive features of this European Council: the 'fireside' discussion on the major international political issues (East-West relations, but also the situation in Latin America and relations between Greece and Turkey); the dual impetus given to achieving the single market and to maintaining the strategy of cooperation for growth and employment advocated by the Commission; the in-depth discussion on South Africa, from which a common position had emerged, even though...

Chancellor Helmut Kohl deplored the hypocrisy of some Member States over sanctions against South Africa, adding, however, that the Pretoria Government must not draw wrong conclusions from the fact that sanctions had not been decided. Mr Felipe González, the Spanish Prime Minister, was among those who regretted that the European Council had not gone further. The Danish Prime Minister, Mr Poul Schlüter, pointed out that, in any event, Denmark was already imposing a trade embargo against South Africa. Mrs Margaret Thatcher, the British Prime Minister, stressed the practical nature of the Council's approach, which was intentionally moderate, but constructive, and emphasized that the Twelve were unanimous on each word of the statement. In her view there was none better than Sir Geoffrey Howe to talk to Mr Pik Botha, the South African Foreign Minister, in an attempt to identify the scope for negotiation. Should this mission fail, Mrs Thatcher conceded, then they would have to consider other measures as adumbrated in paragraph 5 of the European Council's statement. President François Mitterrand admitted that the text of the statement was not altogether adequate, but they had had to choose between a decision acceptable to all 12 Member States or no decision at all.

1.1.20. The President of the European Council and the President of the Com-

mission both addressed Parliament's July part-session on the outcome of the Hague meeting.

Mr Lubbers's first point was that the decision to hold only one European Council meeting during the six months of the Dutch Presidency had been a deliberate choice: the intention had been to allow the Council of Ministers to concentrate on the practicalities and on decision-making and leave the European Council free to carry out its proper function of showing the political way forward.

He then commented on the conclusions that had been adopted. On the issue of South Africa, he declared that he had tried to reach a compromise that would be 'a step in the right direction'. As regards the economic and employment situation, it was a matter not only for the Member States but also for the Community as a whole. The European Council's attention had been drawn to the matter at a moment when falling oil prices offered a chance of stimulating economic growth. Mr Lubbers stressed that the European Council had insisted that concertation between governments and the two sides of industry be amplified with an eye to securing tripartite agreements, especially in regard to long-term unemployment and young people out of work. A discussion had been held on the differences in interpreting unemployment figures.

Mr Lubbers went on to say that work on completing the internal market, the utilization of common standards, the opening up of public contracts and the specific research programmes would continue.

Mr Lubbers emphasized the need to improve and speed up the decision-making process in the Council. He summed up the searching and fruitful discussion that had taken place on agricultural policy, particularly in its international context, and remarked upon the coordination of the Community stance towards the United States and the Community's position on the forthcoming trade negotiations in GATT.

Mr Delors said that while the Hague European Council had not obtained spectacular

results, it had done some deep thinking on several issues, and the conclusions adopted would stimulate the Community's efforts over the next few months. He mentioned, in particular, the discussions on agriculture in its international context, a people's Europe and the aftermath of Chernobyl.

Concerning a people's Europe, Mr Delors felt that the situation was not so good: this was not the time for such enthusiastic declarations as had been made at earlier European Councils. The discussion on the aftermath of Chernobyl had been most disappointing, though that had been veiled by a good communiqué. Strains had shown at once between those for and those against nuclear energy and between those who preferred international action and those who believed that the first thing to do was apply the Euratom Treaty.

On the other hand, the discussions on giving effect to the priorities of the Single Act, the improvement of economic structures and the economic situation in general had been very useful. As regards implementing the Single Act, Mr Delors was very happy that the European Council had confirmed that completing the large market and the objective of economic and social cohesion were two sides of the same coin and that on the matter of improving working methods it had supported the Commission against the Finance Ministers, who, he said, could no longer keep putting off their decisions on directives on indirect taxation and excise duties. On the internal market, Mr Delors alluded to what he called the credibility threshold: at the moment companies and trade unions were keenly interested by the large market, but that would change if within a year or so nothing had been done about opening up public procurement, adopting relevant common standards, technological cooperation based on open public contracts and a social dialogue to sustain the whole endeavour. On the improvement of economic structures, the President referred to long-term unemployment as a cancer that was undermining our aggravating inequalities worsening the lot of the poor and those who are relegated to the fringes of society.

2. Opening up public procurement in the Community

1.2.1. On 19 June the Commission sent the Council a communication on public procurement in the Community which assesses the current situation and sets out an action programme aimed at solving the problems encountered to date. 1 Provision was made for this document in the White Paper on completing the internal market. 2

The Communication is accompanied by a proposal for a Directive amending that of 21 December 1976 coordinating procedures for the award of public supply contracts and deleting certain provisions of that of 22 July 1980. 3

Current situation

1.2.2. The economic importance of public procurement in the Community is illustrated by the fact that, in 1983-84, contracts central government, awarded under regional or local authority budgets totalled about 200 000 million ECU or 8-9% of GDP. Added to this are purchases by public enterprises in the non-competitive sector which are governed by private law.

About a quarter of the 200 000 million ECU is accounted for by defence orders, a major proportion of which concerns military equipment. The industrial impact of public purchasing is also very substantial in a number of other areas, particularly telecommunications, building and public works, energy (plant and fuel), transport, etc.

The Community adopted Directives aimed at harmonizing the procedures for awarding public works contracts in 1971 4 and public supply contracts in 1976. The latter was amended in 19806 to take account of the results of the Tokyo Round. As regards telecommunications, the Community chose a more pragmatic approach with the adoption by the Council in 1984 of a recommendation concerning the first phase of opening up access to public contracts in this sector. 7

Although the total number of invitations to tender published in the Supplement to the Official Journal by central and local government authorities under the rules laid down in the Directives has steadily increased, the impact of the Directives, whose aim was to organize tendering at Community level, has failed to come up to expectations. Public purchasing remains within the traditional narrow confines.

It would be no exaggeration to state that neither the letter nor the spirit of the Directives has, in general, been respected. And the fact that transport, telecommunications, energy and water were not covered has meant that the most lucrative contracts were not put out to tender at Community level. As a means of achieving the objectives and meeting the deadlines laid down in the White Paper on completing the internal market, the Commission has drawn up an action programme aiming to enhance the effectiveness of existing instruments and their application and to establish a body of Community rules on procurement in the major areas not covered by the Directives.

Improving application of existing Directives

- 1.2.3. In order to improve the effectiveness of the existing Directives, it is essential, among other things, to:
- ensure that the Directives are correctly incorporated into the national law of the Member States:
- (ii) make more systematic use of the procedures laid down in Article 169 of the Treaty;

COM(86) 375 final.

Bull. EC 6-1985, point 1.3.1 et seq. OJ C 173, 11.7.1986; COM(86) 297 final.

OJ L 185, 16.8.1971.

OJ L 13 and OJ C 11, 15.1.1977.

OJ L 215, 18.8.1980.

OJ L 298, 16.11.1984; Bull. EC 10-1984, point 1.3.2.

(iii) make the granting of any Community financing conditional upon observance of principles laid down in advance.

In addition, there are plans to launch information campaigns aimed at both purchasers and suppliers which would also involve the national authorities.

- 1.2.4. With a view to improving the existing legislation, a proposal to amend the supplies Directive of 21 December 1976 was sent by the Commission to the Council on 19 June. This is designed more particularly to:
- (i) improve information on contracts, notably through prior information for interested firms and the publication of results concerning awards;
- (ii) limit the use of restricted and single tendering procedures;
- (iii) promote the use of European technical standards;
- (iv) rationalize publication procedures and extend deadlines.
- 1.2.5. Preparations are also under way for making substantial amendments to the public works Directive of 26 July 1971³ to meet the specific requirements of that sector. The Commission has informed the Council that it will be receiving the relevant proposal by the end of 1987. The following improvements are envisaged:
- (i) raising the threshold to ensure that the Directive chiefly addresses large, specialized contracts;
- (ii) publishing public works programme and projects in advance;
- (iii) rationalizing procedures for publishing contracts and extending deadlines;
- (iv) providing firms with an opportunity to supply advance proof of their ability;
- (v) limiting the use of restricted and single tendering procedures to cases where they are justified and improving the rules governing their application;
- (vi) promoting the use of European technical standards;

(vii) adapting the Directive in line with the new contractual forms of awarding contracts (management promotion contracts, etc.).

Extension of scope of the existing Directives to sectors currently excluded

1.2.6. When the supplies and public works Directives were adopted in 1971 and 1976 respectively, the Council considered that disparities in the legal status of the purchasing bodies in the different Member States provided sufficient justification for the provisional exclusion of energy, drinking water, transport and telecommunications from their scope.

Statistics show that the impact of public procurement is in fact greatest in the areas of activity of public enterprises and of enterprises which are granted special or exclusive rights by Member States and are excluded from the scope of the Directives irrespective of their legal form. It is important, therefore, that all Community producers should have access to the contracts in view not only of the volume of the contracts but also of the strategic importance to industrial development of the products concerned.

Consequently, the Commission considers it essential to establish a system of undistorted competition in the excluded sectors. In order to achieve this objective, it will be necessary for such enterprises to:

- (i) open up to intra-Community competition the procedures which they normally use for awarding contracts;
- (ii) publicize the contracts they intend to award, so that firms can demonstrate their interest in tendering and their ability to compete; this point, like the previous one, is of special interest to small businesses, whose access to public procurement must be improved;

OJ L 185, 16.8.1971.

OJ L 13 and OJ C 11, 15.1.1977.

OJ C 173, 11.7.1986; COM(86) 297 final.

- (iii) ensure that the criteria for selecting candidates and awarding contracts are objective and known in advance;
- (iv) accept a supervisory system to ensure compliance with these obligations.

To open up public procurement completely by 1992, a massive information campaign will have to be launched and the proposed system brought into operation in stages.

Public procurement must be opened up by selecting sectors and subsectors on the basis of the requirements of the market and the technologies involved.

This will be facilitated by setting up a major European standardization programme, which will not preclude measures already under way, as in the telecommunications field, from being pursued.

Particular attention will therefore be paid to fields where the potential for developing new technologies is especially promising.

If recourse to undistorted competition is to result in the genuine opening-up of public

purchasing throughout the Community, it is important that those concerned should play an active role in achieving this objective and implementing this programme.

The Commission for its part will use all the means at its disposal; it intends to make use of Article 90 of the Treaty in addition to Articles 30, 32, 59 and 60.

In view of the broad scope of this action programme, the Commission has agreed in principle to set up a working party on public contracts which would be responsible for conducting information campaigns aimed at both the public authorities and business circles and for proposing more flexible and more effective supervisory procedures governing the award of contracts.

The Commission has also informed the Council that it will take the measures set out in its action programme and, by the end of 1986, will present it with proposals on tightening up the national authorities' obligations as regards provision of information and its own powers as regards supervision and intervention before the completion of award procedures.

3. Towards greater freedom of capital movements in the Community

1.3.1. As announced in May in its communication setting out a programme for the liberalization of capital movements in the Community, ¹ on 12 June the Commission sent the Council a proposal for a Directive extending the existing Community obligations for the liberalization of capital movements; ² it also repealed or amended Decisions authorizing certain Member States to continue applying protective measures to capital movements. These two moves are intended to implement the first stage of the Commission's programme. ³

Extension of existing liberalization obligations

1.3.2. The proposed Directive, which the Commission transmitted just one month after its programme, would extend the Community obligations on Member States to liberalize capital movements by transferring certain capital transactions from the

¹ Bull. EC 5-1986, point 1.2.1 et seq.

COM(86) 326 final.

³ Bull. EC 5-1986, point 2.1.5.

system of conditional liberalization that covers them at present under the Directive of 11 May 1960 ¹ to a system of unconditional liberalization, save where safeguard clauses are applied under the Treaty.

The extension of liberalization obligations envisaged in this first stage covers the transactions most directly necessary for the proper functioning of the common market and for the close linkage of financial markets:

- (i) long-term credits (five years and more) related to commercial transactions or to the provision of services in which a resident is participating: current liberalization obligations cover only short-term and medium-term credits of this type;
- (ii) acquisition by residents of foreign securities, and by non-residents of domestic securities: the current obligation would be extended to all medium-term and long-term securities traded on the financial markets, in particular securities not dealt in on a stock exchange;
- (iii) admission of securities to the capital market (bonds, shares and other securities of a participating nature which are dealt in on the stock exchange of a Member State or whose issue is linked to introduction on a stock exchange).
- 1.3.3. The proposal also specifies that, in respect of all the transactions unconditionally liberalized, uniform conditions should be laid down for the operation of a dual foreign exchange market through their alignment on the relevant provisions of the Council Directive of 11 May 1960 applying to list A (thereby ruling out any appreciable and lasting differences between exchange rates on the official market and on the market for capital transactions).

Under the Council Directive of 11 May 1960 (as amended on 18 December 1962) liberalized transactions were divided into two lists (A and B) largely on the basis of the conditions governing access to the official mar-

ket in countries with a dual foreign exchange market. The Commission's new proposal for a Directive provides for all the transactions to be merged in a single list by aligning the conditions governing access to the official market on the arrangements which most closely conform to the Community rules on the granting of foreign exchange authorizations.

Repeal or restriction of authorized protective measures

1.3.4. On 4 June the Commission decided to repeal ² its Decision of 19 December 1984 authorizing France to continue to apply certain protective measures pursuant to Article 108(3) of the EEC Treaty and to reduce the scope of its similar Decision of the same date relating to Italy. ³ This move had been made possible by the measures taken to ease exchange controls in France and Italy.

At the end of 1985 the French authorities ended the remaining restrictions on foreign direct investment by residents. In May other important liberalizing measures were taken, involving in particular the abolition of the investment currency arrangements for the acquisition of foreign securities by residents and the lifting of exchange restrictions on property investment abroad and on certain personal capital movements (gifts, transfers abroad of French emigrants' assets). ⁴

In Italy the authorities reduced to 25% the amount of the interest-free bank deposit that must be lodged when residents invest in real property abroad (previously 40%) or acquire foreign-listed securities (previously 30% if issued by Community institutions, and 40% otherwise), on condition the securities are held for more than one year (if not, the required deposit is 50%).

¹ OJ 43, 12.7.1960; OJ 9, 22.1.1963; OJ L 372, 31.12.1985.

² OJ L 171, 28.6.1986.

³ OJ L 8, 10.1.1985; Bull. EC 12-1984, point 2.1.6.

⁴ Bull. EC 5-1986, point 2.1.4.

4. Declaration against racism and xenophobia

1.4.1. At a ceremony in Parliament in Strasbourg on 11 June the Declaration against racism and xenophobia ¹ was signed by Mr Pierre Pflimlin on behalf of Parliament, Mr Hans van den Broek, Dutch Foreign Minister and President of the Council, on behalf of the Council and the Representatives of the Member States meeting within the Council, and Mr Jacques Delors on behalf of the Commission.

This comes in response to a move by the Commission, which in proposing its guidelines to the Council for a Community migration policy ² had urged the adoption of a joint declaration as a reaction by the Community institutions to the xenophobic attacks on migrant workers and their families which had occurred in several Member States.

The Council and Parliament welcomed the Commission's proposal and took part in the discussions which led to the drafting of the declaration, which is reproduced below.

The European Parliament, the Council, the Representatives of the Member States, meeting within the Council, and the Commission,

Recognizing the existence and growth of xenophobic attitudes, movements and acts of violence in the Community which are often directed against immigrants;

Whereas the Community institutions attach prime importance to respect for fundamental rights, as solemnly proclaimed in the Joint Declaration of 5

April 1977,³ and to the principle of freedom of movement as laid down in the Treaty of Rome;

Whereas respect for human dignity and the elimination of forms of racial discrimination are part of the common cultural and legal heritage of all the Member States;

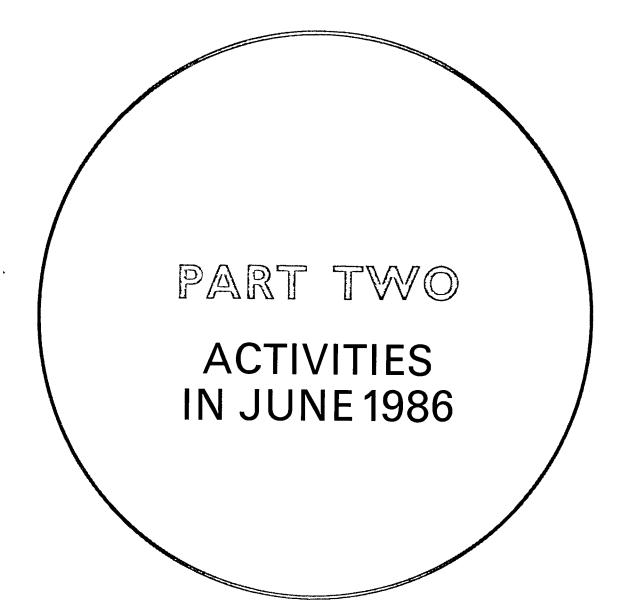
Mindful of the positive contribution which workers who have their origins in other Member States or in third countries have made, and can continue to make, to the development of the Member State in which they legally reside and of the resulting benefits for the Community as a whole

- (1) vigorously condemn all forms of intolerance, hostility and use of force against persons or groups of persons on the grounds of racial, religious, cultural, social or national differences;
- (2) affirm their resolve to protect the individuality and dignity of every member of society and to reject any form of segregation of foreigners;
- (3) look upon it as indispensable that all necessary steps be taken to guarantee that this joint resolve is carried through;
- (4) are determined to pursue the endeavours already made to protect the individuality and dignity of every member of society and to reject any form of segregation of foreigners;
- (5) stress the importance of adequate and objective information and of making all citizens aware of the dangers of racism and xenophobia, and the need for constant vigilance to ensure that all acts or forms of discrimination are prevented or curbed.

¹ OJ C 158, 25.6.1986.

Supplement 9/85 — Bull. EC; Bull. EC 2-1985, point 1.3.1 et seq. These guidelines formed the basis for a Council resolution adopted on 16 July 1985: Supplement 9/85 — Bull. EC; OJ C 186, 26.7.1985; Bull. EC 6-1985, point 2.1.74.

³ OJ L 103, 27.4.1977.



1. Building the Community

Economic and monetary policy

2.1.1. In its conclusions on the economic and social situation in the Community, the European Council, meeting on 26 and 27 June in The Hague, reaffirmed the need to continue macroeconomic and microeconomic policies aimed at structural improvement, in combination with additional efforts to generate gainful employment. It referred to the opportunities offered by the decline in oil prices and underlined the importance of the service sector and of small businesses as a source of employment The European Council also growth. stressed the case for simultaneous action to set up a truly free capital market on a European scale (\rightarrow points 1.1.2 to 1.1.5).

Council

2.1.2. At its economic and financial affairs meeting on 16 June the Council took note of the Commission's intention shortly to present proposals on the rates and rates structure of indirect taxation and on the clearing system, with a view to removing tax barriers (\rightarrow point 2.1.9). After an introductory statement by the Commission President, Mr Delors, the Council held an initial discussion on the general programme for the liberalization of capital movements 1 and on the first proposal for a Directive on the subject (\rightarrow points 1.3.1 to 1.3.3). In the light of a report from the Chairman of the Monetary Committee, the Council then continued its discussions of the Commission communication concerning monetary and financial relations with Japan. 2

Finally, the Council discussed the economic and financial matters likely to be raised at the forthcoming meeting of the European Council in The Hague (\rightarrow point 1.1.1 et seq.)

Economic situation

The economic outlook for 1987 and Member States' budgetary policy

2.1.3. On 25 June the Commission adopted a communication for transmission

to the Council early in July on the economic outlook for 1987 and the Member States' budgetary policy ³ pursuant to the Council Decision of 18 February 1974 on economic policy convergence. ⁴ The communication is the basis for the Council's second-quarter examination of the economic situation in the Community, which is the occasion when the Council will also set quantitative guidelines for draft public budgets in 1987.

In its communication, the Commission remarks that economic recovery in the Community is continuing, helped this year by the considerable fall in import prices (particularly for oil). Economic growth measured by the increase in real Community GDP, which was 2.3% in 1985, is expected to reach 2.8% in 1986 and 1987.5 The main contribution to the growth of GDP comes from domestic demand, which is replacing external demand as the prime engine of growth. Although employment is once again increasing more sharply (by 0.8% a year), unemployment, which stood at 12% of the labour force in 1985, will probably decline only slightly, to 11.9% this year and 11.6% in 1987.

The convergence of economic performances in the Community in 1986 is encouraging. Taking the Community average, the inflation rate (private consumer prices) will not exceed 3.5%, a rate which has not been achieved for 20 years; the dispersion of rates within the Community will also be similar to that observed during the 1960s. The targets for money supply growth seem to be compatible with further convergence of inflation rates. Greater convergence in current account balances is also foreshadowed for 1986 and 1987. On the fiscal policy side, the process of budget consolidation is continuing at Community level 6 but it is not being accompanied by sufficient conver-

¹ Bull. EC 5-1986, point 1.2.1 et seq.

² Bull. EC 4-1986, point 2.2.13.

³ COM(86) 364 final.

⁴ OJ L 63, 5.3.1974.

⁵ Bull. EC 6-1985, point 2.1.4.

⁶ Bull. EC 6-1983, point 2.1.4; Bull. EC 6-1984, point 2.1.3; Bull. EC 6-1985, point 2.1.4.

gence in budget deficits and levels of public debt. While the public finance situation has improved in a number of countries, creating some room for manœuvre, other countries must continue to make determined efforts to restore a healthy public finance situation. With the Annual Economic Report 1985-86, the Council adopted a strategy designed raise the Community's underlying growth rate to 3%, or even 3.5%, and to make this growth richer in terms of employment. The objective set is a significant and lasting reduction in unemployment by the end of the decade. In 1986 and 1987 growth will still be below the requisite underlying rate. Although the trend emerging for 1986 comes close to that recommended by the cooperative strategy, 1 it is disturbing that the rates of economic and employment growth forecast for 1987 show no rise.

The Commission therefore concludes in its communication that there is no need to adjust the main economic policy guidelines set out in the latest Annual Economic Report² but that the guidelines must be applied effectively.

(i) At macroeconomic level, the trend towards improved profitability and more buoyant domestic demand must be maintained in the Community in 1987 and probably for some time after.

(ii) Measures, mainly microeconomic, to improve the adaptability of markets are an important part of the Community strategy and should be strengthened.

(iii) Social dialogue is important to the success of the strategy. For its part, the Commission will continue to encourage highlevel dialogue between employers' and employees' representatives at European level.

(iv) Closer international cooperation, based in particular on the results of the Tokyo Summit, ³ could significantly widen the Community's room for manœuvre.

Free movement of capital

Programme for the liberalization of capital movements

2.1.4. As announced in its communication to the Council of 21 May presenting a pro-

gramme for the liberalization of capital movements, ⁴ the Commission has taken two steps: first, it has sent the Council a proposal for a Directive to extend existing liberalization obligations (→ points 1.3.1 to 1.3.3); second, it has decided, pursuant to Article 108(3) of the EEC Treaty, to repeal or amend Decisions authorizing France and Italy to continue applying certain protective measures to capital movements (→ point 1.3.4).

Economic Policy Committee

2.1.5. The Economic Policy Committee held its 171st and 172nd meetings. On 19 June, in its reduced 'budgets' composition, with Mr Postma in the chair, it discussed the budget guidelines for 1987 with a view to the Council's second-quarter examination of the economic situation in the Community; on 25 June, in its reduced 'mediumterm' composition, with Mr Guillaume in the chair, it discussed work in progress on the consequences of completing the internal market, and examined medium-term projections for each country and for the Community as a whole for 1986-90.

Monetary Committee

2.1.6. The Monetary Committee held its 324th meeting in Brussels on 12 June, with Mr Tietmeyer in the chair. It discussed recent economic developments and held its mid-year examination of the coherence of monetary policies in the Community.

Internal market and industrial affairs

Completing the internal market

2.1.7. At The Hague on 26-27 June the European Council adopted conclusions on

OJ 1 377, 31.12.1985.

Bull. EC 10-1985, point 1.3.1 et seq.

³ Bull. EC 5-1985, point 1.3.1 et seq.

⁴ Bull. EC 5-1986, point 1.2.1 et seq.

completing the internal market, including a detailed working method and areas of special interest (→ points 1.1.6 to 1.1.8).

Council

2.1.8. The Council held its fourth internal market meeting of the year on 23 June. 1 It reached a consensus on the proposal for a Directive on the adoption of common technical specifications for the MAC/ packet ² family of standards for direct satellite television broadcasting and cable distribution until the end of 1991. The Council declared that it was willing to adopt the Commission proposal of 8 January for a Directive on legal protection of original topographies of semiconductor products⁴ before the end of the year, with the aim of every Member State introducing legislation on this subject. Substantial progress was made on the proposals on pharmaceutical products, ⁵ general practitioners ⁶ and fire safety in hotels. ⁷ Limited progress was made on self-employed commercial agents, 8 right of residence 9 and border controls. 10

The Council also discussed public contracts on the basis of a communication setting out the Commission approach to the subject and its plans for the future (\rightarrow point 1.2.1 et seq.).

Finally, the President presented a report on a new approach to technical harmonization¹¹ and took stock of the progress made on the rolling programme to implement the White Paper on completing the internal market¹² to be followed by the current presidency and the two to follow.

2.1.9. As agreed at the Council meeting on economic and financial affairs on 9 December, ¹³ an ad hoc working party of heads of tax administrations or other personal representatives of the Finance Ministers has been set up to consider the taxation measures needed if the internal market is to be established and working by the end of 1992, as called for by the White Paper.

The working party submitted its report on the subject in June.

Taking this as its starting point, on 16 June the Council noted that by 1 April 1987 the Commission would be tabling detailed proposals on indirect taxation rates and rate structures and on the clearing system. The Member States would then be able to state their position on the approach advocated in the section of the White Paper on the removal of tax frontiers, without in any way prejudicing the positions which they will take on this package of proposals when the time comes.

2.1.10. At the meeting on agriculture on 24-25 June the Council conducted a policy debate on the Commission communication of November 1985 on a new approach to the harmonization of foodstuffs legislation. It focused on the question of a simplified procedure for delegating power to the Commission.

2.1.11. On 9 June the Council adopted a Regulation abolishing certain postal fees for customs presentation (→ point 2.1.69).

2.1.12. On 30 June the Council adopted conclusions on the definitive organization of a free intra-Community market in road haulage, to be set up by 1992 at the latest (→ points 2.1.229 and 2.1.230).

Bull. EC 5-1986, point 2.1.8.

MAC: multiplexed analogue components.

OJ C 59, 14.3.1986; Bull. EC 1-1986, point 2.1.37.

OJ C 360, 31.12.1985; Bull. EC 12-1985, point 2.1.25.

OJ C 293, 5.11.1984; Bull. EC 10-1984, point 2.1.16; OJ C 122, 22.5.1986; Bull. EC 3-1986, point 2.1.18.

OJ C 13, 15.1.1985; Bull. EC 12-1984, point 2.1.10; OJ C 125, 24.5.1986; Bull. EC 4-1986, point 2.1.6.

OJ C 49, 21.2.1984; Bull. EC 1-1984, point 2.1.5; OJ C 131, 29.4.1986; Bull. EC 4-1986, point 2.1.8.

⁸ OJ C 13, 18.1.1977; OJ C 56, 2.3.1979.

⁹ OJ C 207, 17.8.1979; Bull. EC 7/8-1979, point 2.1.14; OJ C 188, 25.7.1980; OJ C 171, 10.7.1985, Bull. EC 6-1985, point 2.1.15.

OJ C 47, 19.2.1985; Bull. EC 12-1984, point 2.1.9; OJ C 131, 30.5.1985; Bull. EC 5-1985, point 2.1.9.

¹¹ OJ C 89, 15.4.1986; Bull. EC 3-1986, point 2.1.13.

¹² BULL. EC 6-1985, point 1.3.1 et seq.

Bull. EC 12-1985, point 2.1.8; Bull. EC 1-1986, point 2.1.5.

¹⁴ Bull. EC 11-1985, point 2.1.18.

2.1.13. The Commission sent the Council on 12 June a proposal for a Directive to extend the obligations for liberalizing capital movements (\rightarrow points 1.3.1 to 1.3.3). This was part of the liberalization programme transmitted to the Council in May. ¹

2.1.14. On 12 June Parliament adopted two resolutions on the cost of a non-united Europe (→ point 2.4.9). The first instructed a specialist research institute to carry out a thorough study of the cost of 'non-Europe' by 31 December 1987 and called on the Commission to give a written opinion on the study without delay.

The other urged the Commission to make public the total cost — including the social costs — of a non-united Europe and to give Parliament the information it needed in order to take political action to stimulate the Council and to arouse public opinion in the Community.

Free movement of persons and freedom to provide service

Mutual recognition of diplomas and access to occupations

Midwives

2.1.15. The Advisory Committee on the Training of Midwives met at the end of May and adopted, for transmittal to the Commission and the Member States, an initial report and recommendations on basic training for midwives.

The Committee then heard a number of reports on the situation in the Member States concerning methods of assessment during and at the end of training, continuing training, theoretical and practical training of instructors.

Dentists

2.1.16. The Advisory Committee on the Training of Dental Practitioners met on 11-

12 June and having finalized the different language versions of the two reports adopted in November 1985 ³ decided to send them to the Commission and the Member States. It continued its consideration of the report being prepared on the definition of a basic occupational profile of the dental practitioner in the Member States. ³

The Committee heard statements on the introduction of basic dental training in Spain and on developments in Portugal, and received communications on the methods used to examine and monitor training results in Belgium, Greece, Ireland, Italy and the Netherlands.

Doctors

2.1.17. The Advisory Committee on Medical Training held the first meeting of its new term of office on 17 and 18 June. It elected a chairman and decided upon its work programme. The Committee adopted a report on methods of assessment in basic medical training and received reports on medical training in Spain and Portugal. It agreed to provide the Commission with advice on training in cancer in the context of the Community action programme against cancer adopted by the Council and Ministers for Health meeting within the Council in May. ⁴

Elimination of restrictions

2.1.18. On 12 June Parliament adopted two resolutions — one concerning obstacles to the free movement of persons in the Community and one concerning the European driving licence (point 2.4.9). ⁵

¹ Bull. EC 5-1986, point 1.2.1 et seq.

² OJ C 176, 14.7.1986.

³ Bull. EC 11-1985, point 2.1.14.

⁴ Bull. EC 5-1986, point 2.1.66.

OJ C 176, 14.7.1986.

Free movement of goods

Removal of technical and administrative barriers to trade

Industrial products

2.1.19. On 18 June the Commission adopted a Directive ¹ adapting to technical progress its Directive of 17 September 1984 on the approximation of the laws of the Member States relating to electrically operated lifts. ²

Foodstuffs

2.1.20. On 24 June the Commission decided to withdraw its proposal for a Council Directive³ on the approximation of the laws of the Member States relating to cocoa and chocolate products intended for human consumption.⁴ This decision was taken as a result of difficulties about the proposal in Parliament and a request from the ACP States to maintain the current Community legislation on these products.

The Commission will notify the Council, Parliament and the Economic and Social Committee accordingly.

Business law

Public contracts

2.1.21. On 19 June the Commission sent the Council a communication on public procurement in the Community and a proposal for a Directive amending the Directive of 21 December 1976 coordinating procedures for the award of public supply contracts and deleting certain provisions of the Directive of 22 July 1980 (→ 1.2.1 et seq.).

Small business — Business Cooperation Centre — Distributive trades

Small business

2.1.22. In line with the Community's policy of promoting small business, ⁵ particu-

larly in the new Member States, a briefing was held at Commission headquarters for the Business Cooperation Centre's Portuguese contacts.

Experts from each sector outlined all the relevant Community policies.

Industry

Council

2.1.23. The Ministers for Industry held a Council meeting on 9 June. Among the principal items on the agenda was a new Commission strategy for stricter rules on aid to shipbuilding; the Council discussed the matter in detail (\rightarrow point 2.1.93).

On telecommunications, the Council approved the proposal for a Directive concerning the first phase of the mutual recognition of type-approval for terminal equipment (→ point 2.1.59). It also examined certain essential aspects of the proposal for a Directive on standardization in the field of information technology and telecommunications. ⁶

After hearing a statement from Mr Karl-Heinz Narjes concerning the Commission communication on improving competitiveness and industrial structures in the Community, 7 the Council endorsd the main points of the Commission's analysis. The President of the Council concluded that the various aspects of the communication should be taken into account in the context of work in areas such as standardization, public procurement, State aids to industry, especially small and medium-sized firms.

Finally, the Council noted that the Commission was preparing a communication

¹ OJ L 196, 18.7.1986.

OJ L 300, 19.11.1984.

³ COM(86) 368 final.

⁴ OJ C 32, 7.2.1984; Bull. EC 1-1984, point 2.1.10.

⁵ Bull. EC 11-1985, point 2.1.19; Bull. EC 5-1986, points 2.1.20 and 2.1.21.

⁶ OJ C 232, 12.9.1985; Bull. EC 5-1985, point 2.1.21.

⁷ Bull. EC 2-1986, point 1.4.1 et seq.

and proposals on the opening-up and integration of public procurement in the Community (\rightarrow point 1.2.1 et seq.).

2.1.24. On 12 June Parliament adopted a resolution on the crisis in the shipbuilding industry (\rightarrow point 2.4.9). ¹

Steel

The Community steel industry

Market management

Market situation

Production

2.1.25. Crude steel production in the Community (excluding Greece) totalled

11.055 million tonnes in April, ² compared with 11.471 million tones in April 1985 — a drop of 3.6%.

The falling trend is general: the International Iron and Steel Institute (IISI) figures were also 1.8% down for April (Japan -7.3%, United States -0.9%) and 0.4% down for the first four months of the year compared with 1985 (Japan -6.2%, United States +2%).

Table 1 shows the trend in crude steel production in the main IISI countries.

Table 1 — Crude steel production in major IISI countries, April 1985—April 1986

			<u> </u>				
	April	April	% change	First for	ir months	% change	
	1986	1985		1986	1985	70 Change	
Belgium	879	931	- 5.6	3 476	3 680	- 3.7	
Denmark	62	34	+ 82.4	231	147	+ 57.1	
Germany (FR)	3 429	3 338	+ 2.7	13 223	13 467	- 1.8	
Spain	1 099	1 202	- 8.6	4 624	4 800	- 3.7	
France	1 603	1 696	- 5.5	6 179	6 595	- 6.3	
Italy	2 002	2 016	- 0.7	7 995	8 132	- 1.7	
Luxembourg	336	354	- 5.1	1 347	1 351	- 0.3	
Netherlands	372	377	- 1.3	1 768	1 805	- 2.1	
Portugal	59	48	+ 22.9	227	229	- 0.9	
United Kingdom	1 221	1 489	- 18.0	5 155	5 307	- 2.9	
Community (excluding Greece and Ireland)	11 062	11 485	- 3.7	44 225	45 442	- 2.7	
United States	7 075	7 141	- 0.9	27 744	27 194	+ 2.0	
Japan	8 444	9 113	- 7.3	33 385	35 576	- 6.2	
Other IISI countries	9 869	9 365	+ 5.4	39 877	37 533	+ 6.2	
Total	36 450	37 104	- 1.8	145 231	145 745	- 0.4	

¹ OJ C 176, 14.7.1986.

Bull. EC 4-1986, point 2.1.16 (first production estimates based on preliminary figures).

2.1.26. Production totalled 10.6 million tonnes in May, 1 compared with 11.769 million tonnes in May 1985 — a further drop of about 10%.

Production was down to 54 579 000 tonnes during the first five months of 1986, which

is 4.6% less than in the corresponding period of 1985. The United States and Japan also registered a downward trend.

Table 2 shows the trend in the Community's crude steel production.

Table 2 — Community crude steel production, May 1985 — May 1986

·						'000 tonnes	
		May	% change on May 1985	First five months			
		1986		1986	1985	% change	
Belgium		697	- 28.6	4 173	4 584	- 9.0	
Denmark		57	+ 32.6	288	190	+ 51.6	
Germany (FR)		3 164	- 7.1	16 376	16 873	- 2.9	
Spain		1 080	- 13.0	<i>5</i> 468	6 042	- 9.5	
France		1 594	- 5.7	7 771	8 285	- 6.2	
Italy		2 050	- 4.3	10 045	10 275	- 2.2	
Luxembourg		315	- 4.3	1 662	1 680	- 1.1	
Netherlands		452	+ 0.4	2 220	2 256	- 1.6	
Portugal		63	+ 28.6	290	278	+ 4.3	
United Kingdom		1 127	- 22.2	6 286	6 756	+ 7.0	
	Total	10 599	- 10.0	54 579	57 219	- 4.6	

2.1.27. Preliminary internal figures put crude steel production in June at about 11 million tonnes for the Community excluding Greece, compared with actual production of 10.6 million tonnes in May 1986 and 11.9 million tonnes in June 1985.

Orders, imports and exports

2.1.28. Table 3 shows new orders for ordinary steels, broken down by origin.

Table 3 - New orders for ordinary steels by origin

				'000 tonne:
	Orders from national markets	Orders from other ECSC countries	Orders from non-ECSC countries	Total
February 1986	3 920	1 944	1 200	7 064
January 1986	4 519	2 139	1 585	8 243
February 1985	4 156	1 367	2 287	7 810
January 1985	4 256	1 646	1 949	7 851
1985	47 142	18 434	20 717	86 293
1984	46 228	17 905	19 831	83 964

Bull. EC 5-1985, point 2.1.24 (forecasts for May).

New orders from non-Community countries for January and February 1986 were 18.7% down and 47.5% down respectively on January and February 1985; new orders from the Community of Nine were 12.8% higher in January and 6.2% higher in February than in the corresponding

months in 1985.

Employment

2.1.29. Table 4 shows employment developments in the steel industry from April 1984 to April 1986.

Table 4 — Employment in the steel industry, April 1984 — April 1986

	Apri	April 1984		April 1985	
	,000	% change	'000	% change	'000
Belgium	39,3	- 8.7	35.9	- 7.0	33.4
Denmark	1.6	0.0	1.6	+ 12.5	1.8
Germany (FR)	158.4	- 4.2	151.7	- 1.3	149.7
France	86.2	- 4.6	82.2	- 11.6	72.7
Italy	85.6	- 14.0	73.6	- 9.4	66.7
Ireland	0.7	- 14.3	0.6	0.0	0.6
Luxembourg	12.6	- 2.4	12.3	+ 3.3	12.7
Netherland	18.7	+ 1.1	18.9	0.5	18.8
United Kingdom	62.5	- 2.4	61.0	- 5.7	57.5
EUR 9	465.6		437.8		413.9
Average annual rate	103.0	- 6.0	137.0	- 5.5	713,7

In April the workforce in the Community steel industry (excluding Greece and the two new Member States) had fallen to 413 900, compared with 437 800 12 months before. This amounts to an average annual decline of 5.5%, compared with 6% for the previous 12-month period.

The decrease in employment was particularly high in France, followed by Italy, Belgium and the United Kingdom. It was relatively low in Germany, while in the other Member States the numbers employed either remained stable or increased.

Forward programme

2.1.30. The Commission published the forward programme for steel for the second quarter of 1986 in the Official Journal on 9 July. The programme had been adopted

at second reading² after the ECSC Consultative Committee had given its opinion.³

2.1.31. On 11 June the Commission approved the forward programme for the third quarter, and the Committee delivered its opinion on 20 June (\rightarrow point 2.4.19).

The macroeconomic outlook and prospects for the user sectors are reasonably encouraging when allowance is made for the slackening of activity during the summer holidays. The situation in respect of falling prices and exports is less encouraging.

The production forecasts of 30.7 million tonnes for the Ten in the second quarter will not be reached; the forecast for crude steel production in the third quarter is 29 million tonnes, a cautious estimate which is

OJ C 170, 9.7.1986.

First reading: Bull. EC 3-1986, point 2.1.23.

Bull. EC 3-1986, point 2.4.24.

in line with the abatement rates set for this period. ¹

Steel production in Spain and Portugal is put at 3.2 million tonnes, which would bring total production for the Twelve to 32.2 million tonnes.

Compared with the corresponding period last year, real consumption is expected to increase slightly with a rise in imports and a drop in exports; Table 5 shows the forward Community steel balance for the third quarter compared with the outturn for the preceding quarters.

Table 5 — Steel supply and demand in the Community of Ten

million tonnes

	Outturn				Forecast	
	QIII/84	QIII/85	QI/86	QII/86 ¹	Q111/86 ¹	
Real consumption	23.92	23.93	26.15	27.10	25.50	
Stock change	+ 0.35	0	0	- 0.10	+ 0.20	
Imports	2.31	2.34	2.50^{1}	2.80	2.70	
Exports	6.55	7.10	6.00^{1}	6.50	6.00	
Production:						
Community of Ten	28.51	28.69	29.65	30.70	29.00	
Community of Twelve	_	-	33.34	34.35	32.20	

¹ Estimates.

Prices

2.1.32. On 13 June the Commission gave a first reading to two draft Decisions under Article 60 of the ECSC Treaty; the ECSC Consultative Committee gave its opinion on 20 June (→ point 2.4.20). These Decisions concern the publication of price lists and conditions of sale applied by undertakings in the steel industry; they amend for the sixth time the Decision on ordinary steels ² and for the fourth time the Decision on special steels. ³

They specify the discounts for consumer groups authorized for these two types of steel and clarify the price rules; this should enable steel companies to operate on a basis of legality during the transition period until the market is completely liberalized.

The Decisions also ensure non-discrimination and guarantee price transparency by clarifying provisions made in previous instruments in such a way as to enable companies to adjust to changes on the market; and they define the concept of group

discounts which do not require to be published.

Social measures

Restructuring

2.1.33. On 12 June the Commission put a proposal to the Council to increase the Community budget for social aid to restructuring of the steel industry from 330 to 350 million ECU. ⁴ This additional 20 million ECU, needed because of the accession of Spain and Portugal to the Community, is to be used to finance special aid for between 7 000 and 10 000 workers.

This aid is outside the standard Article 56 procedure and thus necessitates a transfer from the general budget to the ECSC budget.

¹ Bull. EC 6-1985, point 2.1.23.

OJ, 2.5.1953 (without number).

³ OJ 18, 1.8.1954.

⁴ COM(86) 319 final.

For the record, of the 330 million ECU initially proposed by the Commission, ¹ 62.5 million ECU has already been granted. ²

Research

Social aspects

- 2.1.34. In June the Commission granted financial aid under Article 55 of the ECSC Treaty to a number of Community research institutes on the basis of various programmes:
- (i) It decided as part of the second programme on safety in mines ³ to provide 2 580 300 ECU for 17 research projects concerned with the prevention of fires and explosions in the mines, rescue operations and measures to guard against other types of accident.
- (ii) Under the programme on industrial hygiene in mines, ⁴ the Commission allocated 1 744 200 ECU to six research projects on the control of pollution, dust measurement and the reduction of noise and vibration.
- (iii) Under the fifth programme on technical control of nuisances and pollution at the place of work and in the environment of iron and steel works, 5 the Commission provided 1 439 700 ECU towards the cost of seven projects on the control of pollution of the air and fresh and sea water.
- (iv) Finally, the Commission allocated 947 500 ECU to five research projects under the fifth programme on ergonomics in the coal and steel industries. ⁶

Technical aspects

- 2.1.35. After the Council gave its assent and the ECSC Consultative Committee delivered its opinion, ⁷ the Commission decided on 23 June to grant aid totalling 19 million ECU to 78 steel research projects ⁸ pursuant to Article 55 of the ECSC Treaty.
- 2.1.36. On 12 June the Commission also requested the Council's assent and the Com-

mittee's opinion (→ point 2.4.18) pursuant to Article 55 with regard to the granting of aid totalling 9.5 million ECU to 13 pilot and/or demonstration projects on ore preparation and reduction, and production, processing and use of steel. 9

Restructuring

2.1.37. On 16 June the Commission approved two programmes in Luxembourg and France that are to receive aid from the non-quota section of the ERDF as part of the steel industry restructuring scheme (→ point 2.1.139).

Transport

2.1.38. The Representatives of the Governments of the ECSC Member States, meeting within the Council, approved on 18 June the Fifth Supplementary Agreement 10 amending the Agreement of 21 March 1955 on the establishment of through international railway tariffs for the carriage of coal and steel. 11 This limited modification of the 1955 Agreement changes the coefficients of degressivity of the ECSC tariffs in order to permit the German railways to reform their national tariff structure.

Trade with non-member countries

Exports

Semi-finished products: Dispute with the United States

2.1.39. On 9 June the Community's Ministers for Industry discussed the dispute with

¹ Bull. EC 4-1983, point 2.3.7.

Bull. EC 7/8-1985, point 2.1.85.

This programme was decided by the Commission in July 1982 and 12.5 million ECU has been assigned to it.

OJ C 322, 8.12.1983; Bull. EC 11-1983, point 2.1.199.

OJ C 338, 31.12.1985; Bull. EC 12-1985, point 2.1.35.

⁶ OJ C 270, 22.10.1985; Bull. EC 5-1985, point 2.1.117.

⁷ Bull. EC 3-1985, point 2.4.22.

⁸ Bull. EC 3-1986, point 2.1.29.

⁹ COM(86) 336 final.

¹⁰ OJ L 167, 24.6.1986.

¹¹ Bull. EC 2-1986, point 2.1.145.

the United States on semi-finished products. The American authorities had taken unilateral measures against Community exports of these products, ¹ to which the Commission replied with retaliatory measures. ²

The Ministers approved the resumption of discussions with the United States on including semi-finished products in the Arrangement on steel products. ³ Up to now, this type of product has been subject only to consultation procedures and not to specific quantitative restrictions. It is therefore necessary to set total Community export limits for these products until 1989 and to determine each Member State's share of this quota.

Imports

External aspects of the crisis measures

Arrangements with non-member countries

2.1.40. On 17 June the Council authorized the Commission to negotiate a voluntary restraint arrangement with Venezuela, at the latter's request, concerning exports to the Community in 1986.

Basic import prices

2.1.41. The Commission adopted a communication on 18 June to change the basic import prices for certain iron and steel products. These prices are published by the Commission, denominated in ECUs, and are regularly reviewed in order to adjust them to movements in exchange rates and to bring them into line with production costs. The last such communication was published on 31 December 1985, adjusting the exchange rates for the various national currencies. 4 Following the modification of the exchange rates under the European Monetary System on 7 April, 5 another adjustment became necessary. No adjustment of price levels was made, since this would not be warranted by changes in costs.

Autonomous measures

2.1.42. The Commission authorized Ireland to implement safeguard measures against the German Democratic Republic under Recommendation 77/328/ECSC, which allows import bans under certain conditions; the present ban applies to 1986 and concerns bars and sections, with the exception of quantities already imported or in transit.

2.1.43. On 30 June the Representatives of the Governments of the ECSC Member States, meeting within the Council, adopted a Decision on arrangements for trade in ECSC products between the Community and the overseas countries and territories (→ point 2.2.43).

2.1.44. The Council also adopted, on 9 June, a Regulation increasing the volume of the Community tariff quotas open for certain ferrochromium grades for 1986 (\rightarrow point 2.1.77).

Research and technology

Community R&D policy

2.1.45. At its meeting in The Hague on 26-27 June the European Council adopted conclusions on technological cooperation and innovation at Community level $(\rightarrow \text{ point } 1.1.4)$.

Council

2.1.46. At its meeting in Luxembourg on 10 June the Council held a second detailed discussion of the main guidelines for the

Bull. EC 12-1985, point 2.1.36.

OJ L 30, 5.2.1986; Bull. EC 1-1986, point 2.1.20; Bull. EC 2-1986, point 2.1.22; OJ L 145, 30.5.1986; Bull. EC 5-1986, point 2.1.30.

³ OJ L 355, 31.12.1985; Bull. EC 12-1985, point 2.1.36.

⁴ OJ C 338, 31.12.1985; Bull. EC 12-1985, point 2.1.39.

⁵ Bull EC 4-1986, point 2.1.2.

new R&D framework programme for 1987 to 1991. ¹

The Council noted that it had just received a resolution, adopted by the European Parliament on the previous day, setting out Parliament's position on the new framework programme (→ point 2.1.48).

Ministers took a closer look at a number of issues, particularly the scientific and technical priorities in the framework programme (taking into account the repercussions of the Chernobyl accident for nuclear research), ² the financial aspects of the lines of action proposed and the overall cost of the framework programme, the criteria for selecting lines of action, economic and social cohesion and the role of small businesses.

At the close of the discussion the Council, acknowledging the importance of Community research policy for future years, asked the Commission to take account of the comments made so that its forthcoming proposal could be examined and adopted by the Council as quickly as possible.

The Council also took two Decisions adopting multiannual R&D programmes on the environment (1986-90) (→ point 2.1.67) and on materials (raw materials and advanced materials) (1986-89) (→ point 2.1.65).

Eureka Ministerial Conference

2.1.47. The third Eureka Ministerial Conference was held in London on 30 June. ³ The participants were 38 Ministers for Foreign Affairs, Research and Industry, representing 18 European countries, and Mr Karl-Heinz Narjes representing the Commission. On 29 June it had been agreed that Iceland, as a member of the European Free Trade Association, would be the 19th member of Eureka.

The conference warmly welcomed agreements on 62 new projects, involving an estimated total expenditure of over 2 000 million ECU. They cover a broad range of advanced technologies and are intended to

develop products, processes or services having a worldwide market potential.

The part played by small businesses in a number of projects was noted, as was Eureka's role in the application of advanced technology for the benefit of the environment.

Arrangements were agreed for establishing a secretariat in Brussels to strengthen the machinery for collection and dissemination of information on collaboration within the Eureka framework, to support Eureka meetings and to help enterprises and research institutes. The first head of the secretariat is to be Mr Xavier Fels, a diplomat on secondment from the French Government.

The next Eureka Ministerial Conference is to be held in Stockholm on 16 and 17 December, Sweden having taken over the chair of Eureka on 1 July.

Framework programme

2.1.48. On 9 June Parliament gave its opinion 4 on the communication sent by the Commission to the Council on 20 March concerning the guidelines for a new framework programme of technological research and development (1987-91). 5

While welcoming the lines of action proposed by the Commission, Parliament would nevertheless like to see them directed more clearly towards qualitative goals. The priority given by the framework programme to promoting industrial competitiveness should be retained, but there should be a shift of emphasis in favour of environmental and health protection aspects instead of a reduction of their share from 10.3 to 7.5%.

Parliament feels that the figure set by the Commission for financial requirements over

Bull. EC 6-1986

¹ Bull. EC 4-1986, point 2.1.25.

² Bull. EC 5-1986, points 1.1.1 et seq. and 2.1.35.

³ Previous conferences: Bull. EC 7/8-1985, point 2.1.210; Bull. EC 11-1985, point 2.1.182.

⁴ OJ C 176, 14.7.1986.

⁵ Bull. EC 3-1986, points 1.1.1 to 1.1.6.

the next five years is fully justified and is the very minimum required for an efficient research and technology policy.

It also welcomes the provision of a strategic reserve of 15% for new projects. It hopes that the new procedures in the Single European Act ¹ will be taken into account during discussions on the new framework programme and its effects on specific programmes.

The Scientific and Technical Com-2.1.49. mittee gave its opinion on the guidelines for the new framework programme in May. It took the view that work on the safety of nuclear fission installations (reactor safety, radioactive waste management and decommissioning programmes together with certain more basic aspects such as research on actinides) should not under any circumstances be reduced below its current level. The same applies to the radiation protection programme. Work on fissile material safeguards should be maintained at the current level so as to fulfil the obligations in the Euratom Treaty. Controlled thermonuclear fusion could provide a valuable source of energy for the Community in the long term.

Stimulation of European scientific and technical cooperation and interchange

2.1.50. The Committee for the European Development of Science and Technology met on 25-26 June at Culham in the United Kingdom, the site of JET (Joint European Torus) set up under the Community's fusion programme. The members were able to visit not only JET but also the nearby ISIS neutron source installations of the Rutherford Appleton Laboratory where the Community, under the programme to stimulate its scientific and technical potential, has helped to set up a muon spin facility which will be the most powerful in the world once it is fully operational.

The Commission then selected a new set of research proposals totalling 2.5 million ECU under the plan to stimulate cooperation and interchange (1985-88).² These

proposals, which supplement the 171 projects already adopted, ⁴ range from the genetics of forestry species, research on protein functions and structures and the study of old and new forms of concrete to macromolecular crystallography and dating by thermoluminescence.

The Committee also approved two evaluation reports on the experimental phase (1983-84) of the stimulation programme³ and on the scientific results obtained in 1983, 1984 and 1985.

2.1.51. In Edinburgh on 2 June the Commission presented the results of the EJOB project, 5 the vast mission-oriented research operation conducted during the experimental phase (1983-84) of the stimulation programme. 3 Over 120 scientists, journalists and members of the European Parliament and of the Economic and Social Committee were present. The EJOB project, bringing together six research teams in different member countries, produced developments giving Europe a significant lead in the design of the optical computer.

International cooperation

EFTA countries

2.1.52. On 27 June the Community and Norway signed a framework agreement on scientific and technical cooperation. ⁶ This agreement, following on similar agreements which the Community has signed with Switzerland and with Sweden, ⁷ will step up cooperation between the Community and Norway, already well established in many scientific and technological fields such as computing, telecommunications, meteorology, the environment and biology.

Supplement 2/86 — Bull. EC.

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

OJ C 337, 2.3.1982; Bull. EC 12-1982, point 2.1.174.

Bull. EC 6-1985, point 2.1.165; Bull. EC 1-1986, point 2.1.23.

⁵ Bull. EC 1-1985, point 2.1.74.

⁶ Bull. EC 3-1986, point 2.1.39.

⁷ Bull. EC 1-1986, point 2.1.25.

COST projects

2.1.53. On 5 June the Council decided to conclude an agreement ¹ between the Community and Switzerland on a concertedaction project in the field of automated and analytical cytology. ² The agreement was signed on 18 June.

2.1.54. On 20 and 24 June respectively, Norway and Finland signed an agreement extending to 31 December 1986 and amending the Community's concerted-action project in the field of shore-based marine navigation aid systems. ³

Sectoral R&D

Energy

Nuclear fission energy

2.1.55. On 10 June the Commission adopted for transmission to the Council an outline communication on the consequences of the Chernobyl accident. It describes the study and action plan the Commission has drawn up and the timing of the proposals to be sent to the Council between July and the end of the year (→ points 2.1.240 to 2.1.246).

2.1.56. Together with the Swiss Cooperative for Radioactive Waste Storage (Nagra), the Commission held a seminar on natural analogues in Interlaken, Switzerland, from 19 to 21 June. Research on this topic examines the way in which the study of the long-term behaviour of natural radioactive deposits can be used to determine the safety of radioactive waste storage methods. The stability over several million years of certain natural uranium deposits (such as the Cigar Lake body in Canada) seems to indicate that radioactive waste storage in underground geological formations could be safe.

The seminar, attended by experts from Australia, Canada, Sweden and the United States as well as from the Community and Switzerland, was organized to precede the signature on 21 June of an agreement for the exchange of information between the Community and Switzerland on research into radioactive waste storage.

Non-nuclear energy

2.1.57. On 13 June the Commission published in the Official Journal a new call for proposals 4 under the non-nuclear energy research programme (1985-88), 5 which has a budget of 175 million ECU.

After the first call in March 1985 6 550 projects representing a Community contribution of 130 million ECU were selected. The first contracts have now been signed and the research work has started.

The 550 projects cover a whole range of technologies for generating, transforming, transporting and using energy, be it solar, wind, geothermal or obtained from biomass, and for saving energy, using solid fuels, optimizing the production and utilization of hydrocarbons, producing and using new energy carriers or analysing and modelling energy systems. Many of the projects have developed out of earlier programmes which had many pratical results (e.g. 15 pilot photovoltaic power plants constructed in the Community).

The projects in the solar energy section include research on photovoltaic conversion (particularly the development of photovoltaic cells using amorphous silicon) and the use of passive solar energy ('solar architecture').

Research on biomass covers a wide range of processes for exploiting this form of energy, including the production of ethanol from agricultural or forestry waste (bio-ethanol).

OJ L 158, 13.6.1986.

OJ L 248, 24.8.1982; Bull. EC 3-1986, point 2.1.40.

OJ L 18, 24.1.1986; Bull. EC 1-1986, point 2.1.29; OJ L 33 8.2.1986; Bull. EC 2-1986, point 2.1.30.

⁴ OJ C 146, 13.6.1986.

⁵ OJ L 83, 25.3.1985; Bull. EC 12-1984, points 1.7.1 and 1.7.2.

OJ C 69, 16.3.1985; Bull. EC 3-1985, point 2.1.145; Bull. EC 7/8-1985, point 2.1.223; Bull. EC 11-1985, point 2.1.191.

A whole range of different and often very advanced technologies are involved in other sections of the programme, e.g. heat pumps and heat exchangers, improved internal combustion engines, new types of high-performance batteries and fuel cells, fluidized bed combustion and coal desulphurization, coal liquefaction, new ways of producing natural gas and new oil exploration methods.

Various mathematical models will be developed in the course of the analysis of energy systems, and some of these are specially designed to explore interactions between energy policy and environment policy. The new models will be added to those elaborated under earlier programmes.

Industry

New technologies

Telecommunications

Television and telecommunications of the future

2.1.58. On 4 June the Commission adopted, for consideration at the Council meeting on 9 June, two communications and a proposal for a Directive on the Community telecommunications policy, high-definition television (HDTV) and direct satellite television broadcasting.

The first communication 1 reports on the progress of the activities approved by the Council in December 1984² in several priority areas. The Commission points out technological developments require these activities to be stepped up and a joint study to be made of the organization and regulation of modern telecommunications systems. It expresses its intention of sending further proposals for directives to the Council, before the end of the year, to supplement those already before it so as to ensure that the Member States take coordinated action at a time when telecommunications systems are undergoing radical change and modernization.

In the second communication ³ the Commission states that the CCIR ⁴ at its recent meeting in Dubrovnik agreed on a two-year period of study before taking a decision on an international HDTV standard and therefore it is necessary not only to adopt standards meeting European needs but also to offer equipment on the market. The Commission is planning a general approach covering technological (image generation and transmission), industrial (professional and general-public equipment, programme production) and regulatory aspects.

An action plan will very shortly be drawn up covering developments under the RACE programme. The Commission will also take part in the Eureka project on HDTV submitted by Thomson, Philips, Bosch and Thorn/EMI at the Eureka intergovernmental meeting in London on 30 June (→ point 2.1.47).

In its propsoal for a Directive ⁵ the Commission urges the Council to adopt its January proposal on MAC/packet standards (→ point 2.1.60.).

Mutual recognition of type approval for terminal equipment

2.1.59. On 9 June the Council agreed to the proposal for a Directive concerning the first phase of the establishment of the mutual recognition of type approval for telecommunications terminal equipment. ⁶

This relates to the mutual recognition of conformity tests on terminal equipment and is therefore only a first stage in establishing a single market in this sector.

As regards the next stage, Article 8 of the Directive provides that the Commission will make new proposals within two years of its

¹ COM(86)325 final.

² Bull. EC 12-1984, point 2.1.31.

³ SEC(86)902.

International Radio Consultative Committee, one of the permanent organs of the International Telecommunication Union.

⁵ COM(86)321 final.

⁶ OJ C 232, 12.9.1985; Bull. EC 5-1985, point 2.1.21.

adoption, covering in particular the implementation of mutual recognition of type approval for mass-produced terminal equipment.

Direct satellite television broadcasting

2.1.60. On 21 June the Council reached a consensus, pending an opinion from Parliament, ¹ on the use up to 31 December 1991 of common technical specifications of the MAC/packet ² family for direct satellite television broadcasting and retransmission of programmes by cable. ³

Standardization in information technology and telecommunications

2.1.61. The Council examined certain essential questions relating to the proposal for a Directive on standardization in the field of information technology and telecommunications. 4

It instructed the Permanent Representatives Committee to continue studying the file so that the Council could take a decision as quickly as possible.

Use of videoconference and videophone techniques for intergovernmental applications

2.1.62. As requested by the Council at its 28 February 1984 meeting, the Commission referred to it on 30 May 1985 a feasibility study on the setting-up of an intergovernmental videocommunications network between the national authorities in the Member States and the Community institutions. ⁵

Taking note of this study and the conclusions reached by the Commission, the Council adopted a resolution on the use of videoconference and videophone techniques for intergovernmental applications on 9 June. ⁶ The resolution is reproduced below.

'The Council of the European Communities,

invites the Member States:

- 1. to implement an initial operational intergovernmental videoconference and videophone system which takes account of the potential of videoconference and videophone techniques, in order to improve and make more efficient the bilateral and multilateral exchange of information between the governments of the Member States and the Community institutions; to that end, to entrust such implementation to the telecommunications authorities:
- 2. to complete the necessary installations, in accordance with the requirements they have ascertained;
- 3. to encourage the telecommunications authorities of Member States to proceed actively with establishment of the trans-Community broadband communications necessary to support an intergovernmental videoconference and videophone system;

invites the European Parliament and the Commission to:

1. examine conditions for their participation in an initial operational intergovernmental videoconference and videophone system;

furthermore, invites the Commission to:

- 1. continue the cooperation that has been established with telecommunications authorities and users during the preparation of the feasibility study and in particular resolve problems specific to the use of videoconference and videophone facilities by governments and the Community institutions, such as confidentiality, simultaneous interpretation and the possibility of multilateral conferences;
- 2. submit a report to the Council on the experience gained during 1987, also covering the financial aspects of putting this resolution into practice, so that the applicability of the system to intergovernmental communications may be assessed and a decision taken as to whether the use of videoconference and videophone facilities for such communications should be encouraged further.'

Brite programme

2.1.63. Eight new projects have just been selected for the Brite programme. ⁷ The top-

² MAC: multiplexed analogue components.

OJ C 59, 2.4.1986; Bull. EC 1-1986, point 2.1.37.

⁴ OJ C 232, 23.9.1985; Bull. EC 5-1985, point 2.1.21.

⁵ Bull. EC 5-1985, point 2.1.23.

⁶ OJ C 160, 27.6.1986.

Basic research in industrial technologies for Europe (1985-88): OJ L 83, 25.3.1985; Bull. EC 12-1984, points 1.7.1 and 1.7.2.

On 16 May Parliament had not delivered an opinion (as reported in Bull. EC 5-1986, point 2.1.40) but a resolution.

ics include methods for predicting the effect of surface degradation and fatigue resistance, high-power lasers for materials processing, a laser-robot system for welding formed-sheet steel components, computer control in continuous dyeing, CAD stations, new membrane modules for liquid separation, new materials for deparaffining petroleum cuts and loading and guiding systems for sewing machines. These eight projects supplement the 95 that were selected earlier ¹ and are now under way.

This coincides with the publication in the Official Journal on 19 June ² of an advance notice of the second call for proposals for Brite ³ in order to give those interested (especially small and medium-sized firms) sufficient time to find partners and prepare proposals. The formal call is expected in late 1986 or early 1987.

Traditional industries 4

Technical coal research

2.1.64. Having received the assent of the Council and the opinion of the ECSC Consultative Committee, the Commission decided on 9 June to grant 22 million ECU to 60 research projects relating to coalmining technique, coal derivatives and the dissemination of knowledge. ⁵

Raw materials

2.1.65. On 10 June the Council adopted the multiannual research programme on materials (raw materials and advanced materials) (1986-89). It will cost an estimated 70 million ECU and will be reviewed at the end of the second year. It will be implemented by means of shared-cost contract research, coordination and training activities and one concerted-action project.

The programme is designed to cover the whole material cycle: ore prospecting and mining, wood production, preparation of materials, recovery and recycling. It is in four parts: advanced materials, mineral raw materials, recycling and wood.

The most innovating part is the section on advanced materials, the Euram (European research on advanced materials) subprogramme. European industry is falling behind in the development of the sophisticated materials (light alloys, ceramics, composite materials) that are essential for progress in many technological industries such as electronics, computing, telecommunications, the motor industry, aircraft and biomedical technology. The Euram subprogramme is designed to give the Community the capability to produce these materials which today have to be imported or in some cases manufactured under licence from outside Europe.

The programme has three other sections. The first—on mineral raw materials covers research on exploration methods (geological and geochemical methods, remote sensing), on ore processing and on mining technology, e.g. the application of robotics in mines. The second covers research on advanced technologies for the recycling of non-ferrous metals (nickel, chromium, tungsten, aluminium, zinc, etc.) and urban, agricultural and industrial waste. These two subprogrammes are designed to strengthen the competitiveness of the European mining and metallurgical industries while reducing the Community's vulnerability with regard to a number of strategic raw materials.

The third section concerns wood, which is massively imported by the Community despite its own appreciable resources. The research here is designed to increase productivity in quantitative and qualitative terms—for example, by using biotechnology for the genetic improvement of cultivated trees. It also covers the use of wood in construction, for pulping and as a source of chemicals.

¹ Bull. EC 1-1986, point 2.1.39.

OJ C 153, 19.6.1986.

OJ C 27, 29.1.1985; Bull. EC 1-1985, point 2.1.73; OJ C 66, 14.3.1985; Bull. EC 3-1985, point 2.1.148.

⁴ For technical steel research, see points 2.1.35 and 2.1.36.

Bull. EC 2-1986, point 2.1.37.

⁶ OJ L 159, 14.6.1986; OJ C 93, 19.4.1986; OJ C 220, 30.8.1985; Bull. EC 7/8-1985, point 2.1.224.

A call for research proposals in these areas has just been published in the Official Journal. 1

2.1.66. On 9 June Parliament adopted a resolution on the exploitation of the Community's mineral wealth (\rightarrow point 2.4.9). ²

Environment

2.1.67. On 10 June the Council also adopted three multiannual research programmes on protection of the environment, climatology and natural hazards, and major technological hazards. The programmes will cost an estimated 75 million ECU and will be reviewed at the end of their second year. They will be carried out by means of shared-cost contract research, concerted-action projects and coordination and training activities.

The environmental protection section of the programme covers a vast range of research on current problems and long-term prevention in relation to the health and ecological effects of pollutants, air, water and soil quality, noise pollution, protection of animal species, clean technologies etc. It includes work on the degradation of forests and air pollution (acid rain) and the control of toxic and dangerous wastes with the aim of developing processing and recycling methods for industrial residues and waste. In several areas of the programme the existing know-how is considerable and the research is therefore already at a fairly high level of sophistication. This applies to the study of the health and ecological effects of pollutants, where research will focus on determining the influence of low concentrations of various substances (heavy metals such as lead or cadmium, synthetic organic substances, etc.) on health and ecosystems.

The climatology programme includes research on the climatic impact (changes in temperature or rainfall) which human activities (deforestation, rising CO₂ level in the atmosphere with the massive use of fossil fuels) may have, on the physical basis of climate and on the potential impact of climatic variations in Europe. The subpro-

gramme on natural hazards includes a concerted-action project on seismic risk evaluation.

The programme on major technological hazards consists of pilot projects and studies to obtain a better understanding of the mechanisms involved and to develop methods of preventing major chemical or petrochemical accidents.

A call for research proposals in these areas has just been published in the Official Journal. 1

Health and safety

2.1.68. Under the radiation protection research and training programme (1985-89), 4 study groups have been set up to examine two aspects of the aftermath of the accident at the Chernobyl nuclear power station: the transfer of radionuclides in the atmosphere and their behaviour in terrestrial and acquatic ecosystems. Information and data from Community countries and the United States have shown that radiation protection experience and research results can be applied in emergencies and to determine the radiological consequences of nuclear accidents. Two research areas merit special attention: modelling of the long-. term consequences of radioactive releases and methods for the real-time evaluation of accident situations.

Customs union

Simplification of customs formalities

Abolition of certain postal charges

2.1.69. On 9 June the Council adopted a Regulation abolishing certain postal fees for

¹ OJ S 116, 19.6.1986.

OJ C 176, 14.7.1986.

OJ L 159, 14.6.1986; OJ C 93, 19.4.1986; OJ C 301, 25.11.1985; Bull. EC 7/8-1985, point 2.1.230.

⁴ OJ L 83, 25.3.1985; Bull. EC 12-1984, points 1.7.1 and 1.7.2.

customs presentation. ¹ The abolition of the fees which postal authorities charge for presenting to the customs authorities consignments of Community goods—including goods from non-member countries which have been put into free circulation—posted in another Member State was provided for in the White Paper on completing the internal market. ² The Regulation will enter into force on 1 January 1988.

Code for the representation of modes of transport

2.1.70. On 18 June the Council decided to accept on behalf of the Community a recommendation of the Customs Cooperation Council concerning the use of a code for the representation of modes of transport. The purpose of the recommendation is to facilitate international data exchange between customs administrations and between administrations and trade users. Its contents were incorporated into the Regulation of 22 October 1985 laying down certain measures for the standardization and simplification of statistics of trade between Member States, which will apply within the Community from 1 January 1988.

Community transit

2.1.71. Following a request from the Scandinavian members of the European Free Trade Association (Finland, Norway and Sweden), a first step has been taken towards simplification of the customs procedures for transport between the Community and those countries. The idea is gradually to establish a link between the Scandinavian transit system used by the three countries concerned and the Community transit system, 5 which also applies in Austria and Switzerland. In an exchange of letters between the heads of the customs authorities of the interested parties, signed on 23 June, the reciprocal acceptance of loading lists and mutual recognition of seals was agreed.

These simplifications, which form part of the policy of further developing cooperation between the Community and the EFTA countries ⁶ in order to create a 'dynamic European economic space', ⁷ will enter into force on 1 January 1987.

Customs procedures with economic impact

Custom warehouse, free zones and free warehouses

2.1.72. On 9 June the Commission, taking account of the opinion of Parliament, 8 transmitted to the Council technical amendments 9 to its proposals for Regulations on customs warehouses and on free zones and free warehouses.¹⁰

Common Customs Tariff

Nomenclature

2.1.73. On 30 May the Commission adopted a Regulation¹¹ amending the Regulation of 6 June 1969¹² as regards the methods of analysis for the determination of starch in soya protein concentrates and in goods containing such products, for the purpose of ensuring uniform application of the CCT nomenclature.

2.1.74. The Committee on CCT Nomenclature decided on the classification of certain goods in the following subheadings: 38.19 × , 29.10 and 29.39 C I.¹³

¹ OJ L 157, 12.6.1986; OJ C 202, 10.8.1985; Bull. EC 7/8-1985, point 2.1.36.

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

OJ L 167, 24.6.1986.

⁴ OJ L 285, 25.10.1985; Bull. EC 10-1985, point 2.1.37.

⁵ OJ L 38, 9.2.1977.

⁶ OJ L 294, 29.12.1972.

⁷ Bull. EC 4-1984, point 1.2.1 et seq.

⁸ OJ C 120, 20.5.1986; Bull. EC 4-1986, point 2.1.43.

⁹ OJ C 154, 20.6.1986: COM(86) 331 final.

¹⁰ OJ C 283, 6.11.1985; Bull. EC 10-1985, point 2.1.41.

¹¹ OJ L 158, 13.6.1986.

¹² OJ L 141, 12.6.1969; OJ L 191, 19.7.1984.

¹³ OJ C 155, 21.6.1986.

Economic tariff matters

Suspensions

2.1.75. On 18 June the Council adopted a Regulaiton temporarily suspending the autonomous CCT duties on a number of industrial products. ¹

Tariff quotas

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

certain magnesium grades falling within CCT subheading ex 77.01 A;²

ferro-phosphorus falling within CCT subheading ex 28.55 A;²

rum, arrack and tafia falling within CCT subheading 22.09 C I originating in the overseas countries and territories associated with the European Economic Community (1986/87);³

rum, arrack and tafia falling within CCT subheading 22.09 C I originating in the African, Caribbean and Pacific States (1986/87);³

sherry falling within CCT subheading ex 22.05 C originating in Spain (1986/87); 4

Malaga wines falling within CCT subheading ex 22.05 C originating in Spain (1986/87); 4

wines from Jumilla, Priorato, Rioja and Valdepeñas falling within CCT subheading ex 22.05 C originating in Spain (1986/87); 4

certain wines having a registered designation of origin, falling within CCT subheading ex 22.05 C, originating in Morocco (1986/87); ⁵

herrings falling within CCT subheading 03.01 B I a) 2;6

cod, wet, salted, falling within CCT subheading ex 03.02 A I b);⁷

saithe (*Pollachius virens*), salted, whole, and fillets of saithe, salted, falling within CCT subheadings ex 03.02 A I f) and ex 03.02 A II d); ⁷

deep-frozen fillets and minced blocks of Alaska pollack (*Theragra chalcogramma*) falling within CCT subheadings ex 03.01 B I n) 2 and ex 03.01 B II b) 17;

deep-frozen fillets and minced blocks of hake (*Merluccius hubbsi*) falling within CCT subheadings ex 03.01 B II b) 9 and ex 03.01 B I t) 2;⁷

apricot pulp falling within CCT subheading ex 20.06 B II c) 1 aa) originating in Turkey. 8

2.1.77. On 9 June the Council adopted a Regulation increasing the volumes of the Community tariff quotas opened for 1986 for certain grades of ferrochromium falling within CCT subheading ex 73.02 E I. ² For both the grades concerned, i.e. ferro-chromium containing not less than 4% of carbon and ferro-chromium containing not less than 6% of carbon, the increases were divided into two instalments, the first being allocated among certain Member States in proportion to their foreseeable needs and the second being held as a Community reserve to cover possible additional requirements.

Origin

Accession-related measures

2.1.78. On 2 July the Commission sent to the Council a proposal for a Regulation 9 amending the Regulation of 3 March on the rules of origin for trade between Spain and Portugal in the period during which the transitional measures are applied. 10 The purpose of the proposed amendment is to change the alternative percentage rules — which have been in force since 1 March —

OJ L 174, 1.7.1986.

² OJ L 157, 12.6.1986.

³ OJ L 173, 1.7.1986.

⁴ OJ L 161, 17.6.1986.

⁵ OJ L 169, 26.6.1986.

⁶ OJ L 159, 14.6.1986.

⁷ OJ L 176, 1.7.1986.

⁸ OJ L 165, 21.6.1986.

⁹ COM(86) 312 final.

OJ L 83, 27.3.1986; Bull. EC 3-1986, point 2.1.63.

in respect of certain industrial products so as to favour the harmonious development of trade in those products between Portugal and Spain.

Competition

Fifteenth Report on Competition Policy

2.1.79. In June the Commission published its Fifteenth Report on Competition Policy¹ in conjunction with the Nineteenth General Report on the Activities of the European Communities. As in previous years, the report describes developments in Community competition policy during the past year.

In 1985 the Commission was particularly concerned to ensure that its most important decisions should give effect to a comprehensive strategy intended to strengthen the structural competitiveness of European industry. The report also shows how competition policy contributed to opening up markets, to improving the cost structure for producers and consumers and to revitalizing manufacturing structures by means of technology. Above all, this policy seeks to prevent the artificial maintenance of obsolete industrial structures and plant by means of subsidies and restrictive practices between firms. Moreover, the effort to complete the internal market by means of legislation requires, if it is to be successful, to be supported by a strong and active competition policy to prevent existing barriers from being maintained or reconstituted in other forms.

Presenting the report, Mr Peter Sutherland, Member of the Commission with special responsibility for competition policy, defined the priorities underlying the new direction given to competition policy since 1985.

State aids and competitiveness

2.1.80. 'On the question of State aids, the Commission's aim is to ensure that resources are chan-

nelled to industries which contribute to growth and competitiveness. This approach has proved successful in the steel sector where aid in the period 1980-85 was conditional on significant structural adjustment by firms in this sector. The restructuring target of 30 to 35 million tonnes of reductions in hot-rolling capacity was accomplished with the support of the aid regime and has restored viability to this sector.

A similar approach is evident in the shipbuilding sector where the Commission accepted for 1985 and 1986 aid levels similar to those which prevailed during the previous two years in return for specific binding restructuring commitments. It is now necessary to develop a more vigorous aid regime in order to encourage EEC shipyards to concentrate on those areas of shipbuilding — sophisticated technological vessels — for which they have acquired a particular know-how and which will provide a real possibility of restoring long-term competitiveness.'

Favourable conditions for European R&D

2.1.81. 'The Commission's competition policy has sought to develop favourable conditions in which European research and development can contribute most effectively to growth and employment. It takes a generally favourable approach to State aid proposals for R&D and facilitates technological cooperation between firms and the dissemination of new technologies in the Community through its block exemption regulations on R&D,² specialization ³ and patent licensing ⁴ agreements ...'

Clear and effective application of the competition rules

2.1.82. 'Clarity and efficiency in implementing competition policy is essential to increase the legal security of firms operating in the Community. In order to clarify the Commission's position on various agreements between enterprises and in order to speed up the decision-making procedure, the Commission has adopted a series of block

Bull. EC 6-1986

Available from the Office for Official Publications of the European Communities, L-2985 Luxembourg. See also COM(86) 147.

OJ L 53, 22.2.1983: Bull. EC 12-1984, point 2.1.51.

OJ L 376, 31.12.1982; Bull. EC 12-1982, point 2.1.34; OJ L 53, 22.2.1985; Bull. EC 12-1984, point 2.1.52.

⁴ OJ L 219, 16.8.1984; Bull. EC 7/8-1984, point 2.1.50.

exemption regulations, 1 two of which entered into force in 1985. The effective operation of these regulations has eliminated the backlog of notified agreements awaiting clearance under the competition rules and has allowed enterprises to assess more readily the legality of their business dealings. Under the exclusive distribution 2 and exclusive purchasing block exemption regulations, the Commission made a number of significant decisions in 1985 (Distillers, Siemens-Fanuc, Sperry New Holland and Ivoclar).

Other forms of collaboration between firms

'In 1985 the Commission started work on other forms of collaboration between firms which are not covered by existing block exemption regulations - know-how licences and franchising or which require a definite indication of how Community competition law will be applied, as in the case of joint ventures.

Completion of the legislative framework

2.1.84. 'One of the major tasks yet to be achieved is completion of the legislative framework of competition policy. The purpose and effect of introducing new legislative measures is to prize open closed markets to the direct application of free and fair competition. This principle has particular importance in the case of merger control⁸ and air transport (→ point 2.1.133). Some mergers can have beneficial effects and enable firms to operate more effectively at the European and international levels. On the other hand, certain mergers can give rise to monopoly or oligopolistic situations where barriers to entry are such as to distort competition. In the case of air transport, parallel to the discussions on its proposals contained in Memorandum No 2, 9 the Commission took direct action in the air transport sector in 1985. During the course of the year it opened proceedings against seven Member States for having failed or refused to render assistance to the Commission in its investigations of certain inter-airline agreements.'

More comprehensive action by the Commission

'Competition policy will be made more comprehensive by extending its action into areas which initially have not been given priority but which now require attention as economic change increases their impact on competition. Significant progress has been achieved in extending competition policy to the service sector in 1985, particularly air transport ancillary services (Olympic Airways), 10 insurance (P & I clubs), 11 commodity markets (London)12 and telecommunications (Bundespost).'13

Ensuring that the rules are applied: proper enforcement

'Competition policy can only be fully effective if there is proper enforcement. The Commission's competition policy seeks to be sensitive to the concerns of European industry and has demonstrated sufficient flexibility to take those concerns into account while maintaining a system of undistorted competition. The corollary to this policy is that when firms deliberately engage in restrictive practices and abuses of dominant position and thus do serious damage to other producers and consumers in the common market, the Commission has a duty to act to ensure respect for the competition rules. The Commission has made clear its policy of imposing fines at a level sufficient to deter serious violations of the competition rules. This policy was confirmed by the Commission in its decision to impose an exemplary fine of 10 million ECU on AKZO Chemie¹⁴ for abusing its dominant position in the EEC organic peroxides market.'

Public undertakings: new action

2.1.87. 'As regards public undertakings, the Commission, for the first time, used its powers of enforcement in two new areas: Artice 90(3) of the EEC Treaty was used to deal with preferential treatment accorded in Greece to domestic Stateowned insurance companies¹⁵ and Regulation 1017/86 on transport by rail, road and inland

E.g. the Regulation exempting certain categories of distribution and service agreements relating to motor vehicles: OJ L 15, 18.1.1985; Bull. EC 12-1984, point 2.1.50.

OJ L 173, 30.6.1983; Bull. EC 6-1983, point 2.1.57.

OJ L 369, 31.12.1985; Bull. EC 12-1985, point 2.1.64.

OJ L 376, 31.12.1985; Bull. EC 12-1985, point 2.1.63. OJ L 376, 31.12.1985; Bull. EC 12-1985, point 2.1.62.

OJ L 369, 31.12.1985; Bull. EC 11-1985, point 2.1.58.

Supplement 4/85 — Bull. EC, point 32.

OI C 92, 31.10.1973, OI C 36, 12.2.1982; OI C 51, 23.2.1984.

Supplement 5/79 — Bull. EC; OJ C 182, 9.7.1984; Bull. EC 2-1984, point 2.1.149.

OJL 46, 15.2.1985.

OJ L 376, 31.12.1985; Bull. EC 12-1985, point 2.1.60.

OJ L 369, 31.12.1985; Bull. EC 12-1985, point 2.1.61.

Bull. EC 3-1985, point 2.1.43.

Bull. EC 12-1985, point 2.1.67.

OJ L 152, 11.6.1985; Bull. EC 6-1985, point 2.1.52.

waterway ¹ was applied to safeguard competition in French inland waterway chartered traffic. ² The Commission also sought to encourage the role of national courts in the enforcement of the EEC Treaty's competition rules.'

Restrictive practices, mergers, dominant positions: particular cases

Permissible forms of cooperation

Ryan Consolidated

2.1.88. On 4 June the Commission authorized the formation by Ryan International plc, Cardiff, and Consolidated Gold Fields plc, London, of a joint venture in which the parent companies each have a half share. The new company will carry on the business of reclaiming coal from colliery coal tips, drawing on the skills and experience of the Ryan Group in this field and the financial resources and marketing expertise of the Consolidated Gold Fields Group. Ryan International will make its know-how regarding tip reclamation available to the joint venture in the form of a non-exclusive licence. The parent companies also agree to provide all suitable sites so as to ensure a revival of this type of business in the United Kingdom. The joint venture will be producing between 500 000 and 1 million tonnes of coal per annum in 5 years' time.

On grounds of quality and transport, the coal will be sold mainly to power stations and industrial consumers in Great Britain. Taking account of the supply structure of that market and the limited market share of the parties concerned, the Commission recognized that the setting up of the joint venture satisfies the tests for authorization under Article 66 of the ECSC Treaty.

State aids

General aid schemes

Italy

2.1.89. On 18 June the Commission decided not to raise any objection to the

Sicilian regional authorities giving effect to a law providing for aids amounting to 135 million ECU for a period of three years. The purpose of the aid programme, which was duly notified to the Commission, is primarily to help craft firms adjust to technological change, to give them easier access to credit, and to facilitate the setting up of new firms and associations of craft firms.

Regional aids

France

2.1.90. On 10 June the Commission initiated the procedure laid down in Article 93(2) of the EEC Treaty in respect of the continued designation of certain parts of Franche-Comté, Upper Normandy and the department of Sarthe as assisted areas for purposes of the regional planning premium. ³ On 10 October 1984 the Commission had already decided that the socioeconomic situation of these areas did not warrant their being treated as assisted areas beyond 1 January 1986. ⁴

After examining each of them afresh the Commission concluded that their situation in comparison with other parts of the country had not changed since its previous analysis in 1982³ and that, consequently, continuing to regard them as assisted zones was still not compatible with the common market in terms of Article 92(1) of the EEC Treaty.

Netherlands

2.1.91. On 18 June the Commission decided not to oppose a number of amendments to the regional investment premium scheme (IPR — Investeringspremieregeling) which the Dutch Government had notified to it. ⁵ The amendments are intended to

OJ L 175, 23.7.1968.

OJ L 219, 17.8.1985; Bull. EC 7/8-1985, point 2.1.49.

Prime à l'aménagement du territoire, introduced by the French Government in 1982: Bull. EC 6-1982, point 2.1.45.

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

OJ C 175, 13.7.1982; Bull. EC 5-1982, point 2.1.18.

define more restrictively the investments eligible and to give the provinces a greater say in decisions on some of these aids.

However, the Commission reserves its position on the decentralization of the aids until after the rules on the grant of aid adopted by the provinces have been notified.

United Kingdom

2.1.92. The Commission decided on 10 June not to raise any objection to the extension of a slightly modified version of the business improvement services package to the Penzance and St Ives travel-to-work area, which has been seriously affected by the collapse of the market price for tin. The package contains a variety of schemes of assistance designed to promote the development of small businesses and thus help the local economy to diversify into activities other than tin mining.

Industry aids

Shipbuilding

2.1.93. At its industrial affairs meeting on 9 June the Council—after taking note of an introductory statement by Mr Sutherland—had a further 1 detailed discussion of the main aspects of a new Commission strategy for stricter rules on aid to shipbuilding to be implemented when the fifth Directive, 2 which was extended for the last time in December 1984, 3 expires on 31 December 1986. The Council acknowledged that there was a structural surplus of shipbuilding capacity on the world market and reached consensus on fixing a ceiling for production aid both direct and indirect. It also agreed on the principle of restructuring aid on condition that there was a direct link between the granting of the aid and a parallel and irreversible reduction capacity. The Council asked the Commission to bring forward written suggestions on this before mid-July with an upto-date inventory of the aids and to present in the autumn a proposal for a Directive

introducing new rules to come into force on 1 January 1987.

France

2.1.94. The Commission decided on 10 June to terminate the Article 93(2) procedure commenced in 1985 in relation to the proposed aid scheme for shipbuilding and repair which the French Government was proposing to put into effect for the years 1985 and 1986. 4

In doing so the Commission took account of the fact that the rates of production aid were to be brought down to the level of those obtaining under the previous scheme (1983-84), ⁴ i.e. 20% for large yards and 10% for small and medium-sized yards, and that any aid exceeding these rates would have to be notified in advance.

At the same time the budget devoted to these aids is to be proportionately reduced to a volume of shipbuilding which the French Government has undertaken not to exceed. The aids will be accompanied by restructuring measures for the bigger yards involving reductions in capacity more rapid than in the original plan. The latter measures induced the Commission to accept aids amounting to FF 2 450 million, of which FF 300 million is earmarked for five large repair yards in order to meet the social consequences of partial closures. The Commission therefore took the view that the whole scheme satisfied the tests of Articles 5 and 6 of the Council Directive of 28 April 1981 on aid to shipbuilding. ⁵

Germany

2.1.95. On 10 June the Commission decided not to object to the grant of aids

¹ Bull. EC 3-1986, point 2.1.68.

OJ L 137, 23.5.1981; Bull. EC 4-1981, point 2.1.20; OJ L 371, 30.12.1982; Bull. EC 12-1982, point 2.1.45.

³ OJ L 2, 3.1.1985, Bull. EC 12-1984, point 2.1.68.

⁴ Bull. EC 7/8-1985, point 2.1.66.

OJ L 137, 23.5.1981; Bull. EC 4-1981, point 2.1.120; OJ L 37, 30.12.1982; Bull. EC 12-1982, point 2.1.45; OJ L 2, 3.1.1985; Bull. EC 12-1984, point 2.1.68.

to a German shipbuilding group—DM 4.5 million by the city of Flensburg (a minority shareholder in the group) in the form of a capital injection proportionally higher than its shareholding, and DM 31 million by Schleswig-Holstein. This is a rescue operation intended to prevent the collapse of the group, which has already begun substantial restructuring measures. The aid is accompanied by further restructuring measures involving a 20% reduction in production capacity, a 13% reduction in employment and the closure of a yard at Büsum.

The Commission took the view that these aids conformed to the requirements of Article 4 of the fifth Council Directive of 28 April 1981 on aids to shipbuilding ² and were compatible with the common market.

United Kingdom

2.1.96. On 18 June the Commission decided not to object to the losses of the shipbuilding yards of British Shipbuilders being covered for the financial year 1984/85. The group's losses on its merchant business amount to UKL 54 million. More than UKL 20 million of this is attributable to the cost of capacity reduction due to restructuring. The remaining UKL 30 million, which the Commission regards as *ex post* production aid, is substantially less than the loss sustained in previous years.

The Commission accordingly considered that the assistance involved in covering the losses satisfied the tests of Articles 5 and 6 of the fifth Council Directive of 28 April 1981 on aids to shipbuilding ² and was thus compatible with the common market.

Ceramics

Belgium

2.1.97. On 10 June the Commission decided—concluding the Article 93(2) procedure it had initiated in August 1984—to prohibit the Belgian Government from granting assistance totalling BFR 295.3

million to a ceramic sanitary and table ware firm at La Louvière now in liquidation. This decision also requires the Belgian Government to recover an advance of BFR 104 million—granted unlawfully to the firm in 1984—as part of the liquidation proceedings.

In February 1983 ⁴ and in October 1984 ⁵ the Commission had decided that assistance of BFR 475 million and BFR 83 million unlawfully granted to the firm in 1981 and in 1983 was incompatible with the common market and must therefore be withdrawn.

2.1.98. The Article 93(2) procedure initiated by the Commission in May 1985, in respect of an aid of BFR 400 million granted to the firm that has taken over the business of the firm now in liquidation, has not yet resulted in a final decision.

Financial institutions and taxation

Financial institutions

Insurance

2.1.99. On 16 June the Council authorized the Commission to enter into a fresh phase of negotiations with Switzerland with a view to concluding an agreement on the taking-up and pursuit of the business of direct insurance other than life assurance. ⁶

Banks

2.1.100. On 27 June the Commission sent the Council a proposal amending the

¹ Bull. EC 3-1984, point 2.1.52.

OJ L 137, 23.5.1981; Bull. EC 4-1981, point 2.1.120; OJ L 371, 30.12.1982; Bull. EC 12-1982, point 2.1.45, OJ L 2, 3.1.1985; Bull. EC 12-1984, point 2.1.68.

³ Bull. EC 7/8-1985, point 2.1.66.

⁴ OJ L 91, 9.4.1983.

⁵ OJ L 59, 27.2.1985; Bull. EC 10-1984, point 2.1.48.

OJ C 154, 13.6.1983; Bull. EC 3-1983, point 2.1.41; Bull. EC 9-1984, point 2.1.37.

COM(86) 335 final.

Council Directive of 12 December 1977 1—the first banking coordination Directive—in respect of the list of institutions which are permanently excluded from the scope of coordination. Amendment is necessary to cover additions to the list as a result of the accession of new Member States and to take account of changes in the status of credit institutions in certain Member States, which have rendered unnecessary a number of exclusions which had been appropriate at the time when the Directive was adopted.

Taxation

Indirect taxes

Turnover taxes

2.1.101. On 16 June the Council adopted, ² on a proposal from the Commission, ³ a 21st VAT Directive—authorizing Greece to extend, for the second time, ⁴ the January 1984 deadline laid down in the Act of Accession for introducing the common system of VAT; the new extension is from 31 December 1985 to 31 December 1986.

Excise duties

2.1.102. Also on 16 June the Council adopted, ² on a proposal from the Commission, ⁵ a Directive extending once again the second stage of harmonization of the structures of excise duties on cigarettes. ⁶

Employment, education and social policy ⁷

2.1.103. The conclusions adopted by the European Council at its meeting in The Hague on 26 and 27 June included passages on long-term unemployment $(\rightarrow \text{ point } 1.1.3)$ and on drug abuse $(\rightarrow \text{ point } 1.1.16)$.

Council

2.1.104. The Council met twice in June to examine Commission proposals regarding employment, social policy and education. A Council meeting on employment and social affairs was held on 5 June (\rightarrow point 2.1.105), while the Council and the Ministers for Education meeting within the Council met on 9 June (\rightarrow point 2.1.106).

Council meeting on employment and social affairs

2.1.105. At its meeting on 5 June the Council adopted a number of texts concerning employment and working conditions. It approved the proposal for a recommendation on the employment of disabled people in the Community (\rightarrow point 2.1.119) and the proposal for a Directive on the implementation of the principle of equal treatment for men and women in occupational social security schemes $(\rightarrow 2.1.117)$. The Council also gave its agreement to a second resolution on the promotion of equal opportunities for women ($\rightarrow 2.1.116$).

The proposal for a Directive on the application of the principle of equal treatment between men and women engaged in an activity, including agriculture, in a self-employed capacity, and on the protection of self-employed women during pregnancy and motherhood 8 was the subject of detailed discussion.

The Council exchanged views on a note from the Presidency concerning long-term unemployment. An action programme for employment growth was submitted to the meeting by the Ministers of the United Kingdom, Ireland and Italy.

OJ L 322, 17.12.1977; Bull. EC 11-1977, point 2.1.49.

OJ L 164, 20.6.1986.

³ OJ C 356, 31.12.1985; Bull. EC 1-1986, point 2.1.57.

⁴ OJ L 360, 23.12.1983; Bull. EC 12-1983, point 2.1.54.

OJ C 349, 31.12.1985; Bull. EC 12-1985, point 2.1.86.

⁶ OJ L 104, 17.4.1984.

For the social aspects of steel policy, see point 2.1.33. For the social aspects of steel research, see point 2.1.34.

OJ C 113, 27.4.1984; Bull. EC 3-1984.

The Council went on to examine the points still unresolved in connection with the proposal for a Directive on the protection of workers by the proscription of specified agents and/or work activities (carcinogens). ¹

Finally, it approved conclusions concerning the information and consultation of employees of undertakings with complex structures, on the basis of a draft presented by the Presidency (→ point 2.1.115).

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

2.1.106. On 9 June the Council and the Ministers for Education meeting within the Council approved the proposal from the Presidency whereby the amount allocated to the Comett programme ² for 1986-89 was set at 45 million ECU. It also agreed to reassess this amount before 31 December 1988 and to take a decision by 31 October 1989, on a proposal from the Commission, on the arrangements for continuing the programme after 1989.

Once the financial aspects had been agreed, the Council approved the Decision on the Comett programme as a common position, policy agreement having been reached in December 1985. ³

With regard to the Commission proposal on the Erasmus scheme, ⁴ all the Member States expressed agreement with the aim of the scheme, which was to increase the mobility of students within the Community. The Council instructed the Education Committee, when examining the proposal, to focus its attention on the possibilities for extending agreements between universities for student exchanges within a European network and on ways of avoiding the creation of further cumbersome structures in this sphere.

The Council and the Ministers for Education meeting within the Council adopted a resolution on consumer education in primary and secondary schools (→ point 2.1.167).

The Council welcomed a Presidency memorandum on medium-term activities in the field of education. It instructed the Education Committee to prepare for its next meeting a draft medium-term programme on activities in the field of education.

Employment

International Labour Organization

2.1.107. The Commission took part in the 72nd session of the International Labour Conference in Geneva from 4 to 25 June. ⁵ The Conference adopted a convention and a recommendation concerning safety in the use of asbestos; it also adopted a resolution and conclusions concerning young people and the promotion of small and medium-sized enterprises.

Employment and labour market

Reorganization of working time

2.1.108. On 27 June the Commission adopted, for transmittal to the Council, a report ⁶ on the application of the Council recommendation of 10 December 1982 on the principles of a Community policy with regard to retirement age. ⁷ The report reviews the progress made with regard to the adaptation of the Member States' legislation in line with the principles set out in the recommendation and enables the Commission to draw conclusions with regard to trends and prospects in the Community.

Labour force survey

2.1.109. On 17 June the Commission transmitted to the Council a proposal 8 for

46 Bull. EC 6-1986

OJ C 270, 10.10.1984; Bull. EC 9-1984, point 2.1.51; Bull. EC 6-1985, point 2.1.82.

OJ C 234, 13.9.1985; Bull. EC 7/8-1985, point 1.6.1 et seq.

³ Bull. EC 12-1985, point 2.1.102.

⁴ OJ C 73, 2.4.1986; Bull. EC 1-1986, point 2.1.63.

⁷¹st session: Bull. EC 6-1985, point 2.3.61.

⁶ COM(86) 365.

OJ L 357, 18.12.1982; Bull. EC 12-1982, point 2.1.54.

⁸ COM(86)329 final.

a Regulation on the organization of a labour force sample survey in the spring of 1987. ¹ The survey is currently the only source of data on the structure and trend of employment and unemployment compiled on the basis of uniform criteria and common definitions. The findings will make it possible to analyse the structure of the population as regards activity, the structure of employment according to its occupational and demographic features, and the structure of unemployment according to its demographic features, work experience and the difficulties encountered in seeking work.

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

2.1.110. The Directors-General for Employment and the Directors of Employment Services in the Member States met on 10-11 June. The meeting concentrated on a discussion of the employment policy that should be adopted in the context of the cooperative strategy for more employmentgenerating growth proposed by the Commission in its latest Annual Economic Report. 2 Discussions covered a wide range of problems, including those of young people, long-term unemployment, women's employment and labour market flexibility. Although the measures to be implemented in each Member State would be adapted to the specific situation, the participants agreed on the need to find a balance between macroeconomic policies and specific employment measures.

The other items on the agenda were Commission reports on the follow-up to Council resolutions on youth employment ³ and the contribution of local employment initiatives, ⁴ the development of local employment and Elise. ⁵

Exchanges of placement service officials

2.1.111. The Directors-General for Employment also had before them a Commission paper on Sedoc ⁶ and exchanges of

national placement service officials. They all expressed their support for the Commission's activities in these fields.

2.1.112. In pursuit of its aim of promoting cooperation between national employment administrations, the Commission adopted the first programme of exchanges of officials between Portugal, France and Belgium. This will cover the structural organization and computerization of placement services in Portugal, and the exchanges are to begin in September.

Sectoral aspects of employment policy

2.1.113. A plenary meeting of the Joint Committee for the Railway Industry was held in Brussels on 3 June. Each of the two working parties set up in November 1985 ⁷ submitted its draft report — on the social aspects of transport policy in general and on the social aspects of new technologies in the industry.

The Committee agreed that the reports should be revised in the light of its observations for the next plenary meeting (scheduled for 18 and 19 November).

Education and vocational training

Vocational training

2.1.114. The Directors-General for Vocational Training met on 12-13 June. Items on the agenda included adult training in firms, the comparability of vocational training qualifications and the Community

Previous survey: Bull. EC 5-1985, point 2.1.38.

² OJ L 377, 31.12.1985; Bull. EC 10-1985, point 1.3.1 et seq.

³ OJ C 29, 4.2.1984; Bull. EC 12-1983, point 2.1.64.

OJ C 161, 21.6.1984; Bull. EC 6-1984, point 2.1.45.

⁵ System for the exchange of information on local employment initiatives.

European system for the international clearing of vacancies and applications for employment.

⁷ Bull. EC 11-1985, point 2.1.81.

work programme based on the Council resolution concerning vocational training measures relating to new information technologies. A first exchange of views was also held on the issue of training and small businesses.

Living and working conditions and social protection

Labour law and industrial relations

2.1.115. On 5 June the Council approved conclusions concerning the information and consultation of the employees of undertakings with complex structures.

The Council called attention to the political and economic importance of informing and consulting employees and emphasized the importance of a social area in the context of the completion of the internal market. It invited the Commission to continue its work on the problem, to monitor developments in national legislation and agreements concluded between management and labour, and to report back to it annually on significant developments in this field. The Council announced that on this basis it would resume at the beginning of 1989 discussion of the Commission's amended proposal for a Directive on procedures for informing and consulting employees ('Vredeling' Directive) 2 if no other proposal on this subject had been presented by the Commission.

Equal rights for men and women

2.1.116. On 5 June the Council approved a second resolution on the promotion of equal opportunities for women, endorsing the broad outlines of the Commission communication concerning a new medium-term programme on equal opportunities (1986-90).³

This resolution follows up that of 12 July 1982 concerning a first action programme

on the promotion of equal opportunities for women (1982-85). 4

It calls on the Member States to take appropriate action, and in particular to:

- (i) develop coordinated action in the fields of education and training designed to create a better balance between men and women in the various types of teaching establishment and to widen career choices to include sectors and trades of the future:
- (ii) increase the number of women in jobs linked to the introduction of new technologies;
- (iii) intensify specific action promoting the employment of women and, in particular, support local initiatives, ensure that women have opportunities to set up businesses, and support self-employed women;
- (iv) adopt a more systematic policy to promote the presence of both sexes in employment at all levels;
- (v) review social protection and social security provisions;
- (vi) encourage the sharing of family and career responsibilities;
- (vii) launch information and awareness campaigns;
- (viii) encourage both sides of industry to take steps to secure effective equality of opportunity and efficacy of positive measures at the workplace;
- (ix) promote greater participation by women in posts of responsibility.

The Council also agreed to develop more systematic cooperation on Member States' policies and actions as regards equal treatment; it called on the Commission to organize such cooperation with all bodies concerned.

2.1.117. The Council approved the Directive on the implementation of the principle

¹ OJ C 166, 25.6.1988; Bull. EC 6-1983, points 1.4.1 and 2.1.81.

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

Supplement 3/86 — Bull. EC; OJ C 356, 31.12.1985; Bull. EC 12-1985, point 2.1.106.

⁴ Supplement 1/82 — Bull. EC; OJ L 22, 29.1.1982.

of equal treatment for men and women in occupational social security schemes. 1

The Directive seeks to eliminate all discrimination based on sex, either directly or indirectly (e.g. by reference to marital or family status), particularly as regards:

- (i) the scope of the schemes and the conditions of access to them;
- (ii) the obligation to contribute and the calculation of contributions;
- (iii) the calculation of benefits and the conditions governing the duration and retention of entitlement to benefits.

The Directive requires Member States to take the necessary measures to eliminate provisions contrary to the principle of equal treatment in collective agreements, firms' staff rules or any other arrangements relating to occupational schemes. The provisions of occupational schemes that conflict with the principle of equal treatment are to be revised at the latest by 1 January 1983.

2.1.118. On 11 June Parliament adopted resolutions (→ point 2.4.2) ² on the results of the United Nations Conference in Nairobi concluding the Decade for Women (1976-85), ³ on the situation of women in the development process after the Nairobi conference, and on violence against women.

Social integration of handicapped persons

2.1.119. On 5 June the Council approved a recommendation on the employment of disabled people in the Community ⁴ in which it recommended that Member States take all appropriate measures to promote fair opportunities for disabled people in the field of employment and vocational training; and continue and, where necessary, intensify and re-examine their policies to help disabled people; these policies should provide in particular for the elimination of negative discrimination and for positive action for disabled people.

The measures recommended include the setting subject to certain conditions, of realistic percentage targets for the employment of disabled people in enterprises having a minimum number of employees, and the provision of a guide or code of good practice for the employment of the disabled. The annex to the recommendation comprises a guideline framework setting out examples of positive action.

In addition, the Council invited the Commission to coordinate the exchange of information and experience on the rehabilitation and employment of disabled people between national authorities, and to maintain appropriate aid from the European Social Fund to assist disabled people of whatever age.

Social security for migrant workers

2.1.120. On 6 June the Commission laid before the Council a report ⁵ on the experience acquired in applying the provisions of Article 22(2) of Regulation (EEC) No 1408/71 on the application of social security schemes to employed persons and their families moving within the Community, ⁶ as amended by the Regulation of 17 September 1981. ⁷

Freedom of movement for migrant workers

2.1.121. On 11 June a Declaration against racism and xenophobia was signed in Strasbourg by Parliament, the Council, the Representatives of the Member States meeting within the Council, and the Commission (→ point 1.4.1). Parliament adopted a res-

OJ C 134, 21.5.1983; Bull. EC 4-1983, point 2.1.71.

² OJ C 176, 14.7.1986.

Bull. EC 7/8-1985, point 2.1.94.

⁴ OJ C 136, 4.6.1986; Bull. EC 1-1986, point 2.1.66.

COM(86)305 final.

⁶ OJ L 149, 5.7.1971.

⁷ OJ L 275, 29.9.1981; Bull. EC 9-1981, point 2.1.48.

olution on the Declaration the same day (→ point 2.4.9). ¹

2.1.122. On 12 June Parliament adopted a resolution on obstacles to the free movement of persons within the Community in the form of visa requirements for nationals 2 of non-member countries (\rightarrow point 2.4.9). 1

Health and safety

Public health

2.1.123. A conference held in Luxembourg on 19 and 20 June by the Commission, in cooperation with the World Health Organization, the International Commission on Occupational Hygiene and the American Conference of Governmental Industrial Hygienists, brought together specialists from all over the world to discuss training and education in the field of occupational hygiene.

2.1.124. The third meeting of the high-level committee of cancer specialists was held in Rome on 27 June (\rightarrow point 2.1.134).

Safety and health at work

2.1.125. On 9 June the Commission sent the Council a proposal³ amending for the first time the Directive of 27 November 1980 on the protection of workers from the risks related to exposure to chemical, physical and biological agents at work,⁴ laying down limit values at Community level.

The harmonization of limit values for exposure to a number of substances was recognized as a priority in the second programme of action of the European Communities on safety and health at work, adopted by the Council on 27 February 1984. ⁵

In the interests of rapid determination of the limit values for exposure at work, the Commission presented an initial list of 100 limit values, selected because they appear on the lists adopted by several Member States and concern agents frequently present at the workplace.

2.1.126. The ad hoc working party on carcinogenic products, set up in accordance with the decision of the Advisory Committee on Safety, Hygiene and Health Protection at Work at its September 1985 meeting, 6 concluded that a specific directive on carcinogenic products was necessary. It made proposals on the classification of hazardous products and recommended that information sheets be prepared for workers and employers.

Health and safety (Euratom)

2.1.127. On 16 June the Commission sent the Council an outline communication on the consequences of the Chernobyl accident in which it announced the study and action plan adopted and its intended timetable for the transmittal of a number of proposals between July and the end of the year. The plan covers health protection in particular and the revision of the basic standards for protection from ionizing radiation (→ point 2.1.242).

2.1.128. On 23 May the group of experts referred to in Article 31 of the Euratom Treaty, acting under the procedure laid down in Articles 31 and 32, delivered an unfavourable opinion on the request made by the Luxembourg Government in a letter dated 20 February for the revision of the Council Directive of 15 July 1980 samending previous Directives laying down the basic safety standards for the protection of the health of the general public and workers

¹ OJ C 176, 14.7.1986.

OJ L 275, 29.9.1981; Bull. EC 9-1981, point 2.1.48.

³ OJ C 164, 2.7.1986; COM(86)296 final.

⁴ OJ L 327, 3.12.1980; Bull. EC 11-1980, point 2.1.38.

⁵ OJ C 67, 8.3.1984; Bull. EC 2-1984, point 2.1.79.

⁶ Bull. EC 9-1985, point 2.1.63.

against the dangers arising from ionizing radiation. ¹

Culture

European Cinema and Television Year

2.1.129. On 11 June the Commission sent the Council, Parliament and the Economic and Social Committee a communication on European Cinema and Television Year (1988). The Community wants to stress the importance it attaches to films and television, give further encouragement to this expanding industry and promote cooperation and coproductions in all the media involved.

A people's Europe

Progress report to the European Council

2.1.130. The Commission decided to refer the matter of progress on a people's Europe to the European Council. The verdict reached in its report, as in its communication to the Council dated 19 November 1985, 3 is that results have been disappointing.

Despite the ceremony on 29 May to inaugurate the Community flag, ⁴ the adoption the same day of several measures on the health front involving, in particular, the European emergency health card, the protection of kidney dialysis patients, and action programmes against cancer and on toxicology, ⁵ and the agreement on 9 June on an overall financial appropriation, albeit modest, for the Comett programme (→ point 2.1.106), the Council has failed to adopt any of the more meaningful proposals in terms of popular impact.

The proposal for easing controls at internal borders as a first step towards the elimination of all police and customs formalities for people crossing intra-Community frontiers ⁶ and the proposals on the right of residence ⁷ and the general system for the mutual recognition of higher education diplomas ⁸ are all blocked in the Council. Likewise, the proposal for a Regulation on support for television and cinema coproductions ⁹ was rejected by the Council and is being reworked by the Commission along broader lines.

The Commission is consequently asking the European Council to provide fresh political impetus, making it possible to unblock the proposals still pending and to implement new ideas for bringing Europe closer to its citizens.

It is proposing schemes for youth and student exchanges and would like the European Council to urge the Council to adopt the 'Yes for Europe' 10 and Erasmus 11 programmes without delay.

The Commission intends to take new initiatives, notably on youth work camps for projects relating to the protection of the environment and the cultural heritage. It will also draw on the Franco-German experiment to coordinate 'development volunteer' operations.

Plans to make use of symbols include special issues of postage stamps and a Community presence at major cultural and sporting events.

Finally, the Commission is determined to improve the transparency of Community

OJ L 246, 17.9.1980; Bull. 7/8-1980, point 2.1.54; OJ L 265, 5.10.1984; Bull. EC 9-1984, point 2.1.55.

² COM(86) 320 final.

³ Bull. EC 11-1985, point 2.1.37 et seq.

Bull. EC 5-1986, point 2.1.99.

⁵ Bull. EC 5-1986, point 2.1.66.

OJ C 47, 19.2.1985; Bull. EC 12-1984, point 2.1.9; OJ C 131, 30.5.1985; Bull. EC 5-1985, point 2.1.9.

OJ C 207, 17.8.1979, Bull. EC 7/8-1979, point 2.1.14; OJ C 188, 25.7.1980; OJ C 171, 10.7.1985; Bull. EC 6-1985, point 2.1.15.

Supplement 8/85 — Bull. EC; OJ C 217, 28.8.1985; Bull. EC 7/8-1985, point 1.4.1 et seq.

OJ C 125, 22.5.1985; Bull. EC 4-1985, point 1.3.1 et seq.
 OJ C 72, 27.3.1986; Bull. EC 2-1986, point 2.1.73.

OJ C 73, 2.4.1986; Bull. EC 1-1986, point 2.1.63.

law by adopting consolidating instruments and dealing more systematically with citizens' complaints.

The European Council meeting at 2.1.131. The Hague on 26 and 27 June duly discussed a people's Europe and adopted a number of conclusions. Having established that implementation of the reports by the ad hoc Committee was clearly behind schedule, it indicated where progress must be made (frontier formalities for passenger traffic, right of residence, general system of recognition of diplomas) and urged the Council to reach agreement as soon as possible on the programmes aimed at promoting cooperation in the field of public health (action programme against cancer) and intra-Community contacts between students and universities (Erasmus) (\rightarrow point 1.1.9).

Easing of restrictions on Community nationals which undermine the Community's credibility

Free movement of citizens

Immediate measures

2.1.132. On 12 June Parliament passed resolutions on a people's Europe, the European driving licence and barriers to the free movement of persons (→ point 2.4.9). ¹

Free movement of goods

Exchange controls

2.1.133. On 12 June the Commission, as annouced in its programme for the liberalization of capital movements, sent the Council a proposal for a Directive extending the existing Community obligations on Member States to liberalize capital movements (→ points 1.3.2 and 1.3.3).

Health and social welfare

Action against cancer

2.1.134. The high-level group of cancer specialists met for the third time in Rome on 27 June.² The Commission was represented by Mr Manuel Marín, Vice-President with special responsibility for social affairs.

As part of its programme of information for the general public, the group recommended (i) mounting a week-long European publicity campaign in 1988 with the participation of national cancer leagues and associations and (ii) designating 1989 European Cancer Prevention Year. The group underlined the part played by smoking in the pathology of cancer and made a recommendation concerning tobacco in the price index.

Regional policy

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

2.1.135. On 13 June Parliament adopted a resolution (\rightarrow point 2.4.9) ¹ on the second periodic report on the social and economic situation and development of the regions. ³

After noting that the quality of analysis in the second periodic report had improved in comparison with the first report and that the range of problems examined had been widened, Parliament called on the Commission to give greater attention to social and cultural aspects in future. As regards substance, it found the Commission's conclusions were well founded and, consequently, considered that Community regional policy should not seek solely to

OJ C 176, 14.7.1986.

Bull. EC 1-1986, point 2.1.78; Bull. EC 2-1986, point 2.1.91.

³ Bull. EC 3-1984, point 2.1.89.

correct regional imbalances after the event but should equally concern itself with the likely regional impact of national and Community policies and, in addition, of economic and technological trends. It therefore suggested that in future reports the Commission should devote greater attention to forward analysis. Lastly, approving the Commission's assessment of the regional implications of enlargement, Parliament called on the Commission and the Council to draw the necessary conclusions, particularly as regards the budget.

Coordination and programmes

Regional Policy Committee

2.1.136. At the Regional Policy Committee meeting held on 27 June Mr Alois Pfeiffer, Member of the Commission with special responsibility for regional policy, gave an outline of the results of the exchange of views which took place between the Council, Parliament and the Commission on 21 April 1 on the assessment and implementation of the principles contained in the new European Regional Development Fund Regulation. 2 The Committee used this occasion to discuss the Commission's regional policy guidelines and priorities.

The Committee elected Mr Sallois (France), the Datar³ delegate, as its Chairman and Mr Vitorino (Portugal) as its Vice-Chairman in place of Mrs Andreasen (Denmark).

Financial instruments

European Regional Development Fund

ERDF grants

Project financing

2.1.137. On 9 June the Commission approved the fourth allocation of grants for

1986 from the European Regional Development Fund: 284.54 million ECU for 58 investment projects costing a total of 1 033.61 million ECU. All the investment projects involved cost more than 5 million ECU each.

The assistance granted under this allocation is distributed as shown in Table 6.

The total of 284.54 million ECU breaks down as follows:

- (i) 24.46 million ECU to help finance 23 projects in the industrial, craft and service sectors;
- (ii) 263.08 million ECU to help finance 35 infrastructure projects.

The fourth allocation for 1986 brings the number of projects financed since the Fund was set up to 29 904 and the total assistance granted to 14 904.98 million ECU.

Measures to promote internally generated regional development

2.1.138. In accordance with Article 15 of the new Fund Regulation, ⁴ as amended in December 1985, ⁵ the Commission decided on 16 June to grant DKR 1.54 million over a period of three years to help finance the Morsø Food Park foundation, a financially independent advisory body, on the island of Morsø in Denmark. This body, which has been set up to attract new food-processing firms to the area and offer them specialized professional advice, is contributing to the programme for mobilizing the indigenous potential of the regions.

¹ Bull. EC 4-1986, point 2.1.83.

OJ L 169, 28.6.1984; Bull. EC 6-1984, point 1.3.1 et seq.; OJ L 350, 27.12.1985; Bull. EC 12-1985, point 2.1.128.

³ Délégation à l'Aménagement du Territoire et à l'Action Régionale

OJL 169, 28.6.1984; Bull. EC 6-1984, point 1.3.1 et seq.
 OJL 350, 27.12.1985; Bull. EC 12-1985, point 2.1.128.

Table 6 — ERDF grants: fourth 1986 allocation

		Number of grant decisions	Number of investment projects	Investment assisted (million ECU) ¹	Assistance granted (million FCU) ¹
Belgium		_	_	_	
Denmark				_	
Germany (FR)		16	18	362.09	14.25
Greece		5	5	23.13	7.77
Spain		17	17	375.66	147.61
France			_	_	_
Ireland		3	6	55.38	21.99
Italy		8	8	176.28	84.91
Luxembourg		_		_	_
Netherlands		_	_	_	
Portugal		_		_	_
United Kingdom		4	4	41.09	8.01
	Total	53	58	1 033.61	284.54

(1) Converted at January 1986 rates.

This is the first time that the Fund made a grant towards the operating costs of a project, pursuant to Article 19 of the new Regulation.

Programme financing

- 2.1.139. On 16 June the Commission approved six special programmes eligible for assistance from the old non-quota section of the Fund, as specific regional development measures; ¹ there is to be a Community contribution of 232.18 million ECU over the period 1985-89.
- (i) The Luxembourg 'steel' programme is designed to eliminate obstacles to development in certain regions affected by the restructuring of the steel industry. The ERDF is contributing 9 million ECU to the programme (total cost 22.7 million ECU) over a period of five years.
- (ii) The French 'steel' programme is also aimed at removing obstacles to the development of new activities; it covers the Nord/Pas-de-Calais region, which is affected by the restructuring of the steel industry. The ERDF is contributing 21 million ECU to the programme (total cost some 120 million ECU) over a period of five years.

- (iii) The French 'textile' programme, which also covers the Nord/Pas-de-Calais region, is aimed at facilitating the development of new activities to offset the effects of the restructuring of the textile and clothing industry. The ERDF is contributing 28.6 million ECU to the programme (total cost some 157 million ECU) over a period of five years.
- (iv) A third programme in France covers the regions of Aquitaine, Languedoc-Roussillon and Midi-Pyrénées and is designed to speed up the development of small businesses, craft industries and tourism in the context of enlargement. The ERDF is contributing 71.6 million ECU to the programme (total cost approximately 337.7 million ECU) over a period of five years.
- (v) The Belgian 'textile' programme covers two districts in Wallonia which are affected by the restructuring of the textile industry. The ERDF is contributing 5.6 million ECU to the programme (total cost approximately 10.5 million ECU) over a period of five years.

Bull. EC 6-1986

OJ L 271, 15.10.1980; Bull. EC 10-1980, point 2.1.48; OJ L 27, 31.1.1984; Bull. EC 1-1984, point 2.1.54.

(vi) Lastly, the Italian 'enlargement' programme is designed to contribute to the development of the Mezzogiorno. The ERDF is contributing 96.2 million ECU to the programme (total cost approximately 171 million ECU) over a period of five years.

2.1.140. On 13 June Parliament gave its opinion on the first proposals for Community programmes to be part-financed by the ERDF, 1 the STAR (telecommunications services) 2 and Valoren (exploiting indigenous energy potential) ³ programmes. Parliament endorses the Commission proposals subject to amendments on minor or procedural points only. It welcomes the innovative aspect of the programmes, though fearing that the funding might prove inadequate. The amendments suggested include extending the geographical scope to cover remote rural and island areas of Scotland, adjusting the range of eligible operations (especially in the Valoren programme), extending the categories of recipient to include cooperatives, and introducing number of provisions concerning implementation of the programmes (notably cooperation with regional and local authorities, coordination with other Community policies and instruments such as R&D programmes, European Social Fund, European Investment Bank and the New Community Instrument, and provision of Community technical assistance).

Business and innovation centres

2.1.141. On 18 June the Commission decided to make a financial contribution to three conversion projects in areas with declining industries — 135 000 ECU to Limerick (Ireland), 150 000 to Galway (Ireland) and 51 000 to Heerlen (Netherlands). These projects involve measures for the preparation, starting up or completion of three business and innovation centres providing a full range of support services for small firms or new innovative activities in the areas in question.

Coordination of structural instruments

Integrated Mediterranean programmes

Approval by Commission

Crete

2.1.142. On 4 June the Commission adopted the integrated Mediterranean programme (IMP) for Crete, the first IMP to be received, ⁴ and transmitted it immediately to the Advisory Committee on IMPs for an opinion, pursuant to the provisions of Article 7 of the Council Regulation of 23 July 1985 setting up the IMPs. ⁵

The original version of the IMP for Crete, before the opinion of the Advisory Committee, provides for Community budget aid totalling about 240 million ECU between 1986 and 1992, or 51% of the cost of the six subprogrammes to be implemented. Of this amount, 102 million ECU (or 42%) is to come from the specific article for IMPs in the Community budget, the rest being supplied by the three structural Funds (87 million ECU from the ERDF, 50 million ECU from the EAGGF Guidance Section, and 1 million ECU from the Social Fund). A further 130 million ECU is to be provided in the form of Community loans, financed from NCI resources and from the European Investment Bank's own resources.

The improvement in the economic and social situation of Crete will be sought mainly through the transfer of activity from the primary to the tertiary sector (essentially tourism). However, to avoid excessive dependence on tourism, special efforts will be made to promote manufacturing activity.

¹ OJ C 176, 14.7.1986.

OJ C 356, 31.12.1985; Bull. EC 1-1986, point 2.1.81; OJ C 147, 14.6.1986; Bull. EC 5-1986, point 2.1.102.

OJ C 358, 31.12.1985; Bull. EC 1-1986, point 2.1.82; OJ C 147, 14.6.1986; Bull. EC 5-1986, point 2.1.102.

Bull. EC 11-1985, point 2.1.103; Bull. EC 12-1985, point 2.1.136.

⁵ OJ L 197, 22.7.1985; Bull. EC 7/8-1985, point 2.1.106.

Preparatory pilot action

2.1.143. The Commission has decided to extend the timetable for certain special operations implemented in Corsica under the pilot action in preparation for IMPs.

Integrated operations

Transfrontier integrated programme

2.1.144. On 13 June Parliament adopted a resolution on a transfrontier integrated programme for the border coal- and steel-producing region of Saarland-Lorraine-Luxembourg (→ point 2.4.9). ¹

Environment and consumers

Environment

Council

2.1.145. The Council held its second meeting of the year on the environment in Luxembourg on 12 and 13 June.² It formally adopted three directives, the first on discharges of dangerous substances into the aquatic environment (\rightarrow point 2.1.147), the second on the use of sewage sludge in agriculture (→ point 2.1.164) and the third on the transfrontier shipment of hazardous waste (\rightarrow point 2.1.162). Two decisions were also formally adopted, one authorizing the Community to participate in the negotations on the Convention for the Protection of the Rhine against Thermal Pollution, 3 the other on the conclusion of the Protocol, to the 1979 Geneva Convention on Longrange Transboundary Air Pollution, on Long-term Financing of the Cooperative Programme for Monitoring and Evaluation of the Long-range Transmission of Air Pollutants in Europe (EMEP). 4 This cooperative programme is the principal means of obtaining information about the quantities of pollutants emitted and possibly transmitted across national frontiers.

In addition, the Council reached agreement on a procedure for exchanging information on the quality of surface fresh water $(\rightarrow \text{ point } 2.1.148)$ and, pending receipt of Parliament's opinion, worked out a common position on the Directives on the major-accident hazards of certain industrial activities $(\rightarrow \text{ point } 2.1.160)$ and on the protection of animals used for experiment $(\rightarrow \text{ point } 2.1.163)$.

Finally, the Council adopted a statement proposed by the Commission on the follow-up to the Chernobyl accident (→ point 2.1.146). No agreement could be reached, however, on the limitation of emissions from large combustion plants (→ point 2.1.155), on the reduction of the sulphur content of gas oil (→ point 2.1.157) or on the disposal for waste oils (→ point 2.1.158).

Chernobyl

2.1.146. The Council discussed the accident at the nuclear power plant at Chernobyl in the Soviet Union. ⁵ It expressed concern for all those affected. Beyond that, it agreed that the Chernobyl accident confronts the international community with numerous challenges. Bearing in mind the potential severe consequences of nuclear accidents both for human health and for the environment, the Council stressed the need for improved international communication and cooperation on all aspects of the non-military use of nuclear power.

The Council noted that the Commission had said that it would soon be presenting a communication proposing a wide range of Community measures, many of them directly related to environmental protection (→ points 2.1.240 to 2.1.246). Finally, the Council urged the Community Heads of State or Government to consider the

¹ OI C 176, 14.7.1986.

² First meeting: Bull. EC 3-1986, point 2.1.98.

³ Bull. EC 5-1985, point 2.1.68.

⁴ OJ L 181, 4.7.1986; OJ C 321, 13.12.1985; Bull. EC 11-1985, points 2.1.116.

⁵ Bull. EC 5-1986, point 1.1.1 et seq. and 2.1.106.

environmental aspects in depth when discussing the follow-up to the Chernobyl accident at their meeting in The Hague later in the month (→ point 1.1.1 et seq.).

Prevention and reduction of pollution and nuisances

Protection of the aquatic environment

Limit values and quality objectives for discharges of dangerous substances

2.1.147. Acting on a proposal from the Commission, ¹ the Council formally adopted, after receiving Parliament's opinion, ² a Directive laying down the main features and defining the basic principles to be applied to the fixing of limit values and quality objectives for the particularly toxic substances on List 1 in the Directive of 4 May 1976. ³ Beyond that, the Directive also lays down specific limit values and quality objectives for three substances: carbon tetrachloride, DDT and pentachlorophenol.

The Council had worked out a common position on the proposal in March. 4

Surface water quality

2.1.148. The Council approved the proposal ⁵ for a Decision to update and improve the procedure in the Decision of 12 December 1977 establishing a common procedure for the exchange of information on the quality of surface fresh water in the Community, ⁶ to take account of the experience acquired in the mean time. The primary objective of this exchange of information is to organize and develop technical exchanges between regional and national pollution monitoring networks and to take all suitable measures to improve the accuracy of the existing facilities and the comparison which they provide.

Titanium dioxide

2.1.149. The Council took note of a memorandum from the German delegation expressing anxiety at the lack of progress

on the proposal to amend the Council Directive on pollution caused by waste from the titanium dioxide industry. The German memorandum stresses in particular the difficult situation in the North Sea in this respect.

Paris Convention

2.1.150. On 30 June the Commission, with the authorization of the Council, signed on behalf of the Community a Protocol 8 amending the Paris Convention for the Prevention of Marine Pollution from Landbased Sources 9 to include atmospheric inputs into the sea.

2.1.151. The Commission represented the Community at the eighth meeting of the Paris Commission, which administers the Convention, held in Madrid from 2 to 4 June. The Commission representative made a statement on relations between the Comand the Paris Commission. munity Decisions were unanimously adopted on measures to limit mercury, cadmium and hexachlorocyclohexane discharges, as was a recommendation on oil discharges at sea due to prospecting activities. A working party was set up to look into the nutrients to blame for eutrophication of parts of the North Sea. Finally, reports on inputs of pollutants were examined.

Nairobi Convention

2.1.152. On 19 June the Commission, with the authorization of the Council, signed on behalf of the Community the Convention for the Protection, Management and Development of the Marine and Coastal Environment of the Eastern African Region plus the

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OJ C 160, 27.6.1986; OJ C 70, 18.3.1985; Bull. EC 1-1985, point 2.1.30.

OJ C 120, 20.5.1986; Bull. EC 4-1986, point 2.1.94.

³ OJ L 129, 18.5.1976.

⁴ Bull. EC 3-1986, point 2.1.104.

⁵ OJ C 321, 13.12.1985; Bull. EC 11-1985, point 2.1.11.

⁶ OJ L 334, 24.12.1977; OJ L 237, 5.9.1984.

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

⁸ Bull. EC 7/8-1985, point 2.1.116.

⁹ OJ L 194, 25.7.1975.

two protocols thereto — one on protected areas and wild fauna and flora, the other on cooperation on combating marine pollution in cases of emergency. ¹ All three had been adopted by a Conference of Plenipotentiaries, attended by seven States from the Indian Ocean region and the Community, in Nairobi in June 1985.

Barcelona Convention

2.1.153. The Convention also represented the Community at a further meeting on the scientific and technical cooperation required to implement the action plan for the Mediterranean, in Athens from 16 to 20 June. Talks centred on continuous monitoring activities in 1986 and 1987 and on the progress made with implementing each of the protocols to the Barcelona Convention for the Protection of the Mediterranean Sea against Pollution. ²

Protection of the Rhine

2.1.154. Under the Convention for the Protection of the Rhine against Chemical Pollution, 2 the Commission took part in the sixth plenary assembly of the International Commission for the Protection of the Rhine against Pollution, held in Paris on 2 and 3 June. 3 France announced that it would not be possible for the French authorities to adopt the proposed solution of disposing of chloride discharges from the MDPA (Mines de Potasse d'Alsace) under the ground in Alsace. Nevertheless they undertook to introduce, by 5 January 1987, another method of attaining the targets set by the Convention, i.e. a 20 Kg/s reduction in chlorine ion discharges into the Rhine.

Measures to combat air pollution

Emission from large combustion plants

2.1.155. On the basis of proposals drafted by the Presidency, the Council continued its deliberations on the proposal for a Directive on the limitation of emissions from large combustion plants. It concluded that while the proposals contained features which woould enable progress to be made, they needed further examination.

2.1.156. On 13 June Parliament adopted a resolution on the Council's failure to act to combat air pollution from large combustion plants (→ point 2.4.9). ⁵ Parliament condemned the attitude of the Council, which had not managed to reach an effective solution and had floundered instead in the morass of individual national difficulties.

Sulphur content of gas oil

2.1.157. The Council continued examining the proposed amendment ⁶ to the Council Directive of 24 November 1975 on the approximation of the laws of the Member States relating to the sulphur content of certain liquid fuels (gas oil). ⁷ The Council noted that differences remained on the values to be set for sulphur content and agreed to resume its examination once it had received Parliament's opinion.

Disposal of waste oils

2.1.158. The Council examined the proposal 8 for a Directive amending the 1975 Council Directive on the disposal of waste oils. 9 It concluded that a number of problems had yet to be resolved and instructed the Permanent Representatives Committee to continue its work on the subject.

Exhaust emissions from motor vehicles

2.1.159. The Council took note of two new proposals 10 — one on particulate emissions from certain diesel-engined vehicles

¹ COM(86) 344 final.

² OJ L 240, 19.9.1977.

³ Fifth assembly: Bull. EC 7/8-1985, point 2.1.117.

OJ C 49, 21.2.1984; Bull. EC 12-1983, point 2.1.118; OJ C 76, 22.3.1985; Bull. EC 2-1985, point 2.1.62; Bull. EC 11-1985, point 2.1.113; Bull. EC 3-1986, point 2.1.107.

⁵ OJ C 176, 14.7.1986.

⁶ OJ C 205, 14.8.1985; Bull. EC 7/8-1985, point 2.1.119; Bull. EC 11-1985, point 2.1.114.

⁷ OJ L 307, 27.11.1975.

⁸ OJ C 58, 6.3.1985; Bull. EC 1-1985, point 2.1.31.

⁹ OJ L 194, 25.7.1975.

¹⁰ Bull. EC 5-1986, point 2.1.108 et seq.

(private cars), ¹ the other on gaseous pollutants emitted by diesel-engined commercial vehicles (lorries, buses, etc.). ²

Chemicals

Major-accident hazards

2.1.160. Pending Parliament's opinion, the Council recorded a common position on the proposed amendments 3 to the Council Directive of 24 June 1982 designed essentially to avoid major-accident hazards by laying down measures for monitoring and controlling dangerous substances used by certain industries in particular. 4 Some of the amendments approved are intended to strengthen the rules on certain industrial activities involving, or potentially involving, particularly dangerous substances (chlorine, phosgene and methyl isocyanate). The purpose of others is to give clearer definitions of certain substances and the corresponding limit values in order to highlight the various risk levels (e.g. ammonium nitrate or nickel and cobalt compounds).

So soon after the 1982 Directive came into force, no more than limited experience has been acquired. Consequently, the new Directive makes only limited changes to the existing legislation, though the Commission reserves the right to propose a fundamental review, based on wider experience, at a later date.

Dangerous substances

2.1.161. On 24 June the Commission adapted to technical progress for the seventh time the Council Directive of 27 June 1967 on the approximation of the laws, regulations and administrative provisions of the Member States relating to the classification, packaging and labelling of dangerous substances. ⁵ The latest version not only brings existing rules into line with the new knowledge acquired, but also adds new substances to the list of dangerous substances for which uniform Community-wide classifications and labelling have been adopted.

Waste disposal

Transfrontier shipment of hazardous waste

2.1.162. The Council formally adopted, ⁶ on a proposal from the Commission, ⁷ a Directive amending the Directive of ⁶ December 1984 on the supervision and control within the Community of the transfrontier shipment of hazardous waste. ⁸ This supplements the existing rules on exporting waste to non-member countries for disposal, in the light, in particular, of the OECD resolution on the subject.

Protection and use of resources

Flora and fauna

Protection of vertebrates

2.1.163. Pending Parliament's opinion, the Council worked out a common position on the proposal for a Directive on the protection of animals used for experimental and other scientific purposes. ⁹ This proposal seeks to harmonize the Member States' legislation to protect laboratory animals. It would apply in particular to the use of animals in experiments for the development, production and testing of medicines, foodstuffs and other substances or products or for environmental protection purposes. It lays down rules to prevent unnecessary suffering by animals subjected to experiments and to ensure that the animals are kept in good conditions and given all the necessary care.

At the same time the Representatives of the Member States meeting within the Council approved a resolution covering the parts of

¹ OJ C 174, 12.7.1986.

² OJ C 193, 31.7.1986.

³ OJ C 305, 26.11.1985; Bull. EC 10-1985, point 2.1.88.

⁴ OJ L 230, 5.8.1982; Bull. EC 6-1982, point 2.1.92.

⁵ OJ 196, 16.8.1967.

⁶ OJ L 181, 4.7.1986.

OJ C 284, 7.11.1985; Bull. EC 9-1985, point 2.1.86; Bull. EC 3-1986, point 2.1.110.

⁸ OJ L 326, 13.12.1984; Bull. EC 12-1984, point 2.1.132.

⁹ OJ C 351, 31.12.1985; Bull. EC 12-1985, point 2.1.146.

this field within the Member States' jurisdiction.

Natural resources

Sewage sludge in agriculture

2.1.164. The Council formally adopted ¹ the Directive on the use of sewage sludge in agriculture. 2 In March it had noted that 11 Member States were in favour of the proposal. 3 The main aims of the Directive are, first, to promote the use of certain types of solid waste in agriculture by stressing the agricultural value of the products and, second, to specify the precautions to be taken if they are to be used properly in agriculture without any risk to human beings or the environment. To this end, the Directive provides for the fixing of limit values for concentrations of heavy metals in the soil and in sludge and lays down the maximum heavy metal input into the soil. It also lays down specific conditions to be satisfied before the sludge can be used.

Consumers

New impetus for consumer protection policy

2.1.165. On 23 June the Council formally adopted the resolution concerning the future orientation of the policy of the European Economic Community for the protection and promotion of consumer interests, 4 which it had approved in May. 5

Physical protection and product safety

2.1.166. Together with the Presidency of the Council (currently held by the Netherlands), the Commission organized the second European conference on interadministrative cooperation in the field of consumer product safety and protection at The Hague on 3 and 4 June. The proceedings of the conference (the importance of which is underlined by recent occurrences such as

the adulteration of wine with glycol and methanol or the repercussions of the Chernobyl nuclear accident) made it possible to:

- (i) reinforce interadministrative procedures regarding the enforcement and surveillance of safety measures;
- (ii) lay the foundation for more effective structures for consumer participation in standardization work;
- (iii) prepare a research programme on accidents in the home with a view to better coordination of national activities in this field, and for the first time to include provision for Community action;
- (iv) reach broad agreement on the advisability of drawing up Community-level legislation on consumer product safety;
- (v) improve the existing Community system for the rapid exchange of information on (serious and immediate) risks arising from the use of consumer products;
- (vi) ensure the continuity of interadministrative cooperation by holding an annual conference.

Consumer information, education and representation

Education

2.1.167. On 9 June the Council and the Ministers for Education meeting within the Council formally adopted a resolution concerning consumer education in primary and secondary schools, 7 proposed by the Commission on 6 August 1985. 8 The Member States are invited to promote consumer education, so that it is provided during the period of compulsory education.

60 Bull. EC 6-1986

OJ L 181, 4.7.1986.

OJ C 264, 8.10.1982; Bull. EC 9-1982, point 2.1.50; OJ C 154, 14.6.1984; Bull. EC 4-1984, point 2.1.87.

³ Bull. EC 3-1986, point 2.1.112.

⁴ OJ C 167, 5.7.1986.

⁵ Bull. EC 5-1986, point 2.1.117.

⁶ Bull. EC 5-1984, point 2.1.119.

⁷ OJ C 184, 23.7.1986.

⁸ OJ C 258, 19.9.1985; Bull. EC 7/8-1985, point 2.1.133.

Consumer education does not need to be treated as a separate subject, but should be set in the context of teaching about those aspects of contemporary society which affect the rights and responsibilities of consumers, such as the operation of market forces, the role of consumers in the economy, awareness of environmental questions, attitudes to advertising, attitudes to the mass media and the use of leisure time. The details of this teaching approach will depend on the age of the pupils concerned, their level of maturity and their social and economic background. The Member States also undertake to promote consumer education as part of the initial training of teachers and further training of those already in service and the development of appropriate teaching materials.

The Commission is to facilitate a wideranging exchange of views on previous and current experiments, so as to take account of specific needs with respect to teacher training and teaching meterials. It intends to organize during the next three years pilot training schemes for teachers and the preparation of appropriate training materials and to encourage the inclusion of consumer affairs questions in higher education.

The Commission is asked to report by 31 December 1988 on the policies and practices introduced in the Member States and on its own pilot schemes.

Agriculture

2.1.168. The European Council, meeting in The Hague on 26 and 27 June, adopted conclusions on the structural problems confronting the common agricultural policy. It expressed itself in favour of international cooperation to facilitate the processes of adaptation and establishing new balances in the agricultural sector (→ points 1.1.10 to 1.1.12).

Council

2.1.169. At its meeting on 24 and 25 June the Council adopted the new method of

calculating MCAs for pigmeat. As far as eggs and poultry are concerned, the Council decided to prolong the suspension of MCAs until 30 September (→ points 2.1.170 and 2.1.171).

The Council also gave its approval by a qualified majority to the proposal from the Commission to import 20 000 t of olive oil originating in Tunisia over the following two months pending the entry into force of the new cooperation agreement with Tunisia, which provides for a quota of 46 000 t. ¹

The Council found that a great majority of the Member States agreed on a compromise concerning the implementation of a Community scheme to provide forests with increased protection against fire and atmospheric pollution. The main points of this compromise, which still has to be examined in detail, are that this subject does not fall within the jurisdiction of the Community alone, that the budget appropriation should be 30 million ECU spread over five years and that a committee on the protection of forests should be set up.

Lastly, the Council gave its agreement to a Directive on the marketing of animal feedingstuffs (→ point 2.1.202) and reached a broad consensus as regards the control of hormone residues in animals and fresh meat (→ point 2.1.203).

Economic aspects of the common agricultural policy

Agri-monetary measures

2.1.170. When the political agreement was reached on 25 April, ³ the Council agreed to ask the Commission to present, as soon as possible, a proposal to change the present arrangements applying to livestock prod-

¹ COM(86) 350 final.

OJ C 187, 13.7.1983; Bull. EC 6-1983, point 2.1.123; OJ C 208, 18.8.1984; Bull. EC 7/8-1984, point 2.1.112.

³ Bull. EC 4-1986, points 1.4.1 et seq. and 2.1.106 et seq.

ucts derived from cereals, ¹ i.e. pigmeat, eggs and poultry. Pending the entry into force of the new arrangements, the Council decided to suspend the negative monetary compensatory amounts (MCAs) which had been created following the currency realignment of 6 April, ² initially until 1 June ³ and then until 1 July. ⁴

On 5 June the Commission proposed to the Council that the neutral margin for these products should be raised to five points, in view of the characteristics of production, in particular the significant proportion of value-added and the lack of stringent intervention arrangements. ⁵

Article 4(2) of the Council Regulation of 11 June 1985 lays down that for purposes of the calculation of MCAs pigmeat is to rank as a product derived from cereals ⁶ (as do eggs and poultrymeat). However, this rule, while reflecting the fundamental idea underlying the common organization of the market in pigmeat, has, owing to its inflexibility, given rise to particular problems in the agri-monetary field.

In these circumstances the Council decided by a qualified majority, ⁷ on a proposal from the Commission ⁵ and after consulting Parliament, ⁸ to return from 1 July to the system used for calculating MCAs in the pigmeat sector prior to 1 January 1985. ⁹

Furthermore, experience gained since that date has shown that the lower level of MCAs resulting from the calculation of MCAs on the basis of the feed ration has not given rise to disruption of trade. To take account of this fact, it was decided that a figure of only 35% of the basic price should be used for the calculation of MCAs, which corresponds to the portion of the cost accounted for by cereals in the production of pigmeat.

In order to avoid having to introduce MCAs for pigmeat in France and raise MCAs for pigmeat in the United Kingdom, new agricultural conversion rates were fixed for those two countries, to take effect on 1 July. The entry into force of the new agricultural conversion rates for the other Member

States, originally scheduled for 1 August, was also brought forward to 1 July. ⁷

2.1.171. At the same time, the Council decided, ⁷ also by a qualified majority, on a proposal from the Commission ⁵ and after consulting Parliament, ⁸ to prolong the suspension of part of the negative MCAs for eggs and poultry until 30 September in the hope that a final solution could be agreed on at its next meeting on 14 and 15 July.

2.1.172. Following these Council decisions, the Commission altered the MCAs for the sectors in question and for those sectors where the new conversion rates took effect on 1 July, notably sugar and cereals.

Market organizations

Milk and milk products

Special schemes to dispose of butter stocks

2.1.173. The Commission announced three new initiatives designed to scale down the very high public stocks of butter.

One proposal is to enable the oldest intervention butter (stored for three years or more) to be sold for incorporation into feed. Such an operation could provide new outlets for around 150 000 t a year (\rightarrow point 2.1.177).

OJ L 164, 24.6.1985; Bull. EC 6-1985, point 2.1.115; OJ L 94, 9.4.1986.

² Bull. EC 4-1986, point 2.1.2.

OJ L 113, 30.4.1986; Bull. EC 4-1986, point 2.1.115.

⁴ OJ L 144, 29.5.1986; Bull. EC 5-1986, point 2.1.123.

OJ L 159, 26.6.1986; COM(86) 322 final.

⁶ OJ L 164, 24.6.1985; Bull. EC 6-1985, point 2.1.115.

⁷ OJ L 176, 1.7.1986.

⁸ OJ C 176, 14.7.1986.

OJ L 90, 1.4.1984; Bull. EC 3-1984, point 2.1.116 et seq.
 The quantity of cereals deemed necessary for the production of 1 kg of pigmeat, 1 kg of poultrymeat or one egg.

The other two measures — decided on 28 May ¹ and 4 June ² respectively — increase the amount of aid for the programme for the sale of butter to non-profitmaking institutions ³ (from 150.5 to 178 ECU/100 kg) and for the programme for the sale of concentrated butter for cooking ⁴ (from 224 to 243 ECU/100 kg).

Measures already taken

2.1.174. In November 1985 the Commission extended 5 the programme concerning butter for the manufacture of pastry products and ice-cream 6 so as to enable 'small manufacturers' to purchase butter in its natural state at reduced prices. In 1985 a total of 219 095 t was sold under this programme, which represents an increase of 32 000 t on the 1984 figure. 7 The quantities awarded by tender at the end of the first half of 1986 amounted to 118 000 t as against 166 182 t at the same time last year.

The stepping up, in November 1985, 8 of the scheme for the sale of intervention butter at reduced prices for immediate consumption in the form of concentrated butter resulted in the sale of 21 553 t of butter by the end of June.

2.1.175. On 21 May the Commission had also placed a proposal before the Council for changes in the 'social butter' scheme, to increase the aid (from 80 to 178 ECU/100 kg) and extend entitlement to the most poverty-stricken of the unemployed and of pensioners. 9

2.1.176. Lastly, at its June meeting the Council discussed the decision taken by the Commission on 12 June to redefine the 'day of taking-over' of butter bought into intervention as the 60th day after the butter enters the storage depot. This effectively extends the time limit for payment from 120 to 180 days after entry into the depot. Some Member States severely criticized the measure, fearing that the decision could jeopardize the political agreement reached on the level of the price of butter, which is in danger of falling to the detriment of producers. The Commission defended its

decision on the grounds that rapid action had to be taken to discourage intervention on the butter market, which had increased dramatically in recent months.

New measures

2.1.177. Despite these measures and the other specific disposal measures already in effect (sale of butter to armed forces, aid for consumption of butter, milk for schools, food aid, etc.) the level of stocks remains very disturbing.

At 31 March public stocks stood at 1 116 000 t, broken down as follows:

- (i) over 3 years old, 60 000 t;
- (ii) between 30 months and 3 years old, 85 000 t;
- (iii) between 2 years and 30 months old, 235 000 t.

The Commission therefore felt it necessary to introduce new measures to reduce stocks to more acceptable levels. It confirmed its preference for sales of old intervention butter for incorporation into feed rather than for industrial use.

The arrangements envisaged would entail a system of standing invitations to tender, and the product could be used either for incorporation into feed (subject to permanent supervision) or denaturing (combined with appropriate checks).

Here it should be stressed that any sale of butter carried out under such a programme represents a real additional quantity disposed of and in no way displaces the sale of fresh butter.

OJ L 145, 30.5.1986.

OJ L 151, 5.6.1986.

³ OJ L 139, 27.5.1985; Bull. EC 5-1985, point 2.1.92.

⁴ OJ L 298, 12.11.1985; OJ L 65, 7.3.1986.

⁵ Bull. EC 11-1985, point 2.1.137.

OJ L 41, 16.2.1979; OJ L 191, 14.7.1981; OJ L 213, 1.8.1981; Bull. EC 7/8 1981, point 2.1.86.

Bull. EC 1-1986, point 2.1.99.

⁸ OJ L 298, 12.11.1985; Bull. EC 11-1985, point 2.1.137.

⁹ Bull. EC 5-1986, point 2.1.127.

¹⁰ OJ L 158, 13.6.1986.

¹¹ Bull. EC 4-1986, point 2.1.108.

The measure would lead to a net reduction in budget expenditure since it would reduce the level of stocks. It should be borne in mind that storage costs for butter run to around 400 ECU/t per year. Consequently, the planned measure promises total budget savings of around 15 million ECU for 1986 and 60 million ECU the following year. Furthermore, the reduction in stocks will doubtless serve to boost the price of butter on the world market with all the attendant advantages for Community expenditure in the form of export refunds.

The Commission intends to continue its strategy of stock reduction by all appropriate means.

Market situation 1

2.1.178. As regards the application of the milk quota system, the provisional estimates for deliveries of milk to purchasers during the second period of application of the supplementary levy (1 April 1985 to 31 March 1986) indicate that, with the exception of Greece and possibly Italy, all the Member States (Community of Ten) exceeded the guaranteed overall quantity allocated to them. ² The total quantity in excess was roughly 900 000 t, 800 000 t of which are accounted for by three Member States (Germany, France and the Netherlands).

Deliveries of milk and production of butter and skimmed-milk powder reached a relatively high level during the early months of 1986 compared with rather low consumption and a decline in exports. This situation resulted in the buying-in of large quantities, so that by the end of June the level of stocks had reached 1.3 million t of butter and 907 000 t of skimmed-milk powder.

Exports of the main milk products in the first three months of 1986 were down on the first quarter of 1985. The figures are as follows: milk and fresh products 42 063 t (51% down), condensed milk 118 990 t (22%), whole-milk powder 99 100 t (7%), cheese 90 851 t (8%), commercial exports of skimmed-milk powder 8 397 t (82%),

commercial exports of butter 18 845 t (28%). Only commercial exports of butteroil, at 17 124 t, showed a rise (20%).

The position as regards intervention stocks (public and private) in June 1986 and in June 1985 is shown in Table 7.

Table 7 — Intervention stocks (public and private)

	(tonnes)		
	June 1985	June 1986	
Butter Skimmed-milk powder Cheese	1 063 239 391 141 84 756	1 377 947 907 274 101 375	

Wine

2.1.179. On 6 June the Commission reduced 3 the quantities of wine covered by contracts approved for the support distillation operation opened in March 4 to the extent needed in order to comply with the fixed volume of 2 million hectolitres.

2.1.180. On 9 June it adopted the list ⁵ of vine varieties in wine-growing zone A and the German part of wine-growing zone B the wines obtained from which may be subjected to coupage with Spanish red wines under a measure adopted by the Council in February. ⁶

2.1.181. On 18 June it authorized the offer for direct human consumption of certain sparkling wines, subject to certain conditions relating in particular to compliance with provisions on the sulphur dioxide con-

Bull. EC 6-1986

¹ Bull. EC 2-1986, point 2.1.114.

Bull. EC 3-1984, point 1.2.4; Bull. EC 11-1984, point 2.1.100.

³ OJ L 153, 7.6.1986.

⁴ OJ L 80, 25.3.1986; Bull. EC 3-1986, point 2.1.132.

⁵ OJ L 155, 10.6.1986.

⁶ OJ L 54, 1.3.1986.

tent and the dates of preparation and importation. ¹

2.1.182. Owing to the fact that, as a result of administrative delays, some Italian producers had been unable to notify the competent authorities of the quantities to be distilled under the compulsory distillation rules by the set deadline, ² on 16 June the Commission deferred the said deadline to 31 May. ³

2.1.183. On 20 June the Commission adopted detailed implementing rules for the sale of alcohol obtained from the compulsory distillation of table wine and held by the intervention agencies. ⁴ In the case of all such alcohol, sale will take place in two stages, first for human consumption and second, at much lower prices, for fuel. Member States are responsible solely for the first stage, covering only alcohol obtained from the distillation operations referred to in Articles 39 and 40 of the basic Regulation of 5 February 1979. ⁵ The Commission will take charge of all other sales.

The rules also provide for the fixing of minimum selling prices on the basis of the criteria laid down in the basic Regulation, i.e. the markets in alcohol and spirituous beverages produced in the Community must not be disturbed. As regards the first stage, the Council stipulated last January that the minimum selling prices should not be lower than the representative prices recorded on the markets of the Community for grain alcohols and the prices of alcohols obtained from wine in the context of the Community distillation measures. ⁶

2.1.184. The 1986/87 reference prices for wine were adopted on 23 June. ⁷ Since the calculation components had altered only very slightly compared with last year, they were set at the same levels as 1985/86. ⁸

2.1.185. Lastly, the Commission decided to extend until 30 June 9 the transitional provisions relating to the supplementary mechanism applicable to trade in wine-sector products 10 so as not to disturb trade.

Market situation¹¹

Although down on last year (table wine production assessed at 99 million hl as against 108 million hl last year. end-of-year stocks estimated at 43 million as against 49 million hl last year), the fact that the forward estimate for the 1985/86 wine year 12 indicated a surplus of table wine prompted the Commission at the beginning of the year to adopt the intervention measures provided for in Community rules, authorizing the conclusion of long-term private storage contracts¹³ and initiating compulsory distillation accompanied by support distillation of table wines. 2 These measures have on the whole proved effective, and the market in these wines in general has shown a slow but steady improvement.

Red wines, for example, have improved steadily in France, reaching on average 80% of their guide price. In Italy they have even reached 95% of the guide prices, the quotations in northern Italy being very high and the absence of quotations in the south being a reflection of low supplies for this time of year rather than of an absence of sales.

The market in white wines shows a general stabilization of prices. On average they stand at 93% of guide prices in France and 85% of guide prices in Italy.

The figures for total distillation operations opened for the 1985/86 wine year hold out the prospect of a major improvement in the market situation. 14 Compulsory distillation operations carried out for the first time

2.1.132.

¹ OJ L 163, 19.6.1986.

² OJ L 80, 25.3.1986; Bull. EC 3-1986, point 2.1.132.

³ OJ L 161, 17.6.1986.

⁴ OJ L 165, 21.6.1986.

OJ L 54, 5.3.1979.
 OJ L 19, 25.1.1986; Bull. EC 1-1986, point 2.1.97.

OJ L 167, 24.6.1986.

⁸ OJ L 159, 19.6.1985; Bull. EC 6-1985, point 2.1.119.

⁹ OJ L 201, 24.7.1986.

¹⁰ OJ L 140, 27.5.1986.

¹¹ Bull. EC 6-1985, point 2.1.117.

OJ C 20, 30.1.1986; Bull. EC 1-1986, point 2.1.95.

OJ L 14, 18.1.1986; Bull. EC 1-1986, point 2.1.96.
 OJ L 211, 8.8.1985; OJ L 247, 14.9.1985; OJ L 249, 18.9.1985; OJ L 80, 25.3.1986; Bull. EC 3-1986, point

in the form ¹ advocated by the European Council in Dublin ² relate to a total volume of 7.5 million hl, 3.85 million being accounted for by France, 3.35 million by Italy and 0.3 million by Greece. The breakdown is based on production of table wine in these Member States during the 1985/86 wine year.

In the light of the expected effects of this operation, support distillation has been limited to 2 million hl for this year. As for the withdrawal of table wine from the market by means of other distillation operations, the quantities involved will, according to the information available to the Commission, be as follows: ³

- (i) distillation of by-products of wine-making (Article 39 of the Regulation of 5 February 1979⁴): 2 540 000 hl;
- (ii) distillation of wines obtained from grapes falling into two categories (Article 40 of the Regulation): 2 000 000 hl, of which 650 000 in France, 1 333 000 in Italy and 24 000 in Greece;
- (iii) preventive distillation (Article 11 of the Regulation): 7 496 000 hl has been the subject of contracts, of which 3 589 000 in France, 3 617 000 in Italy and 290 000 in Greece; to date 1 365 808 hl has been distilled; it should be borne in mind, however, that part of these quantities may be delivered for compulsory distillation;
- (iv) 'garantie de bonne fin' distillation (Article 12 of the Regulation): 5 510 000 hl, of which 1 961 000 in France (out of 4 000 000 pledged), 3 376 000 in Italy and 155 000 in Greece.

Two cases of fraud have seriously affected the wine sector in the space of 11 months (presence of diethylene glycol and methanol in certain wines), showing the public that certain operators did not even hesitate to place the lives of consumers in jeopardy.

The Commission's first reaction was to limit the danger to consumers by immediately activating all cooperation and information procedures in each Member State so as to identify the sources and withdraw all suspect products from the market. The swift

action taken by the Commission has clearly limited the serious consequences of these scandals.

In addition, the adoption of measures to improve consumer information by making it obligatory to indicate the alcoholic strength on wine labels ⁵ has been speeded up along with the negotiations on the establishment of a vineyard register as proposed by the Commission on 12 December last. ⁶

The latter measure should make it possible to make a reliable appraisal of the real wine-growing potential of the Community, which is indispensable for the authorities in charge of its management and would provide the supervisory bodies with an instrument enabling them to carry out their task more effectively.

The Regulations on wine have been applicable in Spain since 1 March, ⁷ as have the relevant mechanisms and instruments. ⁸

Sugar

2.1.187. On 30 June the Commission amended 9 its Regulation of 24 July 1978¹⁰ as regards the application of the system of production refunds in the sugar sector from 1986/87.

This measure is a follow-up to the introduction of the new system of production refunds for sugar applicable from 1 July 1986.¹¹ It sets out the detailed rules necessary for the implementation of this system, viz: the reference periods to be taken into consideration for recording the price of sugar on the world market and recording

OJ L 88, 28.3.1985; Bull. EC 2-1985, point 1.1.2.

Bull. EC 12-1984, point 1.2.15.

³ Quantities distilled at 15 June 1986.

⁴ OJ L 54, 5.3.1979.

⁵ OJ L 144, 29.5.1986; Bull. EC 5-1986, point 2.1.130.

⁶ Bull. EC 12-1985, point 2.1.166.

⁷ Bull. EC 3-1986, point 2.1.116.

OJ L 362, 31.12.1985; OJ L 367, 31.12.1985; Bull. EC 12-1985, point 2.1.167; OJ L 54, 1.3.1986; Bull. EC 2-1986, point 2.1.117.

⁹ OJ L 179, 3.7.1986.

¹⁰ OJ L 201, 25.7.1986.

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

the price of maize in the Community used to determine the price of glucose, the security for the issue of refund entitlement and its period of validity, and the specific supervisory measures to be taken where the processing of the basic product takes place in several stages.

Beef/veal

2.1.188. On 11 June the Commission adopted a Regulation opening a standing invitation to tender for bone-in beef from intervention stocks. ¹ The Regulation provides that, after sale, the meat will be exported to Brazil. However, there was no follow-up to the first partial invitation to tender. ²

2.1.189. By a Regulation adopted on 23 June ³ the Commission laid down detailed rules for import of the quota of 6 000 t of 'Hilton' beef as provided for in the Council Regulation of 26 May. ⁴

Processed fruit and vegetables

2.1.190. On 30 June the Commission adopted Regulations setting for 1986/87 the minimum price to be paid to producers and the amount of the production aid for the following processed fruit and vegetables:

(i) Peaches in syrup. ⁵ This was the annual determination of the minimum price and the aid for the forthcoming marketing year for the Community of Twelve.

For the Community of Nine the minimum price was reduced by 10% and the aid for processors by 25% compared with 1985/86.

- (ii) *Dried figs.* ⁵ The minimum price to producers set in 1985 was kept in 1986/87 for unprocessed dried figs, while the aid was cut by 8.33% for dried figs.
- (iii) *Dried plums*. The minimum price was cut by 3% compared with 1985/86 for dried plums, while the production aid for prunes in ECU is practically the same as in 1985/86.

(iv) Tomatoes. ⁶ The minimum price paid to producers, pursuant to the Council Decisions of 24 and 25 April, ⁷ was cut by 5% compared with 1985/86. As for production aid for processed tomato-based products, this was raised for tomato concentrate by 4.66% whereas for other tomato-based products it was reduced by a figure varying between 4.82% and 18.75% compared with 1985.

The minimum prices and aids for Greece, Spain and Portugal were calculated in accordance with the respective Acts of Accession.

2.1.191. On 30 June the Commission adopted a Regulation fixing the compensatory amounts applicable to processed tomato-based products for the 1986/87 marketing year and laying down special detailed rules regarding their application. 5 In accordance with the Act of Accession of Spain and Portugal, the object of this Reguis to introduce compensatory amounts for all exports of tomato-based products from the new Member States. The amounts, which may not exceed the difference between the aids fixed for Spain and Portugal and those which would have resulted from the Community aid fixed, should ensure normal competition between the industries of the Community of Twelve provided that the same ex-factory price level can be established. For tomato concentrate, the whole difference has not been taken into account owing to the particular outlet situation in the new Member States.

Tobacco

2.1.192. On 10 June the Commission amended 8 its Regulation of 25 August

¹ OJ L 157, 12.6.1986.

² OJ L 169, 26.6.1986.

³ OJ L 167, 24.6.1986.

⁴ OJ L 145, 30.5.1986, Bull. EC 5-1986, point 2.1.50.

⁵ OJ L 173, 1.7.1986.

⁶ OJ L 179, 3.7.1986.

Bull. EC 4-1986, point 2.1.111.

⁸ OJ L 156, 11.6.1986.

1970 1 so that an advance on the premium for leaf tobacco could be granted to purchasers subjecting tobacco harvested in Greece in 1985, 1986, 1987 and 1988 to firststage processing and market preparation, even in the absence of a cultivation contract or crop declaration. The advance on the premium will henceforth be granted even where first-stage processing and market preparation are not carried out in Greece.

2.1.193. On 24 June the Commission extended to 31 December 2 the validity of its Regulations of 17 December 1982,3 4 January 1984 and 5 March 1985 fixing the export refunds for raw tobacco from the 1982, 1983 and 1984 harvests.

2.1.194. One of the Commission's aims in the raw tobacco sector is to bring intervention stocks back to zero by the end of the year. On 24 June it therefore adopted a Regulation on an invitation to tender for the sale for export without refunds of five lots of baled tobacco with a total weight of 5 385 740 kg held by the Italian intervention agency. 2

Seeds

2.1.195. On 23 June the Commission amended 6 its Regulation of 22 June 1976 fixing the list of different varieties of Lolium perenne L^7 to include new varieties to be marketed during 1986/87. The Regulation will enter into force on 1 July.

2.1.196. On 30 June the Commission adopted a Regulation fixing for the 1986/ 87 marketing year the reference price for each of the three types of hybrid maize (double and top crosses, three-way crosses, simple hybrids) and hybrid sorghum, for sowing.

2.1.197. Having set reference prices for hybrid maize and hybrid sorghum for 1986/ 87 (→ point 2.1.196), the Commission adopted a Regulation on 30 June fixing the new countervailing charges on seeds. 8

Structures

2.1.198. On 3 June the Commission sent to the Council a proposal for a Regulation on a common measure to improve vinegrowing structures in Portugal. 9 This measure consolidates, in a form tailored to the particular situation in this new Member State, those provided in the Regulation of 18 February 1980 on collective projects for the restructuring of vineyards 10 and in the Regulation of 26 March 1985 on the granting, for 1985/86 to 1989/90, of permanent abandonment premiums in respect of certain areas under vines. 11

The measure concerns a maximum overall area of 30 000 hectares in the case of restructuring operations and of approximately 15 000 hectares in the case of permanent abandonment of vineyards. It proposes that the reimbursement for permanent abandonment should be increased to 70%; 50% of expenditure on restructuring will be refunded.

The proposed period for carrying out the common measure is 10 years, and the cost is estimated at 73 million ECU.

2.1.199. In June Parliament approved¹² the proposals for Directives concerning the Community list of less-favoured agricultural areas in Portugal and Spain with regard to which the Council had expressed a favourable opinion in May. 13

OJ L 191, 27.8.1970.

OJ L 168, 25.6.1986.

OJ L 361, 22.12.1982.

OJ L 4, 6.1.1984.

OJ L 65, 6.3.1985.

OJ L 167, 24.6.1986.

OJ L 161, 23.6.1986.

OJ L 173, 1.7.1986.

OJ C 153, 19.6.1986; COM(86) 281 final.

OJ L 57, 29.2.1980.

JO L 88, 28.3.1985; Bull. EC 2-1985, point 1.1.2.

OJ C 176, 14.7.1986.

Bull. EC 5-1986, point 2.1.135.

Legislation

Veterinary and animal husbandry legislation

2.1.200. The outbreak of foot-and-mouth disease has not been eliminated in Italy. ¹ The Commission has continued to monitor the situation and has adjusted the protective measures to be taken in intra-Community trade. ²

No new outbreak of African swine fever has been recorded in the Netherlands. ³ The Commission has therefore made provision for relaxing the restrictive measures for that part of the Netherlands which has been least exposed to danger of contamination. ⁴

Outbreaks of classical swine fever were recorded in the United Kingdom. The United Kingdom authorities having taken the necessary measures to prevent the danger of contamination, the Commission has confirmed the maintenance of the United Kingdom's status as regards this disease. ⁵

2.1.201. In June the Commission transmitted two proposals to the Council. The first 6 concerns the application of the Directive of 29 January 1985 on the financing of health inspections of fresh meat and poultrymeat. 7 The Commission proposes minimum levels for the fee to be charged for the cost of the inspections and health checks on meat from animals of the principal species slaughtered on the territory of the Community. The second 8 amends Annex I to the Directive of 26 June 1964 on health problems affecting intra-Community trade in fresh meat 9 so as to take account of technical progress made in the field of slaughtering and make the health inspection of slaughter animals more effective.

Animal feedingstuffs

- 2.1.202. The Council gave its approval to a Commission proposal for a Directive¹⁰ amending:
- (i) the Directive of 17 December 1973 (74/63) on undesirable substances and products

in feedingstuffs, 11 in order to limit the maximum aflatoxin content to 0.2 mg/kg;

- (ii) the two Directives on the marketing of straight feedingstuffs and the marketing of compound feedingstuffs (77/101¹² and 79/373¹³), so as to ensure better information for stockfarmers concerning the characteristics of products on the market.
- 2.1.203. The Council reached a broad consensus on the Commission proposal for a Directive concerning methods of checking for the presence of hormone residues in animals and fresh meat. ¹⁴ The problem of Community participation in the financing of the laboratories which would have to analyse the samples has not yet been solved. A final decision will have to be taken before 31 December 1987, when the ban on hormones and the checks come into effect. ¹⁵

Competition

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

Germany

Schleswig-Holstein

(i) Amendment of the Directive on encouragement for the extension of green zones in order to protect the environment.

Bull. EC 2-1986, point 2.1.122; Bull. EC 4-1986, point 2.1.132.

OJ L 99, 15.4.1986; OJ L 112, 29.4.1986; OJ L 156, 11.6.1986; OJ L 163, 19.6.1986; OJ L 169, 22.6.1986.

OJ L 108, 25.4.1986; Bull. EC 4-1985, point 2.1.132.

⁴ OJ L 189, 11.7.1986.

OJ L 194, 17.7.1986.

⁶ COM(86) 777.

⁷ OJ L 32, 5.2.1985; Bull. EC 1-1985, point 2.1.45.

⁸ COM(86) 303 final.

⁹ OJ 121, 29.7.1964.

¹⁰ OJ C 258, 26.9.1984. ¹¹ OJ L 38, 11.2.1974.

¹² OJ L 32, 3.2.1977; OJ L 56, 3.3.1983.

¹³ OJ L 86, 6.4.1979; OJ L 386, 31.12.1982.

OJ C 132, 31.5.1985; Bull. EC 6-1985, point 2.1.127; COM(86) 352 final.

¹⁵ OJ L 382, 31.12.1985; Bull. EC 12-1985, point 2.1.173.

(ii) Aid to compensate for losses of calves as a result of treatment made obligatory by the public authorities.

Denmark

1986 budget for the 'pro mille' fund. The Commission has already given its agreement for this fund. ¹

France

Aids for exports of cherries and pears. This is in fact only money from the trade, granted by the fruit and vegetables committee of Provence-Alpes-Côte d'Azur to finance the promotion of regional products on the various markets, precedence being given to superior categories by means of packaging and the brand name 'Elisal'.

United Kingdom

Potatoes, 1986 Crop Support Arrangements—a scheme to support the production of potatoes.

Home Grown Sugar Beet Fund (Research and Education). This varies an existing scheme, reducing the levy charged to finance research and producer training measures.

Northern Ireland

Measures to encourage and improve private deciduous forestry.

2.1.205. The Commission decided to initiate the Article 93(2) procedure in respect of an Italian aid measure (Ministry of Agriculture circular No 21 of 23 November 1985 on the application of Section 2 of Act No 430/85) for the export of bovine animals and meat to non-Community countries, which also constitutes an infringement of the rules of the common organization of the market relating to refunds.

Fisheries

Council

2.1.206. At its meeting on 25 and 26 June the Council discussed the Commission com-

munication on guidelines and initiatives for the development of the common fisheries policy (\rightarrow point 2.1.207) and the Commission report on the enforcement of the common fisheries policy (\rightarrow point 2.1.208).

A statement was made by the Commission representative on fisheries relations with certain non-member countries, including Canada. The Council agreed to two decisions (→ point 2.1.214).

The Community share of the TAC for herring in the Skagerrak and the Kattegat was fixed for the month of July (\rightarrow point 2.1.213).

Agreement was also reached on the opening of certain tariff quotas (\rightarrow point 2.1.76).

Guidelines and initiatives for the development of the common fisheries policy

2.1.207. The Council discussed the communication on guidelines and initiatives for the development of the common fisheries policy sent to it by the Commission on 12 June, ² in which the Commission reviews developments so far before analysing the new situation in the industry following enlargement.

The entry of Spain and Portugal into the Community has, because of the size of their fishing fleets and the volume of their production and consumption, transformed the situation and made it necessary for new guidelines to be adopted for the common policy. The Commission considers it particularly necessary to consolidate or obtain new resources in the waters of non-member countries and in certain international waters (Pacific and Indian Oceans). The structures policy will also take on a new dimension in order to increase productivity and industrialization and to modernize the fleet and adapt it to catch potential.

In its deliberations on the Commission's paper the Council was in broad agreement

¹ Bull. EC 1-1986, point 2.1.107.

COM(86) 302 final.

on the need to avoid compromising the principle underlying the common policy approved in 1983, ¹ and the Commission was asked to put forward structural proposals at the earliest opportunity.

Enforcement of the common fisheries policy

The Council discussed the report on enforcement of the common fisheries policy in the Member States that the Commission sent it on 12 June.² This gives an exact picture of both the deficiencies found and the progress made and points out the practical difficulties which implementation of the new rules arising from the common fisheries policy was bound to encounter, given the specific nature of fishing activities and the traditional individualism of fishermen themselves. Continual pressure by the Commission and the cooperation of the Member States have brought about a steady improvement in the observance of Community law from one year to another.

The Council recognized the vital importance of respect for conservation regulations. If they were not observed, the credibility of the common policy would be compromised both inside and outside the Community. It noted the Commission's intention to use all the means at its disposal to ensure the necessary high degree of surveillance and to present proposals to strengthen the relevant rules.

Resources

Internal aspects

Community measures

Prohibition measures

2.1.209. On the basis of information supplied by the national authorities on the exhaustion of certain quotas the Commission prohibited:

- (i) Belgian vessels from fishing for sole in ICES division VIIe, with effect from 9 June; ³
- (ii) Dutch vessels from fishing for mackerel, with effect from 4 June, in ICES subarea II (excluding EC zone), ICES division Vb (EC zone) and ICES subareas VI, VII, VIII (excluding division VIIIc), XII and XIV. 4

National measures

Protection of local stocks

- 2.1.210. The Commission, acting under Article 19 of Regulation (EEC) No 171/83, ⁵ approved the following national measures on 19 June:
- (i) two French orders, the first of which applies to fishing areas in the Trieux and Jaudy estuaries, the limits of which are defined, and the second of which applies to a number of estuaries in Brittany;
- (ii) two United Kingdom measures, one introduced with effect from 1 July 1972 and the other with effect from 1 November 1973, applying to a number of fishing grounds off the coast of Northern Ireland;
- (iii) a draft United Kingdom by-law covering part of the waters falling under the jurisdiction of the Southern Sea Fisheries Committee along the coasts of Hampshire, Dorset and the Isle of Wight.

External aspects

Bilateral relations

Senegal

2.1.211. On 18 June the Council adopted a Decision 6 on the conclusion of an Agreement in the form of an exchange of letters

OJ L 24 and 25, 27.1.1983; Bull. EC 1-1983, point 1.1.1

² COM(86) 301 final.

³ OJ L 153, 7.6.1986.

OJ L 156, 11.6.1986.

⁵ OJ L 24, 27.1.1983.

⁶ OJ L 168, 25.6.1986.

concerning an interim extension (for the period 1 May to 31 May 1986) of the Protocol, as amended in 1984, ¹ to the Agreement between the Government of the Republic of Senegal and the Community on fishing off the coast of Senegal. ² The exchange of letters had been initialled on 30 April. ³

The protocol is being extended pending the outcome of the negotiations under way to determine the arrangements to apply after the expiry of the 1985 Agreement on 15 January 1986.

Equatorial Guinea

2.1.212. An Agreement amending that signed on 28 June 1984 between the Community and Equatorial Guinea on fishing off the coast of Equatorial Guinea 4 was initialled on 25 June. It is of provisional application from 27 June and authorizes fishing by vessels of the enlarged Community for a period of three years from that date.

Norway and Sweden

2.1.213. On 25 June the Council, acting on a proposal from the Commission, ⁵ adopted an amendment ⁶ to its Regulation of 20 December 1985 fixing total allowable catches of stocks in the Skagerrak and the Kattegat and their allocation among the Member States. ⁷ The amendment increases the Community herring quota in these waters by 12 000 t (though the Commission had proposed a 60 000 t increase) and extends the period during which it may be caught to 31 July 1986.

Multilateral relations

Northwest Atlantic Fisheries Organization

- 2.1.214. On 30 June the Council, action on a proposal from the Commission, 8 adopted two Decisions authorizing the latter:
- (i) to send the NAFO Executive Secretary notice of the Community's intention not to be bound by the Scheme of Joint Inter-

national Enforcement within the NAFO Regulatory Area from one year after the date of the said notice;

(ii) to notify the Government of Canada of the Community's intention to terminate with effect from 31 December 1986 the current arrangement on the establishment of a scientific observation programme in the NAFO Regulatory Area.

The purpose of these decisions is to make way for the negotiation of a new scheme and a new programme.

International Convention for the Conservation of Atlantic Tunas

2.1.215. On 9 June the Council adopted a Decision on the accession of the Community to the International Convention for the Conservation of Atlantic Tunas. The Convention was amended on 10 July 1984¹⁰ at France's request¹¹ in order to permit accession.

Baltic Sea, Belts and Sound

2.1.216. On 12 June the Council, acting on a proposal from the Commission, ¹² adopted a Regulation laying down certain technical measures for the conservation of fishery resources in the waters of the Baltic Sea, the Belts and the Sound. ⁹

Organization for Economic Cooperation and Development

2.1.217. The Commission represented the Community at the 58th meeting of the Fish-

OJ L 37, 8.2.1984.

OJ L 361, 31.12.1985; Bull. EC 12-1985, point 2.1.197.

³ Bull. EC 5-1985, point 2.1.150.

OJ L 188, 16.7.1984; Bull. EC 6-1984, point 2.1.120.

⁵ COM(86) 355 final.

OJ L 176, 1.7.1986.

OJ L 361, 31.12.1986; Bull. EC 12-1985, point 2.1.199;
 OJ L 17, 23.1.1986.

⁸ COM(86) 378 final.

⁹ OJ L 162, 18.6.1986.

¹⁰ Bull. EC 7/8-1984, point 2.1.160.

¹¹ Bull. EC 11-1983, point 2.1.158.

¹² Bull. EC 9-1985, point 2.1.112.

eries Committee, held in Paris from 23 to 25 June.

International Whaling Commission

2.1.218. The Commission represented the Community as an observer at the 38th annual meeting ¹ of the International Whaling Commission, held in Malmö from 9 to 13 June.

Market and structures.

Structures

2.1.219. Under Regulation (EEC) No 355/77 of 15 February 1977 on a common measure to improve the conditions under which agricultural and fishery products are processed and marketed the Commission decided on 30 June to grant approximately 14.5 million ECU for 60 investment projects in the fisheries sector as the first instalment of EAGGF Guidance Section aid for 1986. Table 8 shows the spread among the Member States.

Table 8 — Aid from EAGGF Guidance Section, first 1986 instalment

		Number of projects	Aid (ECU) ¹
Belgium			_
Denmark		18	2 256 221
Germany (FR)		4	449 533
Greece		6	660 949
Spain		5	1 874 788
France		5	1 517 040
Ireland		3	1 274 196
Italy		6	3 679 915
Luxembourg		_	
Netherlands		2	344 948
Portugal		2	1 362 382
United Kingdom		9	1 144 864
	Total	60	14 564 836
1 ECU: May 1986 rate.		 	

Transport

Council

2.1.220. The Council meeting in Luxembourg on 18 and 19 June agreed on a pro-

posal for a Directive ³ relating to proof of compliance of road haulage vehicles with the provisions of the Council Directive of 19 December 1984 (weights and dimensions) ⁴ and agreed the text of a proposal to amend the Directive on the facilitation of physical inspections and administrative formalities in respect of the carriage of goods between Member States (→ point 2.1.222).

The Council asked the Commission for a communication on the medium-term infrastructure programme by 1 September, and the Commission did in fact adopt the communication later in the month $(\rightarrow$ point 2.1.221).

On relations with Austria, the Council agreed to hold substantive discussions when considering the indicative programme of projects of Community interest capable of being completed in the medium term (\rightarrow point 2.1.234).

The Council also agreed to continue work on the Commission's proposal for improving the financial situation of railway undertakings ⁵ and adopted a resolution on extending the market observation system (→ point 2.1.223).

The Council held a further meeting on 30 June at which it adopted a number of conclusions concerning the organization of the road haulage market (\rightarrow points 2.1.229 and 2.1.230) and settled the question of the weight on the drive axle (\rightarrow point 2.1.228).

It also adopted some general conclusions on air transport (\rightarrow point 2.1.233) but was unable to reach agreement on the more specific proposals for this sector. Neither did it adopt any decisions on sea transport (\rightarrow point 2.1.232).

In the context of the resolution on road safety adopted by the Council and the Representatives of the Governments of the

Previous meeting: Bull. EC 7/8-1985, point 2.1.184.

² OJ L 51, 23.2.1977.

³ Bull. EC 4-1985, point 2.1.98.

⁴ OJ L 2, 3.1.1985; Bull. EC 12-1984, point 2.1.200.

OJ C 36, 10.2.1984; Bull. EC 1-1984, point 2.1.100; OJ C 146, 14.6.1985; Bull. EC 6-1985, point 2.1.152.

Member States meeting within the Council, ¹, the Council briefly exchanged views on the problem of speed limits and called on the Commission to bring its study on the subject to a rapid conclusion.

Infrastructure

2.1.221. On 25 June the Commission adopted a communication for transmission to the Council concerning a medium-term transport infrastructure programme ² and a proposal for a Regulation on granting Community financial support under this programme. ²

This communication elaborates on the broad outlines of a medium-term transport infrastructure policy sent to the Council on 14 December 1984. 3 It was presented in the light of the White Paper on completing the internal market 4 and the aim of strengthening the Community's economic and social cohesion. In particular the communication suggests a network of traffic links of interest to the Community as a whole and the sections demanding early improvement. It spells out the levels at which the Community can take action in this area and points to a greater Community commitment. The guidelines on the support and financing of large-scale transport infrastructure projects form part of the financial engineering proposals that the Commission intends to put to the Ministers.

Inland transport

Frontier formalities and inspections

2.1.222. The Council agreed to the proposal ⁵ amending the Council Directive on the facilitation of physical inspections and administrative formalities in respect of the carriage of goods between Member States. ⁶ The aim of the Directive is to bring the Community one step closer towards the elimination of inspections and formalities at its internal frontiers and, therefore, towards the planned completion of the internal market by 1992. ⁴

The text adopted by the Council makes the following improvements to the 1983 Directive:

- (i) the possibility of adjusting the minimum opening hours of airport customs offices to traffic flows;
- (ii) the introduction of a procedure by which the parties concerned can inform the national and Community authorities of any problems encountered when crossing frontiers;
- (iii) the possibility of the competent authorities delegating to other services represented at customs offices to power to carry out certain summary inspection tasks;
- (iv) the possibility of using guaranteed or certified international cheques, made out in the currency of the Member State concerned, to pay sums due in respect of inspection and formalities.

Access to the market

2.1.223. On 18 June the Council adopted a resolution extending until 31 December 1988 the system for observing the markets for the carriage of goods by rail, road and inland waterway between the Member States. 7

The system, which has been introduced gradually since 1978, 8 has already been extended once, in 1981. 9 In October 1984 the Commission sent the Council a report 10 asking it to approve the continuation of the system and to resume its review of the basic proposal 11 with a view to providing a legal

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

² COM(86)340 final.

³ Bull. EC 12-1984, point 2.1.199.

⁴ Bull. EC 6-1985, point 1.3.1 et seq.

OJ C 237, 18.9.1985; Bull. EC 7/8-1985, points 2.1.192 and 2.1.197.

⁶ OJ 359, 22.12.1983; Bull. EC 10-1983, point 2.1.68.

⁷ OJ C 160, 27.6.1986.

⁸ Twelfth General Report, point 357.

⁹ Bull. EC 7/8-1981, point 2.1.133.

¹⁰ Bull. EC 10-1984, point 2.1.127.

OJ C 1, 5.1.1976; OJ C 351, 31.12.1980; Bull. EC 12-1980, point 2.1.124.

basis for a permanent market observation system.

Harmonization of conditions of competition

2.1.224. In response to Parliament's opinion, ¹ the Commission on 16 June amended ² its proposals for two Directives and a Regulation aimed at eliminating distortions in competition in traffic between seaports and their hinterland. ³

The Commission has accepted those amendments requested by Parliament which limit the scope of the proposals solely carried or exported from or to a non-Community country and apply the proposed rules to all ports used by seagoing ships, but it has rejected the amendments separating the section on 'access to the market' from that on 'price formation'.

Railways

Technical aspects

2.1.225. Following up its 1984 communication on medium-term transport infrastructure policy, ⁴ the Commission decided on 25 June to send the Council a technical report on the European high-speed rail network. ⁵

The report was drafted in 1985 under Commission auspices by an informal working party made up of representatives of the railway networks, the industry and the International Union of Railways, assisted by independent experts.

The main conclusion of the report is that it would be in the Community's interests to continue expanding high-speed facilities on the basis of a European network.

In its further work the group will concentrate on the economic, technical and financial aspects.

ECSC rail tariffs

2.1.226. The Representatives of the Governments of the Member States of the

ECSC meeting within the Council on 18 June approved a Commission proposal 6 for a fifth supplementary agreement to the Agreement of 21 March 1955 on the establishment of through international railway tariffs for the carriage of coal and steel. 7

The new supplementary agreement represents a limited revision of the 1955 Agreement with a view to enabling the German railways to reorganize their national tariff system.

Report on the annual accounts

2.1.227. On 27 June the Commission sent the Council its seventh report on the transposed annual accounts of railway undertakings (for 1983). 8 The report was drafted pursuant to the Council Regulation of 12 December 1977. 9

Road transport

Technical aspects

2.1.228. On 30 June the Council agreed to fix the drive axle weight of a five- or six-axle combined vehicle at 11.5 tonnes. ⁷ The decision will enter into force on 1 January 1992 at the latest but the United Kingdom and Ireland have been granted a temporary derogation in view of the inadequacies of their road infrastructure.

The question of standard weight per drive axle was the main point on which the Council was unable to reach a conclusion when it adopted the first Directive on the weights, dimensions and certain other technical characteristics of certain road vehicles

OJ C 68, 24.3.1986; Bull. EC 2-1986, point 2.1.149.

² COM(86)288 final.

³ OJ C 14, 16.1.1985; Bull. EC 12-1984, point 2.1.203.

⁴ COM(84)709 final.

⁵ COM(86)341 final.

⁶ Bull. EC 2-1986, point 2.1.145.

⁷ OJ L 167, 24.6.1986.

⁸ COM(86)353 final.

⁹ OJ L 334, 24.12.1977.

on 19 December 1984, 1 acting on Commission proposals made in 1971 and 1978. 2

Access to the market

- 2.1.229. The Council examined the operation of the transport market with a view to establishing a free intra-Community road haulage market without any quantitative restrictions by 1992 at the latest and concluded *inter alia* that during the transitional phase (1987-92):
- (i) the Community quota should be increased by 40% per year from 1987 (instead of the present 15%);
- (ii) the Member States should adjust their bilateral quota systems to take into account the needs of trade and transport, including the overall transit requirements of all the Member States.
- 2.1.230. The Council also indicated the general lines along which the market would finally be organized from 1992.

It would be a free market without quantitative restrictions, comprising the following features:

- (i) a system of access based on qualitative criteria;
- (ii) a uniform method of monitoring compliance with the rules;
- (iii) Community machinery for dealing with serious disturbances in the market.

2.1.231. On 12 June Parliament adopted a resolution on a people's Europe and the European driving licence (→ point 2.4.9).³

Sea transport

2.1.232. On 18 and 19 June the Council continued its examination of four proposals relating to coordinated action to safeguard free access to cargoes in ocean trades, the application of the rules of competition to shipping, measures to combat unfair pricing

practices and the freedom to provide services. 4

As it was unable to resolve certain questions of principle (applying the principle of freedom to provide services to cabotage and Community undertakings only), the Council agreed to resume discussion of the proposals at its next meeting.

Air transport

2.1.233. The Council, meeting on 18, 19 and 30 June, was unable to reach agreement on the Commission's civil aviation proposals.

The proposals which the Commission sent to the Council in 1979, 1981 and 1984, and amended on 18 June, are intended to introduce a degree of price liberalization and ensure the effective application of the competition rules to air transport. They relate solely to air services between Member States and not to traffic with non-Community countries; nor is the aim deregulation on the American model.

The first memorandum, sent to the Council in 1979, suggested an overall framework for a common air transport policy designed to serve the interests of consumers, airlines and workers alike. ⁵

A second memorandum was presented to the Council in 1984 to take account of the conclusions drawn by the Commission from its very extensive consultations with all interested parties and the lessons learned from American experience with deregulation. ⁶

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

OJ C 90, 11.9.1971; OJ C 16, 18.1.1979; Bull. EC 12-1978, point 2.1.138; Bull. EC 9-1981, point 2.1.110.

³ OJ C 176, 14.7.1986.

Supplement 5/85 — Bull. EC; OJ C 212, 23.8.1985; Bull. EC 4-1985, point 1.2.1 et seq.

Supplement 5/79 — Bull. EC; Thirteenth General Report, point 380; OJ C 291, 12.11.1981; Bull. EC 7/8-1981, point 1.3.1 et seq.

⁶ OJ C 182, 9.7.1984; Bull. EC 2-1984, point 2.1.149.

The communication the Commission transmitted to the Council on 20 June ¹ is a sequel to the 1984 memorandum and takes into account the recent judgment by the Court of Justice in the *Nouvelles frontières* case. ²

At the end of a detailed debate the Council approved the following conclusions on 30 June:

'The Council, taking into account the conclusions of the European Council of 26 and 27 June 1986 in the field of air transportation:

- (i) confirms the need for a coherent Community air transport system based on a balanced set of instruments promoting increased competition in intra-Community air services as regards tariffs, capacity and market entry, in conformity with the competition rules of the Treaty;
- (ii) agrees in this context that such a system should be established gradually. To that end, the Council agrees on an initial period of application of three years, during which the Council will review developments and take decisions on further steps in order to achieve the objective of the completion of the internal market by the year 1992.'

International cooperation

Relations with Austria

2.1.234. The Council agreed to hold substantive discussions on transport relations with Austria when considering the indicative programme for medium-term projects of Community interest (→ point 2.1.221). The Commission presented a statement on its discussions with the Austrian authorities on the basis of the brief it was given by the Council in November 1985. ³

Energy

Council

2.1.235. On 3 June the Council could only reach broad agreement on the draft Commission Decision relating to the new Community rules for State aid for the coal industry (\rightarrow point 2.1.236). This was not enough

for it to give its assent. ⁴ It also discussed in detail a draft resolution on the new Community energy objectives for 1995, ⁵ though without reaching agreement. Next the Council resumed its examination of the Commission proposal to transfer 60 million ECU to the ECSC budget to fund social measures accompanying the restructuring of the coal industry, ⁶ once again without reaching any conclusion.

After examining the Commission's second report on the lignite and peat industry 7 the Council confirmed that lignite and peat can make a useful contribution towards attaining the Community's energy objectives and called on the Commission to examine how effective the various Community financial instruments are in developing peat and lignite resources in the Community, bearing in mind the Community's existing commitment to these two fuels. As for oil, the Council examined the Commission's report on 'The Community oil market, its oil refining industry and external trade in petroleum products.'8 It agreed that Community refining policy should continue along the lines approved in March, June and November 1985 and reaffirmed the need to maintain close contact with major industrialized countries such as the United States and Japan. 10 The Council then took note of the Commission communication entitled 'Towards a European policy for energy efficiency in industrial firms'. 11 Pending Parliament's opinion, the Council adopted a favourable position on the draft

¹ COM(86)338 final.

Bull. EC 4-1986, point 2.1.153. The judgment will be analysed in detail in the quarterly review of cases in the 'Court of Justice' section of Bulletin 7/8-1986.

Bull. EC 7/8-1985, point 2.1.199; Bull. EC 11-1985, point 2.1.160.

The Council unanimously gave its assent at its fisheries meeting on 25 June.

⁵ Bull. EC 5-1985, point 2.1.106.

⁶ Bull. EC 7/8-1985, point 2.1.85.

Bull. EC 2-1986, point 2.1.152.

⁸ Bull. EC 5-1986, point 2.1.167.

Bull. EC 3-1985, point 2.1.137; Bull. EC 6-1985, point 2.1.159; Bull. EC 11-1985, point 2.1.172.

Bull. EC 7/8-1985, point 2.1.105; Bull. EC 10-1985, point 2.1.139.

¹¹ Bull. EC 5-1986, point 2.1.168.

resolution on a Community approach to develop new and renewable energy sources. ¹

In an exchange of views on the Chernobyl accident, the Council noted that the Commission was planning to present a communication on the consequences of the accident (→ points 2.1.238 and 2.1.240 to 2.1.246).

Specific problems

Solid fuels 2

New rules for State aid

2.1.236. After receiving the Council's assent on 25 June and the opinion of the ECSC Consultative Committee, 3 the Commission adopted on 30 June a Decision establishing Community rules for State aid to the coal industry. 4 These new arrangements will remain in force for seven and a half years, from 1 July 1986 to 31 December 1993. Before the end of 1990, however, the Commission will be reporting to the Council on any problems encountered in applying the new rules and may propose any amendment considered appropriate, in compliance with the procedural requirements of the ECSC Treaty.

The chief innovation is that the Member States are now required to give advance notice of any aid that they are planning.

In future, in order to qualify as officially approved Community aid and so be compatible with the proper functioning of the common market, State aid must help to achieve at least one of three objectives:

- (i) improving the competitiveness of the coal industry, with a view to enhancing security of supply;
- (ii) creating new production capacity only if it is economically viable;
- (iii) solving regional and social problems arising from changes in the coal industry.

Aid for stockpiling and recruitment will no longer be authorized.

Financial aid to the coal industry

2.1.237. On 24 June the Commission sent the Council, for consultation, a memorandum on the financial aid granted by the United Kingdom to the coal industry in 1985. It noted that, as the effects of the UK miners' strike faded, losses or aid too had fallen sharply in 1985 compared with 1984. It concluded that the aid granted by the United Kingdom in 1985 was compatible with the 1976 rules. ⁵

Nuclear energy

Euratom and the Chernobyl accident

2.1.238. On 16 June the Commission sent the Council a general communication on the consequences of the Chernobyl accident (→ points 2.1.240 to 2.1.246). This includes details of the Commission's study and action plan and its timetable for sending the Council a series of proposals by the end of the year.

Relations with non-Community energy-producing or importing countries

Community-Canada coal conference

2.1.239. A conference was held in Brussels on 5-6 June on coal trade between Canada and the Community to mark the 10th anniversary of the EEC-Canada framework agreement on industrial cooperation. The conference was hosted jointly by the Canadian Mission to the Community and the Commission. The speeches and other, less

OJ C 94, 22.4.1986; Bull. EC 1-1986, point 2.1.130.

For technical coal research, see point 2.1.64.

³ OJ C 329, 19.12.1985; Bull. EC 11-1985, point 2.5.35.

⁴ OJ L 177, 1.7.1986; Bull. EC 9-1985, point 1.4.1 et seq.

⁵ OJ L 63, 11.3.1976.

⁶ Bull. EC 5-1986, point 1.1.1 et seq.

⁷ OJ L 260, 24.9.1976; Tenth General report, point 54.

formal, contacts between the guest speakers and some 60 coal producers and consumers enabled Canadians and Europeans to form a clearer idea of European coal policy and market trends and of the potential for increased exports of Canadian coal.

Nuclear safety

2.1.240. Meeting in The Hague on 26 and 27 June, the European Council adopted conclusions on the consequences of the Chernobyl accident. ¹ It discussed what had been done since the accident and decided that efforts should be made to improve coordination both at international level and within the Community (→ points 1.1.13 to 1.1.15).

Outline communication on the consequences of the Chernobyl accident

2.1.241. In May the Commission decided to transmit to the Council an outline communication on the consequences of the Chernobyl accident. ² This was done on 16 June. ³

The accident has highlighted the vital need for international action to deal with such eventualities, while indicating that an effective framework of Community legislation covering the entire field of nuclear energy must be created on the basis of existing Euratom and EEC Treaty provisions, with new measures being introduced as required to protect the public and the environment in Europe.

Like all the other countries concerned throughout the world, the Community Member States have developed their nuclear industries along essentially national lines, but neighbouring regions and countries may be affected directly or indirectly by the discharge of waste, accidental emissions or serious accidents. The Euratom Treaty does have regard for certain transfrontier aspects of the development of nuclear energy.

The Commission is therefore proposing to the Council a set of new measures which would take account of the European dimension of nuclear developments, helping the Community to minimize the risks associated with nuclear power and enabling it to react quickly in an emergency.

The Commission's communication covers five areas: health protection, intrinsic and operating safety, emergency procedures, international action and research.

Health protection

2.1.242. The Commission has decided to carry out a thorough evaluation of the implementation of Chapter III of the Euratom Treaty, which concerns health protection, and to transmit to the Council by the end of July this year a communication, possibly accompanied by new proposals.

In fact, the Commission has already taken steps to prepare a proposal establishing tolerance limits for the radioactive contamination of goods.

The Commission will consult a wide range of scientific experts and concentrate on completing the drafting of the proposal as soon as possible, taking full account of the request made by the Council, the relevant regulation expiring at the end of September this year. ⁴

Intrinsic and operating safety

2.1.243. The Commission has been considering whether or not it would be appropriate to use the concept of the best available technology for defining Community emission standards applicable to nuclear installations. It will inform the Council and Parliament of its conclusions.

¹ Bull. EC 5-1986, point 1.1.1 et seq.

² Bull. EC 5-1986, point 1.1.4.

³ COM(86)327 final.

On 30 May the Council adopted a Regulation on the conditions governing imports of agricultural products originating in third countries on the basis of maximum permitted levels: OJ L 146, 31.5.1986; Bull. EC 5-1986, point 1.1.3.

Next July the Commission will report to both institutions on the status of application of the Council resolution of 22 July 1975 on the technological problems of nuclear safety, ¹ on the problems of harmonizing safety criteria and the action to be taken.

It will also consider whether or not the Euratom basic safety standards, which cover preventive measures for the protection and information of the public at times of accident, are adequate and properly applied. It will communicate the results of this study to the Council by the end of the year.

By that time too, the Commission will present proposals for a compulsory reporting system with regard to incidents in nuclear installations, provisions dealing with the transport of dangerous and toxic substances and wastes, including radioactive materials, and the Community's accession to the London Dumping Convention.

Emergency procedures

2.1.244. Two international conventions are soon to be negotiated, signed and then ratified, under the aegis of the IAEA, (i) making it compulsory for the contracting parties to report and exchange information in the event of a nuclear alert or accident and (ii) setting up an international system of mutual emergency assistance. Although many of the countries concerned are anxious for the new conventions to be concluded at an early date, negotiation and above all ratification procedures will inevitably take time. Interim provisions would thus be appropriate to permit action to be taken rapidly at Community level.

The Commission therefore intends to present corresponding proposals to the Council—one at the end of July and the other at the end of the year.

International action

2.1.245. The Commission has decided that, where its spheres of influence are directly or indirectly involved, the Community must be a party to the international conventions on the rapid provision of information in the event of nuclear accidents and on mutual assistance in case of emergency, the negotiation of which has just been decided upon by the IAEA, and to any other international arrangements that might be agreed upon in the future.

Research

2.1.246. In the light of the special problems raised by the Chernobyl accident, changes are called for in the Community research programmes now in hand in the field of nuclear safety. In particular, greater emphasis will have to be placed on a number of research topics (e.g. the improvement of risk evaluation methods and major accident studies) and on certain areas of research relating to radiation protection. The Commission will be presenting appropriate proposals.

OJ C 185, 14.8.1975.

OJ L 36, 8.2.1984; Bull. EC 1-1984, point 2.1.110 (research programme concerning the decommissioning of nuclear installations (1984-88); OJ L 83, 25.3.1985; Bull. EC 12-1984, points 1.7.1 and 1.7.2 (research and development programme on the management and storage of radioactive waste (1985-89) and research and training programme in the field of radiation protection); lastly, the Council decided on 19 December 1984 that the research programme on reactor safety (1984-87) should be executed by the Joint Research Centre — Bull. EC 12-1984, point 1.7.2.

2. External relations

New round of multilateral trade negotiations

2.2.1. The European Council, meeting in The Hague on 26 and 27 June, welcomed the adoption by the Council of an overall approach to the forthcoming multilateral trade negotiations, which are to include agriculture (→ point 1.1.10).

Overall approach

Council conclusions

- 2.2.2. At its meeting on 16 and 17 June the Council approved the Commission communication concerning the overall approach to the new round of GATT trade negotiations. ¹ It adopted the following conclusions:
- '1. Recalling its declaration of 19 March 1985² which remains in its entirety the basis of the Community's position on the new round of multilateral trade negotiations, the Council affirms the importance it attaches to the speedy and successful launching of the new round. The Community will participate actively and constructively in the process leading to the ministerial meeting in Punta del Este on 15 September 1986.
- 2. The Commission will be invited to propose formal negotiating directives in the sense of Article 113 at a later stage, after agreement has been reached to launch the new round. Meanwhile, however, the Council has considered it appropriate that the Community's general approach to the future negotiations, and its basic objectives, be elaborated further.
- 3. The Commission's communication to the Council ... entitled 'The overall approach New round of trade negotiations: in defence of open multilateral trade', ¹ is welcomed by the Council and provides the Commission with the necessary orientations.'

Meetings of Preparatory Committee

2.2.3. The Committee set up to prepare the new GATT trade negotiations entered the final stage of its work on a draft declaration for the GATT ministerial meeting to be held in Punta del Este in the week begin-

ning 15 September, at which the decision should be taken to launch the new round. ³ The Community is taking an active part in the work of this Committee, on the basis of the guidelines which were approved by the Council on 17 June (\rightarrow point 2.2.2).

Commercial policy

Implementing the common commercial policy

Commercial policy instruments

Easing of restrictive measures 4

2.2.4. Under the Council Regulation of 14 November 1983 on import arrangements for products originating in State-trading countries, not liberalized at Community level, 5 the Commission took the following measures:

(i) Opening of quotas:

United Kingdom — Hungary: potatoes preserved by freezing; ⁶

Italy — Hungary: aluminous cement; 6

Italy — Poland: regenerated textile fibres; 6

Italy — Soviet Union: semi-chemical paper for fluting; ⁶

Spain — certain State-trading countries: agricultural and industrial products; 6

Federal German Republic — Romania: textile products imported under outward processing arrangements (category 8);⁷

¹ Bull. EC 5-1986, point 2.2.1 et seq.

Bull. EC 3-1985, point 2.2.12.

Bull. EC 2-1986, point 2.2.1; Bull. EC 4-1986, point 2.2.1.

For iron and steel products, see point 2.1.42.

⁵ OJ L 346, 8.12.1983.

⁶ OJ C 141, 7.6.1986.

OJ C 153, 19.6.1986.

Italy - People's Republic of China: synthetic organic dyestuffs; 1

Italy — Romania: unwrought aluminium billets with an aluminium content of 99.5%;1

(ii) Change in quotas:

Spain — certain State-trading countries: industrial products; 2

United Kingdom — Soviet Union: television receivers; 3

Italy — Albania: textile products (categories 4, 6, 7, 8, 12, 39 and 76); 4

(iii) Change in import arrangements: Federal Republic of Germany — certain State-trading countries: removal of quantitative restrictions on release for free circulation of industrial products.

Trade protection

2.2.5. The trade protection measures taken in June are shown in Table 9.

Table 9 — Trade protection measures

Council	Commission		
Anti-dumping proceedings	Anti-dumping proceedings		
Amendment of the Regulation imposing a definitive anti-dumping duty on imports of: Light sodium carbonate originating in Bulgaria, the German Democratic Republic, Poland, Romania or the Soviet Union OJ L 169, 26.6.1986 (definitive duty: OJ L 32, 3.3.1983)	Rejection of various requests for the refund of anti-dumping duties imposed on imports of: Cotton yarn originating in Turkey OJ L 151, 5.6.1986 (definitive duty: OJ L 90, 3.4.1982) Notice of reopening of an anti-dumping/anti-subsidy proceeding concerning imports of: Inner tubes and new tyre cases for bicycles originating in the Republic of Korea or Taiwan OJ C 132, 30.5.1986. (notice of expiry of undertakings: OJ C 106, 27.4.1985) Acceptance of undertakings given in connection with the anti-dumping proceeding concerning imports of Hardboard originating in Argentina, Switzerland or Yugoslavia, and termination of the investigation: OJ L 157, 12.6.1986 (initiation of proceeding: OJ C 47, 19.2.1985) Surveillance measures Notice of initiation of investigation on the trend of imports into Spain of urea originating in certain non-Community countries OJ C 154, 20.6.1986		

OJ C 167, 5.7.1986.

OJ C 141, 7.6.1986.

OJ C 147, 14.6.1986.

OJ C 146, 13.6.1986.

OJ C 136, 4.6.1986.

Treaties and trade agreements: extension or automatic renewal

2.2.6. On 9 June the Council authorized the extension or automatic renewal of certain trade agreements between Member States and other countries for which the date for giving notice falls between 1 May and 31 July (second batch for 1986). 1

Export credits

2.2.7. The interim changes agreed subject to confirmation in the OECD negotiations in May ² on commercial interest reference rates under the Arrangement on Guidelines for Officially Supported Export Credits ³ came into effect in June.

Sectoral commercial policy measures ⁴

Textiles

Agreements and arrangements with non-member countries

2.2.8. On 4 June the Commission adopted two Regulations opening import quotas for certain textile products originating in Yugoslavia and certain other non-Community countries participating in the 1986 Berlin Trade Fairs. ⁵

MFA countries

2.2.9. In the course of June negotiations on the renewal of the bilateral textile trade agreements between the Community and a number of exporting countries were held in Brussels. Agreements were initialled with Peru, Colombia, ⁶ Sri Lanka, ⁷ Czechoslovakia, Poland, Thailand, the Philippines, Malaysia, Indonesia and Singapore. The Asean ⁸ countries negotiated as a group on the text of their agreements with the Community. The economic aspects were negotiated bilaterally.

Relations with industrialized countries ⁹

2.2.10. The European Council, meeting in The Hague on 26 and 27 June, welcomed the fact that the Council had adopted a constructive position when faced with the possibility of trade policy measures being applied by the United States against the Community. It also expressed itself in favour of international cooperation on agriculture in order to facilitate adjustment and the establishment of new balances $(\rightarrow 1.1.10 \text{ to } 1.1.12)$.

United States¹⁰

Negotiations on the consequences of enlargement

2.2.11. On 16 and 17 June the Council held a detailed discussion on the position to be adopted by the Community in response to the retaliatory measures introduced or announced by the United States in May in the context of the Community's enlargement.¹¹

Agreement was reached on both the Portuguese and Spanish aspects of the enlargement issue.

2.2.12. With regard to Portugal, the Council noted that the United States had already imposed restrictions on imports of certain products originating in the Com-

OJ L 162, 18.6.1986. First batch: Bull. EC 4-1986, point 2.2.4.

² Bull. EC 5-1986, point 2.2.12.

Bull. EC 10-1983, point 2.2.10.

For iron and steel products, see point 2.1.43.

⁵ OJ L 152, 6.6.1986.

Bull. EC 5-1986, point 2.2.14.

Bull. EC 5-1986, point 2.2.15.

⁸ Association of South East Asian Nations: Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand.

⁹ For cooperation with Canada on coal, see point 2.1.239.

For relations with the United States on steel, see point 2.1.39.

¹¹ Bull. EC 5-1986, point 2.2.20.

munity and planned to raise tariffs on other products later.

'The Council recalls and confirms its conclusions of 21 April 1986 to the effect that, should the US authorities introduce unilateral measures against trade with the Community, the latter would be obliged to take equivalent measures to protect its interests. ¹

With regard to those measures already taken, the Council, in accordance with its conclusions of 21 April 1986:

- (i) noted that these measures were potentially prejudicial to Community producers;
- (ii) accordingly approved a Regulation introducing surveillance on imports of certain products originating in the United States of America and listed in the Annex to the Regulation; ²
- (iii) confirmed that, if it transpired that the measures introduced by the United States hampered Community exports, the Community would immediately adopt measures having an equivalent restrictive effect in respect of products mentioned in the list annexed to the above Regulation.'
- 2.2.13. With regard to Spain, the Council reiterated its grave concern at the announcement of unilateral retaliatory measures by the United States following the unbinding by the EEC, in application of the Treaty of Accession, of the former Spanish duties on maize and sorghum.

'The Council considers that these measures, which are not justified in the GATT framework, present a serious threat to trade relations between the USA and the EEC and might well compromise the start of GATT negotiations under the new round.

The Council reaffirms the readiness of the Community to complete negotiations under Article XXIV.6 as speedily as possible and instructs the Commission to continue appropriate contacts with the United States in order to conclude such negotiations.

Repeating the determination of the Community, as expressed by the Council on 21 April 1986, ¹ to take equivalent measures to protect its interests, the Council herewith decides to take corresponding measures, acting on a proposal from the Commission, concerning imports of corn gluten feed, rice and wheat within a period not exceeding a fortnight from the announcement by the President of the United States. The measures decided upon are to come into force at the same time as the US measures are actually implemented.

The Council also decides to request the Commission to draw up, with due regard for the overall nature of Article XXIV.6 negotiations, measures enabling both sides to stay application of retaliatory and counter-retaliatory measures in the conflict on the arrangements for the import of maize and sorghum into Spain and to arrive at an equitable solution.'

2.2.14. On 12 June Parliament adopted resolutions on United States protectionism and on the trade restrictions imposed by the United States on agricultural products (→ point 2.4.9). ³

Australia

2.2.15. The Australian Minister for Primary Industry, Mr John Kerin, visited the Commission on 23 June for talks with Mr Willy De Clercq, Member of the Commission with special responsibility for external relations and trade policy, Mr Frans Andriessen, Vice-President of the Commission with special responsibility for agriculture, Mr Henning Christophersen, Vice-President of the Commission with special responsibility for the budget, and Mr António Cardoso e Cunha, Member of the Commission with special responsibility for fisheries.

Mr Kerin said that concern had been expressed in the World Food Council in Rome regarding the forthcoming round of trade negotiations in GATT and asked about developments in the Community position.

He then reported on the particularly difficult situation of Australian farmers as a result of falling incomes, which have reached their lowest level since 1951, stressing the importance of a reform of the CAP.

Bull. EC 4-1986, point 2.2.9.

OJ L 165, 21.6.1986. This Regulation was adopted on a proposal from the Commission, as reported in Bull. EC 5-1986, point 2.2.22. The products covered by the Regulation are horsemeat, offal of bovine animals, natural honey, fresh foliage, dried fruit, sunflower seeds, fats of bovine cattle, fruit juices (orange, grapefruit and pineapple), food preparations made from maize, beer and certain wines.

³ OJ C 176, 14.7.1986.

Mr Kerin also expressed interest in the budgetary effects of the changes in the CAP and in the Commission's recent statements concerning the need to explore new fishery resources (→ point 2.1.207).

The discussions also covered the specific questions of oenological practices, supply estimates for beef, the hormone use ban and stock disposal problems.

New Zealand

2.2.16. The New Zealand Minister for Overseas Trade, Mr Mike Moore, visited the Commission on 23 June and had talks with Mr Willy De Clercq and Mr Andreissen.

The discussions centred on the market outlook for milk products both in the Community and New Zealand and worldwide, cooperation in the milk sector, and the question of access for New Zealand butter to the United Kingdom market in 1987 and 1988.

European Free Trade Association

2.2.17. The third meeting between EFTA Ministers and the Commission took place in Reykjavik on 5 June. ¹ The purpose of the meeting was to take stock of actual progress made in implementing the Community-EFTA Joint Declaration adopted in Luxembourg on 9 April 1984 ² and to set new parameters for future cooperation between the two sides. Preparations for the meeting had been made by senior officials from the Commission and the EFTA countries in May. ³ The Community was represented by Mr Willy De Clercq.

Practical steps were discussed with a view to closer cooperation on research and development. Ministers looked forward to early implementation of the framework agreements with the EFTA countries and the opening-up of Community R&D programmes. 4

With regard to the removal of technical barriers to trade, 5 it was decided to open

negotiations before the end of the month on the introduction of the single administrative document. Both sides confirmed their intention to simplify origin documentation and the certification of origin and to step up coordination on standardization and technical rules.

It was agreed to explore possibilities for a gradual opening-up of public procurement on the basis of strict reciprocity, for increased cooperation on standards for harmful emissions from motor vehicles with a view to the prevention of new trade barriers, and for a further simplification of origin rules.

New guidelines were discussed for further Community-EFTA cooperation in the light of the Community's policies to complete its internal market, liberalize the movement of capital and strengthen R&D activities.

Joint Committees

2.2.18. The Joint Committees set up under the free trade Agreements with Switzerland, Austria and Finland met on 10, 12 and 18 June respectively.

Bilateral and trade development issues were discussed, but the focus of attention was on progress achieved in the implementation of the Luxembourg Declaration. Both sides emphasized that the adaptation of the existing Agreements to take account of the accession of Spain and Portugal to the Community had been an important step towards the creation of a European economic space. They also examined the situation of the steel market and recent trends in bilateral trade in this sector.

Bull. EC 4-1984, point 1.2.1 et seq.; Bull. EC 5-1985, point 2.2.25.

² Bull. EC 4-1984, point 1.2.1 et seq.

Bull. EC 5-1986, point 2.2.27.

For scientific and technical cooperation with the EFTA countries, see points 2.1.52 to 2.1.54.

For simplification of customs procedures between the Community and certain EFTA countries, see point 2.1.71.

⁶ Bull. EC 2-1985, point 2.2.10.

Iceland

2.2.19. During an official visit to Iceland from 5 to 7 June, Mr De Clercq met the Prime Minister, Mr Steingrimur Hermannsson, and the Foreign Minister, Mr Matthias A. Matthiesen, to discuss international trade and matters of particular relevance to bilateral relations between Iceland and the Community. Mr De Clercq was also received by the President, Mrs Vigdis Finnbogadóttir.

The discussions were concerned in particular with the impact on Iceland of the Community's enlargement. The Community would in future account for over 50% of Iceland's foreign trade, a fact which should make for a smoother pattern of trade growth.

In this context, it was considered essential that fresh efforts be made to deal with outstanding problems concerning fisheries. Both sides felt that new opportunities should be explored for resolving them in a mutually satisfactory way. Mr De Clercq warmly welcomed Iceland's interest in R&D cooperation in specific fields.

Iceland has meanwhile joined the Eureka programme, being the last EFTA country to do so (\rightarrow point 2.1.47).

Norway

2.2.20. The annual round of high-level consultations between the Commission and Norway took place in Brussels on 27 June. ¹ The Commission delegation was led by Mr De Clercq and the Norwegian delegation by Mr Knut Frydenlund, the Foreign Minister, and Mr Kurt Mosbakk, the Minister for Trade and Shipping.

Discussions on bilateral problems centred principally on fishery issues, anti-dumping measures and further liberalization of trade in processed agricultural products. On a more general level the topics of discussion included R&D and energy, and each side expressed the desire for closer cooperation in the light of intra-Community developments such as those affecting, in particular,

the internal market. The meeting concluded with the signing of the framework agreement between Norway and the Community on scientific and technical cooperation (→ point 2.1.52).

Sweden

2.2.21. During an official visit to Sweden on 1 and 2 June, Mr Jacques Delors, President of the Commission, met the Swedish Prime Minister, Mr Ingvar Carlsson, the Finance Minister, Mr Kjell-Olof Feldt, and the Trade Minister, Mr Mats Hellström.

Mr Delors reaffirmed the Community's willingness to do its utmost to strengthen cooperation with the EFTA countries and with Sweden in particular. Mr Carlsson stressed Sweden's wish to develop cooperation with the Community in all possible areas without giving up traditional positions where foreign and defence policy were concerned. He underlined the importance attached by Sweden to the implementation of the Community-EFTA Joint Declaration of 9 April 1984. ²

2.2.22. The annual round of high-level consultations between the Commission and Sweden took place in Brussels on 24 June. ³ The Commission delegation was led by Mr De Clercq and the Swedish delegation by Mr Hellström.

Besides a number of bilateral issues, the two sides discussed in particular the prospects for closer Community-EFTA cooperation, welcoming the progress made in Reykjavik on 5 June (→ point 2.2.17) with regard to implementation of the Luxembourg Declaration. ² The Swedish delegation showed great interest in current Community developments, such as those affecting the internal market, the liberalization of capital movements and R&D, and stressed Sweden's willingness to undertake joint measures. There was a broad concurrence of views on international economic issues such as the

Previous round: Bull. EC 5-1985, point 2.2.26.

Bull. EC 4-1984, point 1.2.1 et seq.

Previous round: Bull. EC 6-1985, point 2.3.20.

new GATT round of multilateral trade negotiations.

Relations with other countries and regions

Mediterranean countries

Mediterranean policy of the enlarged Community

Renewal of financial protocols

2.2.23. The second-generation financial protocols between the Community and the Maghreb (Algeria, Morocco and Tunisia) and Mashreq countries (Egypt, Jordan, Lebanon and Syria) ¹ are to expire on 31 October. The Commission therefore transmitted a communication to the Council on 3 June setting out its policy on financial and technical cooperation with these southern and eastern Mediterranean countries on the basis of the three guidelines approved by the Council last November:

- (i) reducing food dependence;
- (ii) improving the complementarity of the economies of countries to the north and to the south of the Mediterranean; and
- (iii) supporting regional and multilateral cooperation. ²

The Commission takes the view that the new protocols to be concluded with these countries for the period from 1 November 1986 to 31 October 1991 should give priority to funding cooperation schemes in agriculture (notably involving food crops) and in manufacturing and service industries, and operations to strengthen regional cooperation.

The Commission will make proposals on the amounts of finance to be included in the protocols at a later date.

Turkey

2.2.24. Mr Claude Cheysson, Member of the Commission with special responsibility

for Mediterranean policy, visited Turkey from 19 to 21 June for talks with Mr Turgut Özal, the Prime Minister, and Mr Vahit Halefoglu, the Foreign Minister. Mr Cheysson also held meetings with representatives of opposition parties and journalists. In Istanbul he spoke to a group of Turkish industrialists and businessmen and representatives of IKT, the Economic Development Foundation.

Mr Cheysson's visit enabled the two sides to review current EEC-Turkey relations and discuss future prospects. This was the first visit to Turkey by a Member of the Commission since the coup of September 1980.

Malta

2.2.25. On 13 June Parliament delivered an opinion ³ on the Commission's proposal to the Council for a Regulation concerning the conclusion of a second financial Protocol under the EEC-Malta Association Agreement. ⁴ It approved the proposal and expressed the hope that the new Protocol would mark the beginning of a general improvement of all aspects of economic and trade relations with Malta.

Syria

2.2.26. Mr Cheysson visited Syria from 2 to 4 June. he had talks with President Assad, Vice-President Khaddam, Mr Al-Kasm, the Prime Minister, Mr Al-Shara, the Foreign Minister, Mr Al-Imadi, the Minister for Economic Affairs, and Mr Bakjaji, the Minister of State for Planning.

The discussions concentrated on what had been achieved under the EEC-Syria Agreement, from the standpoint of both trade and financial and technical cooperation. ⁵

OJ L 337, 29.11.1982; OJ L 356, 17.12.1982; Bull. EC 11-1982, point 2.2.68.

Bull. EC 11-1985, point 2.3.16.

OJ C 176, 14.7.1986.

OJ C 274, 25.10.1985; Bull. EC 9-1985, point 2.3.13.

⁵ Eleventh General Report, point 533.

It was observed that Syria, because of the structure of its exports, had benefited only moderately from the trade preferences offered by the Agreement. On the cooperation side, problems in implementing the financial Protocol¹ had been resolved. The Syrian Government mentioned agriculture and industrial reconstruction as the two priority objectives of its development plan, both of these being areas covered by the Commission's own proposals concerning the negotiation of new financial protocols with the Mediterranean countries (→ point 2.2.23).

Mr Cheysson also discussed the Middle East situation during his visit.

Asia

Association of South East Asian Nations

2.2.27. The annual meeting of Foreign Ministers of the six Asean countries, held in Manila from 25-27 June, ² was followed by talks with their opposite numbers from the 'dialogue' countries (their main trading partners: Australia, Canada, the Community, Japan, New Zealand and the United States). Mr Cheysson represented the Commission; the Council was represented by Mr van Eekelen, the Dutch State Secretary for Foreign Affairs.

Discussion centred on international economic issues. The Asean representatives voiced their concern about the repercussions of falling commodity prices on the region's economic development. All participants referred to the fight against drug abuse and stressed the need for closer international cooperation. On bilateral issues, the ministers examined the matter of increased European presence in the region, welcoming the work being done by the High-level Working Party on Investment. ³

2.2.28. Following the initiative taken by the Asean countries at the Joint Cooperation Committee meeting in March, the Asean Secretariat General convened a meeting of experts in Jakarta on 12 and 13 June to discuss EEC-Asean cooperation in the area of human resource development. ⁴ The meeting considered that the present extensive range of activities supported by the Commission in the framework of EEC-Asean relations covered current needs to a large extent but that the dynamic nature of human resource development requirements would necessitate further review and adaptation. With a view to improving, refining and supplementing current human resource development activities and evolving a more comprehensive HRD programme, a number of new areas were suggested as well as procedures for establishing clear channels of communication for the further development of programmes.

2.2.29. The group of trade experts set up under a decision taken at the sixth meeting of the EEC-Asean Joint Committee with the task of examining specific trade questions held its first meeting in Singapore on 20 June. 4 The Commission delegation raised the problems of access to Asean markets encountered by Community firms in the motor, pharmaceuticals, glassmaking and certain food manufacturing (biscuit and chocolate) industries. It also expressed concern at the increasing scale of countertrade operations in South-East Asia. The Asean representatives repeated their requests for an extension of GSP preferential treatment to certain agricultural products (pineapples and palm oil) and industrial goods (plywood and footwear).

Philippines

2.2.30. Mr Cheysson met Mrs Corazon Aquino, the President of the Philippines, on 27 June. He assured the President of the Community's determination to contribute to the country's economic revival and outlined the measures planned or in hand as

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

Previous meeting: Bull. EC 7/8-1985, point 2.3.30.

³ Bull. EC 3-1986, point 2.2.21.

⁴ Bull. EC 3-1986, point 2.2.22.

regards food aid and development aid of all kinds.

Bangladesh

2.2.31. The eighth meeting of the EEC-Bangladesh Joint Commission was held in Dhaka from 4 to 6 June. ¹ Relations between the two sides were reviewed, particularly with regard to trade, development and food aid. The extension of Stabex to least-developed countries not party to the Lomé Convention, of which Bangladesh will be one of the principal beneficiaries, was also discussed (→ point 2.2.50).

Latin America

2.2.32. The European Council, meeting in The Hague on 26 and 27 June, discussed the state of relations between the European Community and Latin America, especially in the light of the enlargement of the Community to include Spain and Portugal.

In its conclusions it reaffirmed its desire to strengthen and develop relations both politically and also in the economic and technical sphere (\rightarrow point 1.1.17).

2.2.33. On 25 June the Council adopted a Regulation concerning the conclusion of a Cooperation Agreement between the Community and the countries party to the General Treaty on Central American Economic Integration (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua) and Panama. ² The Agreement was signed in Luxembourg on 12 November 1985. ³

Andean Group

2.2.34. Mr Julio Garret Aillón, President of the Andean Parliament and Vice-President of Bolivia, visited the Commission on 6 June. He led a delegation from the Andean Parliament comprising Mr Adalberto Violand (Bolivia), its Secretary-General, and Mr Milos Alcalay (Venezuela), its Executive Secretary.

Mr Garret held a working meeting with Commission officials which provided an opportunity to review problems arising out of the economic situation of the Andean countries and to discuss relations between the Community and the Andean Group. Issues raised included debt problems, drug trafficking, cooperation and ratification of the Agreement between the European Community and the Andean Group. Also discussed were two cooperation projects, concerning Simón Bolívar University and a symposium on direct elections to the Andean Parliament.

The delegation also proposed that possibilities be looked into for institutionalizing contacts between the Commission and the Andean Parliament.

Visit by Andean Parliament and Latin American Parliament delegations

2.2.35. Two delegations from the Andean Parliament and the Latin American Parliament, led by their respective Presidents, Mr Julio Garret Aillón and Mr Luís León, visited the European Parliament during its June part-session (10-13 June). The visitors attended a debate on the debt problems of developing countries, particularly in Latin America.

The two delegations also held separate meetings with Mr Peter Sutherland, Member of the Commission with special responsibility for relations with the European Parliament, for an exchange of views on the institutional aspect of relations with the Community.

The Andean Parliament delegation presented afresh the proposals set out during the working meeting of 6 June at the Commission (→ point 2.2.34).

At the end of the visit a joint statement was signed by the Presidents of the European and Andean Parliaments.

Bull, EC 7/8-1984, point 2.2.26.

² OJ L 172, 30.6.1986.

Bull. EC 11-1985, pints 1.2.1 et seq. and 2.3.22.

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

Nicaragua

2.2.36. On 9 June Dr Sergio Ramírez, the Vice-President of Nicaragua, held talks at the Commission with Mr Cheysson, Member of the Commission with special responsibility for North-South relations; Mr Delors was present for part of the time.

The discussions covered the present state of the Contadora peace initiative following the Central American summit meeting in Esquipulas, Guatemala, on 25 May 1 and the meeting of Foreign Ministers in Panama City on 6 June.

Hope was expressed that agreement could be found on matters still outstanding namely the problems of manœuvres, disarmament and verification, so that a treaty of peace and cooperation in Central America could be signed. Mr Cheysson also stressed the importance of setting up a Central American Parliament on the basis of direct elections by universal suffrage.

Mr Cheysson and Dr Ramírez also reviewed the present state of cooperation between the Community and Nicaragua and discussed future prospects.

Guatemala

2.2.37. The Vice-President of Guatemala, Mr Roberto Carpio Nicolle, visited the Commission on 17 June for talks with Mr Cheysson.

Mr Carpio Nicolle commented on the outcome of the Central American summit meetin in Esquipulas, ¹ one result of which was the decision to set up a Central American parliament directly elected by universal suffrage and institutionalize cooperation between the Central American countries.

Mr Cheysson stressed that the new initiatives were of supreme importance for restoration of peace and stability in Central America.

With regard to relations between Guatemala and the Community, Mr Cheysson assured Mr Carpio Nicolle of the Community's determination to strengthen existing cooperation in spite of current budgetary constraints.

State-trading countries

Romania

2.2.38. Mr De Clercq paid an official visit to Bucharest at the invitation of the Romanian authorities on 11 and 12 June. ² He met the President of the Republic, Mr Ceausescu, the Minister for Foreign Affairs, Mr Vaduva, and the Minister for Foreign Trade, Mr Pungan. Discussions were held on changing the current trade agreement between the Community and Romania ³ into a trade and cooperation agreement and on other aspects of bilateral relations.

Czechoslovakia

2.2.39. On 25 June the Commission adopted a recommendation to the Council for a decision to open negotiations with Czechoslovakia on a trade agreement. The Commission's request for a negotiating brief follows on from the exploratory talks between delegations of experts on both sides which have been held since 1983.

Poland

2.2.40. The Commission approved an emergency aid allocation of 500 000 ECU for Poland at the end of June. The funds are to be spent on the purchase and delivery of milk powder for children of under three.

The milk powder will be delivered by Caritas Belgica and distributed on the spot by the Polish bishops' welfare committee.

In a similar operation approved on 13 May, 480 tonnes of milk powder was delivered.

¹ Bull. EC 5-1986, pint 2.4.5.

Bull. EC 5-1985, point 2.2.37.

OJ L 352, 29.12.1980; Fourteenth General Report, point 705.

2.2.41. Parliament had adopted a resolution on the need for emergency food aid for Poland on 12 June (→ point 2.4.9). ¹

Hungary

2.2.42. On 13 June Parliament passed a resolution on possible trade relations between the Community and Hungary (→ point 2.4.9). ¹

Development

Association of OCTs

2.2.43. On 30 June the Council adopted, on a proposal from the Commission, a Decision on the association of the overseas countries and territories with the Community. ² This lays down the arrangements which are to govern relations between the Community and the OCTs with effect from 1 July.

Generalized preferences

2.2.44. On 13 June the Commission published in the Official Journal a communication pursuant to the Regulation applying generalized tariff preferences for 1986 in respect of certain industrial products originating in developing countries, to the effect that certain tariff ceilings had been reached. ³

Commodities and world agreements

Cocoa

2.2.45. As agreed at the conclusion of the fourth session of the United Nations Conference on Cocoa, ⁴ convened to negotiate a renewal of the International Cocoa Agreement, consultations took place in London between producers and consumers under

the guidance of the conference chairman during the 52nd meeting of the current Executive Committee.

The consultations were marked by the decision by Côte d'Ivoire, the world's leading exporter, to participate afresh in the negotiations without preconditions, and by the consensus reached among producers and consumers on resuming negotiations in Geneva on 7 July with a view to an agreement containing price stabilization provisions and not consisting merely of an administrative arrangement.

The consumer countries also agreed that when the conference resumed they would present the detailed additions to the negotiating offer which they had proposed in February and also their proposal on price levels.

Wheat

2.2.46. On 25 June the Council adopted, on a proposal from the Commission, a Decision on the signing of the 1986 Wheat Trade Convention, which was due to enter into force on 1 July, and the deposit of a declaration of provisional application. ⁵

Campaign against hunger in the world

Food Aid Convention

2.2.47. On 25 June the Council adopted, on a proposal from the Commission, a Decision on the 1986 Food Aid Convention, due to enter into force on 1 July, and the deposit of a declaration of provisional application. ⁶

OJ C 176, 14.7.1986.

² Bull. EC 4-1985, point 2.2.26.

³ OJ C 146, 13.6.1986.

⁴ Bull. EC 3-1986, point 2.2.33.

⁵ OJ L 195, 17.7.1986; Bull. EC 3-1986, point 2.2.35.

⁶ OJ L 195, 17.7.1986; Bull. EC 3-1986, point 2.2.30.

The Commission transmitted to the Council on 10 June a proposal for a Regulation on the apportionment of the quantities of cereals provided for under the Convention. ¹

Food aid

2.2.48. During the second half of May and in June the Commission approved the following emergency food aid allocations: 3 000 tonnes of cereals for the families of sugar cane workers on the island of Negros in the Philippines, via the NGO Comité Catholique contre la Faim et pour le Développement; 5 000 tonnes of cereals, 500 tonnes of milk powder and 400 tonnes of butteroil for drought victims in Syria; 4 000 tonnes of cereals and 400 tonnes of milk powder for distribution to drought victims in Botswana; 400 tonnes of vegetable oil for El Salvador, to be distributed to those left without crops as a result of the conflict in the country.

Trade promotion

ACP States

2.2.49. The programme of participation by the ACP States in international trade events, financed partly by the Commission under the regional cooperation programme, continued in June with the following events:

Barcelona — International Fair. Five countries — Cameroon, Côte d'Ivoire, Guinea-Bissau, Mali and Zimbabwe — received major orders for coffee, groundnuts, hides and skins, rubber and manufactured goods.

Trieste — International Fair. Apart from the exhibits, the separate one-day events organized during the Fair and devoted to tropical timber and coffee enabled representatives from Burundi, Cameroon, the Central African Republic, Côte d'Ivoire and Uganda to discuss their problems and conclude business with European firms.

Sydney — Holiday and Travel Show. Six Pacific countries — Fiji, Papua New Guinea, Solomon Islands, Tonga, Vanuatu and Western Samoa — had considerable success with their tourism stands, Australia being their principal customer.

Stabex

LLDCs not party to the Lomé Convention

2.2.50. On 11 June the Commission sent to the Council two proposals for Regulations, ² one setting up a system of compensation for loss of export earnings for least-developed countries not party to the Lomé Convention, and the other laying down detailed rules for its implementation.

On 1 October 1985³ the Council had approved the principle of setting up, subject to certain conditions, a new scheme to compensate least-developed countries not party to the Lomé Convention for losses of export earnings on agricultural commodities, and of announcing its intention at the mid-term review (Geneva, 30 September-11 October 1985) of progress in implementing the Substantial New Programme of Action adopted in September 1981 at the Paris Conference on the LLDCs. ⁴

The purpose of the proposals now being made is to give effect to the Council's decision. The products covered are those covered by the third Lomé Convention plus jute. The countries concerned are those on the UN list of LLDCs which are not party to the Convention, 5 but the system will

¹ COM(86)306 final.

² OJ C 183, 22.7.1986; COM(86)317 final.

³ Bull. EC 10-1985, point 2.3.43.

Bull. EC 9-1981, point 2.2.10; Bull. EC 10-1985, point 2.3.31.

Afghanistan, Bhutan, Maldives, Yemen Arab Republic, Democratic Republic of Yemen, Bangladesh, Haiti, Laos and Nepal.

initially apply only to Bangladesh, Haiti, Laos and Nepal.

OCTs

2.2.51. On 30 June the Council adopted a Decision reallocating the unexpended balance of the resources set aside under the fifth EDF for the stabilization of the export earnings of the overseas countries and territories.

Financial and technical cooperation

ACP States and OCTs

2.2.52. In June the Commission allocated fourth and fifth EDF resources totalling 20 788 000 ECU to finance projects, programmes and emergency aid which it administers (Table 10).

Table 10 — Financing of fourth and fifth EDF operations

Table 10 — Financing of fourth an			(millson E
Countries	Project	Grants	Loans
Industrialization			
Guinéa	Renovation of Soguiplast plastics factory	0.338	
Netherlands Antilles	Curaçao slaughterhouse	2.900	
Rural production			
Senegal	Artisanal sea-fishing		1.600
Tanzania	Rural Development Cooperative Bank	3.150	
Economic infrastructure			
Ghana/Côte d'Ivoire	Roads	5.900	4.500
Social development			
Benin	Health infrastructure	1.500	
Emergency aid	•		
Jamaica	Victims of torrential rain	0.400	1
Ethiopia	Drought victims	0.500	
Tota	1	14.688	6.100

Cooperation via non-governmental organizations

2.2.53. In June the Commission committed 17.5 million ECU for the cofinancing in developing countries of 120 projects presented by 82 NGOs.

The Commission also contributed 2 087 555 ECU to 41 publicity compaigns to increase European public awareness of development issues.

Visits

2.2.54. The President of Botswana, Dr Quett Masire, visited the Commission on 6 June. He was accompanied by the Foreign Minister, Dr Goasitwe Chiepe, and a strong delegation of senior officials from the government departments most closely involved in cooperation with the Community.

President Masire had talks with Mr Frans Andriessen, Vice-President of the Commission with special responsibility for agriculture, who was representing Mr Delors. The talks covered both cooperation between the Community and Botswana and regional cooperation in the context of SADCC, of which Mr Masire is Chairman. ¹ The political situation in southern Africa was also reviewed.

With regard to cooperation between the two sides in the context of the third Lomé Convention, 32 million ECU is allocated under the national indicative programme signed in December 1985, special emphasis being placed on rural development and conservation of natural resources. The programme takes account of the concern expressed by the European Parliament in its recent resolution on ecological balance in Botswana. The Commission supports the Botswana Government's national strategy for conserving natural resources.

President Masire drew the Commission's attention to the current situation in his country, which is suffering a fifth successive of unrelenting drought. Andriessen confirmed to the President that the Commission had decided to allocate an extra 3 million ECU in aid to Botswana under the plan for the recovery and rehabilitation of those countries most affected by drought. 3 He also announced the allocation of emergency food aid (4 000 tonnes of maize and 400 tonnes of milk powder) which was in addition to the annual programme of food aid to Botswana (4 000 tonnes of maize and 200 tonnes of milk powder).

In his capacity as SADCC Chairman, President Masire drew attention to the main objectives and priorities for regional cooperation in southern Africa. The Commission stressed the importance it attached to implementation of the EEC-SADCC regional cooperation programme (110 million ECU) concerning which a memorandum was signed in Harare, Zimbabwe, in January this year.

President Masire referred to the situation in South Africa and its harmful repercussions on neighbouring countries. He appealed to the Community and the Member States for economic and political assistance for the SADCC countries to help them cope with the major crisis threatening the whole of southern Africa.

Mr Andriessen reiterated the Community position in this matter, as set out in the statement issued at the conclusion of the ministerial political cooperation meeting held in September 1985 ⁴ and the joint declaration by the Foreign Ministers of the Community Member States and of the front-line States which was adopted in Lusaka in February this year. ⁵

2.2.55. On 12 June Parliament adopted a resolution on the export of pharmaceutical products to the Third World (\rightarrow point 2.4.9).

International organizations and conferences

General Agreement on Tariffs and Trade

Council

2.2.56. At a special session on 17 June the GATT Council examined the state of the international trading system in the light of new developments in trade policy and related areas during the period October 1985 — March 1986. The possibility of

The Southern Africa Development Coordination Conference comprises: Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbahwe.

OJ C 120, 20.5.1986; Bull. EC 4-1986, point 2.4.13.

Bull. EC 1-1986, point 1.3.3; Bull. EC 4-1986, point 2.2.29.

⁴ Bull. EC 9-1985, point 2.5.1.

⁵ Bull. EC 2-1986, point 2.4.1.

⁶ OJ C 176, 14.7.1986.

Previous special session: Bull. EC 6-1985, point 2.3.63.

improving the monitoring arrangements and making them more effective was also discussed.

2.2.57. The Council also held a regular session on the same day, covering various items of business. ¹ The Community reiterated its anxiety regarding the possible extension beyond 1 July 1986 of the United States Copyright Act's 'manufacturing clause' (prohibiting imports into the United States of certain literary material unless it was manufactured in the United States or Canada), which had prompted a complaint by the Community. The Community again asked for authorization to suspend concessions equivalent to the economic injury caused by this legislation.

Committee on Government Procurement

2.2.58. The Committee on Government Procurement met in Geneva on 19 June. It noted that considerable progress had been made in the negotiations to broaden and improve the Government Procurement Code (begun in November 1983 under Article IX(6)(b) of the Code), but neither aspect could be finalized. ²

2.2.59. The Committee took part in the 72nd Session of the International Labour Conference, held in Geneva from 4 to 25 June (→ point 2.1.107).

3. Financing Community activities

Budgets

General budget

1987 budget

Preliminary draft budget

2.3.1. In accordance with Article 12(1) of the Financial Regulation of 21 December 1977³ and the timetable for the budgetary procedure, the Commission transmitted the preliminary draft general budget of the European Communities for 1987 to the budgetary authority on 13 June.⁴

Budget discharge

2.3.2. On 29 May, in an annex to the revenue and expenditure account and balance sheet for 1985, the Commission sent the institutions concerned its final report ⁵ on action taken in response to the comments made in the resolution accompanying the

decision granting discharge in respect of the implementation of the 1983 budget. ⁶

Completion of pre-accession aid to Portugal

2.3.3. On 6 June the Commission and the Portuguese Government signed 11 financing agreements under the two pre-accession aid agreements ⁷ extended in December 1985. ⁸

With the 2.93 million ECU granted to the Algarve sanitation project (the Com-

Previous regular session: Bull. EC 6-1985, point 2.3.64.

Bull. EC 5-1983, point 2.2.57; Bull. EC 11-1984, point 2.2.53.

³ OJ L 336, 27.12.1977; Bull. EC 12-1977, point 2.3.114.

⁴ Bull. EC 4-1986, point 1.2.3 et seq. and points 2.3.3 to

⁵ COM(86)212 final — Annex.

⁶ OJ L 132, 21.5.1985; OJ C 122, 20.5.1985; Bull. EC 4-1985, point 2.3.6.

Agreement of 3 December 1980 on pre-accession aid for Portugal (OJ L 349, 23.12.1980; Fourteenth General Report, point 548). Agreement of 7 November 1984 on specific financial aid for improving agricultural and fisheries structures in Portugal (OJ L 333, 21.12.1984).

⁸ Bull. EC 12-1985, point 2.2.3.

munity's second contribution to a largescale, multiannual, basic infrastructure programme in a region which plays a key role in the economic development of the country), a total of 99.77 million ECU has now been allotted from the 100 million ECU provided for in the 1980 agreement on general pre-accession aid. ¹

The other 10 agricultural projects involving 13 million ECU meet the objectives of the 1984 agreement in respect of the services and infrastructures required for the smooth operation of market organizations in agriculture and fisheries, the improvement of production structures, particularly in those sectors in deficit in Portugal, the provision of the necessary means to develop research and the improvement of production in the food sector.

Of the 50 million ECU provided for in the 1984 agreement on specific financial aid for improving agricultural and fisheries structures in Portugal, ¹ a total of 23 million ECU has now been granted.

Financial operations

ECSC

Loans raised

2.3.4. In June the Commission made a public issue of LIT 1 000 million at 98.50% for eight years carrying a coupon of 9 1/4% and a number of private placings in German marks and US dollars for the equivalent of 93.22 million ECU.

Loans paid out

2.3.5. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission made the following loans in June totalling 80.18 million ECU:

Industrial loans

2.3.6. An industrial loan (Article 54) totalling 67.75 million ECU was paid out for the restructuring and modernization of a steel plant in Italy.

Conversion loans

2.3.7. Conversion loans (Article 56) totalling 11.67 million ECU were paid out as supraregional loans for small and mediumsized firms in the Federal Republic of Germany to Dresdner Bank AG, Frankfurt, Westdeutsche Genossenschafts-Zentralbank AG, Münster, Westdeutsche Landesbank Girozentrale, Düsseldorf, and Westfalenbank AG, Bochum.

Subsidized housing

2.3.8. Loans for the building of subsidized housing for ECSC workers amounted to 753 391 ECU.

EEC-NCI

Loans raised

2.3.9. The Commission made two public issues: one of USD 100 million at par for 10 years carrying a coupon of 8 1/4% and one of 75 million ECU at par for 8 years carrying a coupon of 7 3/8%.

Loans paid out

2.3.10. The Commission and the European Investment Bank made a global loan of 19.8 million ECU (about PTA 2 700 million) under the second tranche ² of NCI III³ to finance small and medium-scale agroindustrial ventures in Spain. ⁴ The loan was granted to Instituto de Crédito Oficial for onlending by Banco de Crédito Agricola.

Agreement of 3 December 1980 on pre-accession aid for Portugal (OJ L 349, 23.12.1980; Fourteenth General Report, point 548). Agreement of 7 November 1984 on specific financial aid for improving agricultural and fisheries structures in Portugal (OJ L 333, 21.12.1984).

OJ L 208, 3.8.1984; Bull. EC 7/8-1984, point 2.1.5.
OJ C 112, 28.4.1983; Bull. EC 4-1983, point 2.1.8.

Under the New Community Instrument, the Commission is authorized by the Council to borrow funds on behalf of the Community for the purpose of promoting investment within the Community. The Commission decides which projects are eligible for a loan in accordance with the Council's guidelines. The EIB appraises applications on the basis of its usual criteria, decides whether and on what terms to grant the loans, and manages them.

4. Political and institutional matters

European political cooperation

2.4.1. Meeting in The Hague on 26 and 27 June, the European Council adopted a statement on South Africa (→ point 1.1.18).

2.4.2. On 4 June the Presidency issued the following statement on Sudan:

'The Twelve welcome the recent holding of elections in the Republic of the Sudan. They view it as an encouragement for all those who strive for democracy and they express the hope that the process of national reconciliation will soon enable all Sudanese to enjoy in peace the benefits of democracy and justice to which they aspire.

The Twelve declare that they are willing to support to the best of their ability and on the basis of partnership and international cooperation, a sound strategy for economic recovery of the democratic government of the Sudan.'

2.4.3. On 27 June the Foreign Ministers, meeting while the European Council was in session in The Hague, adopted the following statement on the Lebanon:

'The twelve Ministers for Foreign Affairs are deeply concerned about the situation in Lebanon, which, after so many years of confrontation, continues to deteriorate, particularly as a result of the continuing escalation of violence involving the civilian population in Beirut, especially the Palestinians in refugee camps, and leading to heavy loss of life and property on all sides. They endorse the recent appeals by the Security Council and the United Nations Secretary-General to all parties concerned to exercise restraint, to make efforts to end the present bloodshed and to facilitate the work of relief organizations such as the ICRC and the UNRWA. The Twelve reaffirm that the sovereignty, unity, independence and territorial integrity of Lebanon must be respected.'

2.4.4. In June Parliament adopted a series of resolutions on political cooperation (\rightarrow point 2.4.10). ¹

European policy and relations between the institutions

Relations between the institutions

2.4.5. On 12 June Parliament adopted a resolution on the use of the veto in the

Council in which it calls on the Council to implement with immediate effect the provisions of the Single European Act ² which require the Council to act by majority vote, and to adapt its internal procedures accordingly. ³

Institutions and organs of the Communities

Parliament 4

Strasbourg: 9 to 13 June

2.4.6. The wide-ranging agenda for Parliament's June part-session did not produce any debate of particular importance. The many topics of internal and external Community affairs, of equal concern to one or other part of the House, nevertheless provoked some keen controversy and lively exchanges. The high spots were the debates on women's rights, Council voting procedures, the internal market, relations with the United States and technology — in particular the Eureka programme (→ point 2.4.7).

The part-session was also marked by a number of ceremonies: the adoption (by 317 votes to 22 with 22 abstentions) and formal signing of the Joint Declaration against racism and xenophobia (→ point 1.4.1), the commemoration of the centenary of Robert Schuman's birth and the tribute paid to Mr Altiero Spinelli, who died on 25 May. ⁵

OJ C 176, 14.7.1986.

Supplement 2/86 — Bull. EC.

OJ C 176, 14.7.1986.

The complete texts of the resolutions adopted by Parliament are reproduced on OJ C 176, 14.7.1986, and the report of the proceedings is contained in OJ Annex 2-340. The political groups and nationalities of members speaking in the debates are shown in brackets after their names; the key to abbreviations can be found in Bull. EC 7/8-1984, points 1.2.5 and 2.4.8 (footnote 1).

⁵ Bull. EC 5-1986, Obituary.

Eureka rejected because of SDI

2.4.7. Although united in their desire to establish a link between Eureka (→ point 2.1.47)¹ and the Community, members were divided when it came to the vote and finally rejected the Ford report, which by and large endorsed the French Eureka project for coordinating European research, because of a Socialist amendment ruling out any Community participation in the American Strategic Defence Initiative (SDI).

Presenting his report, Mr James Ford (Soc/ UK) made quite clear just how much depended on whether or not Europe was going to be able to compete with the United States and Japan over the decades ahead in the field of advanced technologies. He was convinced that Eureka was of vital importance, and he gave it all his support. But Eureka by itself would not solve the problem that Europe would be facing now and in the future, which was why he was calling for the creation of a genuine European Technology Community with infrastructure to match. After asserting that Europe must not depend on mere 'shopping lists' to guide its action, he called for clear guidelines — shunning prestige projects which at the same time were costly — and a strategy that would make Europe competitive, backed by a more substantial budget. That was what it would cost if Europe was to steer a 'technology course' of its own, not necessarily the same as the one set by the Americans or the Japanese.

During the debate the dividing line ran between the resolute opponents of European participation in SDI and those who held that this issue was not relevant to the debate. Among the former Mr Rolf Linkohr (Soc/D) insisted that the Community should have no truck with SDI and condemned the secret agreements that the United States had concluded with Germany and the United Kingdom, which were undermining Community research. He maintained that these agreements were discriminatory, for they established special relationships between Washington and the countries concerned. Mr Linkohr also accused the German

Finance Minister of scuppering European research policy by denying it the necessary funds. To his mind any participation in SDI was also liable to set off a 'brain drain' and he wasn't sure that there would be any civil spin-offs from military research. Mrs Marie-Noëlle Lienemann (Soc/F) agreed that uncoordinated participation in SDI, with no common dimension, might well make Europe's technological autonomy even more brittle and delay the pooling of its potential. For that reason, a European venture like Eureka was urgent so as to enable Europe to stand on its own two feet supported, on one side, by basic research and strategic thinking conducted by the Europe of research workers within the 'European Science Community' and, on the other, by industrial projects mounted under the Eureka procedure. Mrs Lienemann nevertheless saw two conditions for this objective to be attained. The first was that there must be complementarity between the two actions, with the Community acting as the Eureka pilot and avoiding duplication of effort; the second presupposed the commitment of a sufficient volume of public funds to become a critical financial mass could mobilize companies researchers. In this connection she was worried about the budget cuts that certain countries, including France, seemed bent on making. The financial resources must match up to the declared political intentions, she concluded, just as deeds following words.

On the other side of the fence, Mr Bernard Sälzer (EPP/D) contended that any mention of SDI was irrelevant to the debate and went so far as to accuse Parliament's left of 'political calumny'. He also denied that any clear line could be drawn between military and civil research, pointing out that many lives had been saved by the invention of radar — a product of military research! Mr Amédée Turner (ED/UK) agreed that the Ford report had absolutely nothing to do with SDI. He believed that Eureka was satisfactory 'both as to its present position and

Bull. EC 7/8-1985, points 2.1.210 and 2.1.211; Bull. EC 11-1985, point 2.1.182; Bull. EC 1-1986, point 2.1.21.

its present course', even though there was no real underlying strategy. But some sort of strategy could well derive from the results of implemented projects. By its participation in industrial forums and technological symposia the Commission must be able to give some direction, provided it did not sit out on the sidelines. Mr Michel Poniatowski (Lib/F) stressed the value of the Eureka project, which prompted European industries to cooperate in order to resist the ever-increasing technological protectionism in the world, especially in the United States. But he was sorry that neither the Community institutions nor the governments had tried to create the right conditions for smooth coordination between Eureka industrial research, downstream — and the Community programmes of basic and applied research, upstream. He therefore warned against the vagueness of the strategic guidelines and against a certain confusion of choice arising from some duplication of funds. Maintaining, like previous speakers, that there was no connection between Eureka and SDI, Mr Poniatowski hoped that European research would concentrate on essentials: computers, telecommunications and software, biotechnology and new materials. Mr Jacques Mallet (EPP/F) felt that there was no clearcut demarcation between precompetitive research (under Community programmes) and competitive research (Eureka), but he did insist that the two must be complementary. He called for an assurance that, ostensibly for the sake of flexibility, the intergovernmental approach would not be substituted for the Community method, the latter (with the Esprit and Brite programmes in particular) having proved its worth and its receptivity to the needs of business. In addition, he urged that research strategy be tied to the completion of the internal market. But, concluded Mr Mallet, like the policies conducted by countries as liberal as the United States and Japan, it must public funds in order to command strengthen the financial resources of companies, which alone were inadequate for the successful mounting of major projects of strategic importance.

A few speakers evinced a certain lack of enthusiasm for Eureka, and in some cases even outright hostility. As an enemy of all technical progress, Mr Paul (Rainbow/B) declared he was equally opposed to both Eureka and SDI. Eureka took much account of the needs of companies and not enough of the interests of the man in the street. It would make sense only if it succeeded in 'ecologizing' society. Mr Gijs de Vries (*Lib*/NL) implicitly questioned Europe's resolve to be independent in technology, and hence the validity and whole point of the Eureka project. He came to the conclusion that it was probably a case of the emperor with no clothes.

The reply from Mr Nicolas Mosar, Member of the Commission with special responsibility for energy policy, was mainly an attempt to reassure the House on the complementarity between Eureka and Community research. He mentioned, in particular, the declaration adopted at the Intergovernmental Conference in November 1985, 1 in which the States party to Eureka postulated that the purpose of the Eureka projects was not to serve as a substitute for existing technological cooperation, but rather to extend that cooperation and develop it. He told the House that the Commission intended to ensure that the two were entirely complementary by participating not only in the Eureka intergovernmental meetings but also in all the preparatory meetings and the Eureka Secretariat.

At the end of the debate, Parliament squeezed through Socialist and Communist amendments rejecting any European participation in SDI and then, because of these amendments, finally rejected the Ford report by 156 votes to 152 with 17 abstentions. Among the amendments adopted were those by Mr Linkohr for the Socialists to the effect that European participation in SDI seriously compromised the setting up of a European research and technology Community (passed by 107 votes to 106 with 3 abstentions) and that it was not

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¹ Bull. EC 11-1985, point 2.1.182.

justified either in terms of economic policy or in terms of research (passed by 161 votes to 156 with 1 abstention); the one by the French Communists to the effect that the Treaty of Rome forbade any participation by the European institutions, in any form whatsoever, in projects of a military and strategic nature as was obviously the case with the SDI project (passed by 152 votes to 150). Paradoxically, the House at the same time retained a recital stating that 'Europe's scientists, engineers and enterprises, who see no alternative programme of a sufficient scale at national or European levels, find themselves obliged to consider United States research programmes, including the SDI...'. During the explanations of Bernhard Sälzer (EPP/D) vote Mr announced that his Group would vote against the report thus amended as it was no longer a report on Eureka. Mr Guy Guermeur (EDA/F) said that he would not endorse this report, vitiated by the amendment which attacked SDI. Mr Amédée Turner (ED/UK) condemned the 'ideological dog-in-the-manger attitude' of the Socialists, which linked Eureka with SDI and thus compelled his Group to vote against the report. Mr Michel Poniatowski (Lib/F) declared that on the same grounds his Groups would vote against the amended report. In contrast, Mr Ejner Hovgård Christiansen (Soc/DK) said his Group would vote in favour, for despite its shortcomings the report rejected any European participation in SDI. Mr Aldo Bonaccini expressed the same feeling for the Italian Communists, stressing the need to give an impetus to European technological research in the civil sphere. While welcoming the fact that Parliament had ruled out any European participation in SDI, the Rainbow Group, said Mr Bram van der Lek (NL), felt that the 'no' was not clear enough. It therefore preferred to abstain. Mr Alexandros Alavanos, for the Greek Communists, rejected the report for the same reasons.

- 2.4.8. Parliament gave opinions on the Commission proposals and communications on the following subjects:
- (i) the guidelines for a new Community framework programme of technological

- research and development (1987-91) (→ point 2.1.48);
- (ii) the social and economic situation and development of the regions of the Community (→ point 2.1.135);
- (iii) a Regulation instituting the STAR programme (improving access to advanced telecommunications services) (→ point 2.1.140);
- (iv) a Regulation instituting the Valoren programme (exploiting indigenous energy potential) (→ point 2.1.140);
- (v) two Directives concerning the Community list of less-favoured farming areas in Spain and Portugal (→ point 2.1.199);
- (vi) an amendment to the Regulation on the rules for calculating the monetary compensatory amounts applicable to pigmeat, eggs and poultry (→ point 2.1.170);
- (vii) a Regulation on the conclusion of a second Financial Protocol between the Community and Malta (→ point 2.2.25).
- 2.4.9. Parliament also passed resolutions on the following subjects.

The cost of non-Europe. In one resolution Parliament decided to instruct an appropriate research institute to carry out a thorough study of the cost of non-Europe by 31 December 1987 and called on the Commission to deliver a written opinion on this study without delay; in a second resolution Parliament urged the Commission to make public the total cost—including the social costs—of a non-united Europe and to provide the House with the information necessary to undertake political action to stimulate the Council and to arouse public opinion in the Community.

The crisis in the shipbuilding industry. Concerned at the situation in the shipbuilding industry, Parliament called on the Council and the Commission to make a commitment to maintaining a viable European shipbuilding capacity and to give the defence of European shipbuilding a much higher priority in international trading negotiations, particularly with Japan and Korea.

Exploitation of the Community's mineral wealth. Aware of the shortage of metalliferous raw materials in the territory of the Community, Parliament believed the mineral resources of the seabed and, above all, the Antarctic, to be important sources of future supplies of mineral raw materials. It therefore considered that it would be useful for the Community to carry out research and exploration work with a view to exploiting the mineral resources of the seabed. It supported a programme to promote prospecting, location and evaluation of new deposits in the economically less-developed areas of the Community.

The Joint Declaration by the European Parliament, the Council, the Representatives of the Member States meeting within the Council and the Commission against racism and xenophobia (→ point 1.4.1). Parliament called on the Member States to remove all remaining administrative obstacles so that all foreigners could have an equal part in political, social and cultural life in a multicultural society. The House fully endorsed the text of the Declaration and hoped that it would be widely disseminated.

Violence against women and children. Reiterating its previous comments and recommendations, ¹ Parliament made many proposals and suggestions concerning ways and means of countering or dealing with sexual violence, violence in the private sphere, sexual abuse of children, sexual harassment, women from minority groups, prostitution and pornography. ² It stressed the importance of educative measures for children and young people in order to prevent certain types of behaviour.

Results of the Nairobi UN Conference (15-26 July 1985) concluding the Decade for Women (1976-85)³ and the situation of women in the development process after the Nairobi Conference. In the first resolution Parliament welcomed the decisions of the Conference and shared the views expressed in the UN Secretary-General's report as to the obstacles of various kinds which were preventing the achievement of equality

between men and women in countries throughout the world. The tone was softened when the House affirmed that it would not impose its views on the governments of non-Community countries, particularly the developing countries, but would endeavour to secure 'full equality of men and women based on respect for each one's culture and traditions'. In its second resolution Parliament expressed surprise, 'given the results of Nairobi' at the vague statements made by the Council of Development Ministers on 4 November 1985 on the situation of women in developing countries. It therefore urged the Commission to ensure that the legitimate interests of women were consistently taken into account in the overall context of the EEC's cooperation and development policy. The Member States were asked to support this objective and to coordinate their own activities concerning ACP countries in this field with Community measures.

Obstacles to the free movement of persons within the Community — visa requirements for citizens of non-member countries. Parliament urged the governments of the Member States to abolish the visa requirement for all migrant workers from non-member countries and for their families, to abolish the border controls on migrants and to assist their free movement within the Community.

A people's Europe and the European driving licence, and obstacles to the free movement of persons. In the first resolution the House urged the Member States' Governments to make the European driving licence available without delay, so the citizens concerned would be made increasingly aware of belonging to the European Community.

In two other resolutions Parliament called again for the creation of a passport union as soon as possible and urged the Council

OJ C 50, 9.3.1981; Bull. EC 2-1981, point 2.3.7; OJ C 46, 20.2.1984; Bull. EC 1-1984, points 2.1.45 and 2.4.7.

OJ C 172, 2.7.1984; Bull. EC 5-1984, point 2.4.15.

³ Bull. EC 7/8-1985, point 2.1.94.

⁴ Bull. EC 11-1985, point 2.3.25.

to adopt quickly the proposed Directive on the easing of controls and formalities applicable to nationals of the Member States when crossing internal Community borders. ¹

The Council's failure to act to combat air pollution from large combustion plants. ² Parliament condemned both the attitude of the Community, which so far had not managed to reach an effective European solution and had instead floundered in the morass of individual national difficulties, and the attitude of the Commission in persisting with a proposal for a Directive which would not obtain Council approval. As the Council's failure to act meant that the deadlines set in the proposed Directive could no longer be met, Parliament amended them to allow for the accumulated delays.

A transfrontier integrated programme for the border coal and steel region of Saarland-Lorraine-Luxembourg. Parliament called on the Commission to assist this region by combining assistance from the various strutural Funds (ERDF, ESF, ECSC aids, NCI and EIB) and coordinating those financial resources as closely as possible with the aid provided by national, regional and local authorities.

US protectionism and trade restrictions placed by the United States on agricultural produce. Recalling its earlier resolutions on other American protectionist measures on iron and steel products, 3 pasta products 4 and citrus fruits, 5 Parliament looked with concern at the restrictions imposed in May by the American authorities on imports from the Community in order to compensate possible losses that the United States might suffer in consequence of the accession of Spain and Portugal. 6 The House was also concerned at the American campaign for 'voluntary' limitation of machine tool exports to the United States. Recalling that the Community was the world's principal importer of foodstuffs and that its deficit in agricultural trade with the United States remained considerable, Parliament emphasized that the trade benefits and disadvantages resulting from enlargement of the Community should, in accordance with the rules of GATT, be considered within the context of the whole trading pattern, and not in terms of specific products or sectors. In a second resolution, Parliament, reaffirming its commitment to maintaining the international free trading system based on the principles and obligations laid down in GATT, was disturbed by the attitude of the United States towards that system and particularly by the decision of the US Administration to impose quotas and taxes on American imports of certain Community agricultural products, and by the adoption by a large majority by the House of Representatives of a new Trade Bill, which, in order to reduce by 10% annually the American trade deficit with certain industrialized countries, provides for various protectionist measures, including obligatory quotas to be imposed on those countries. Parliament therefore called for this legislation to be repealed.

The export of pharmaceutical products to the Third World. Parliament urged the Commission to produce a proposal for a Directive to approximate the laws, regulations and administrative provisions of the Member States relating to exports of pharmaceutical products with the intention of prohibiting exports of products which were banned. The Commission was also asked to investigate whether a system could be devised whereby, by means of a statutory ruling, sales of products marketed in violation of the Directive or later considered to be dangerous could be stopped and the products withdrawn from the market at once.

Possible trade relations between the Community and Hungary. Appreciating 'the

OJ C 47, 19.2.1985; Bull. EC 2-1985, point 2.1.5; OJ C 131, 30.5.1985; Bull. EC 5-1985, point 2.1.9.

OJ C 49, 21.2.1984; Bull. EC 12-1983, point 2.1.118; OJ C 76, 22.3.1985; Bull. EC 2-1985, point 2.1.62; Bull. EC 11-1985, point 2.1.113; Bull. EC 3-1986, point 2.1.107.

³ OJ C 122, 20.5.1985; Bull. EC 4-1985, point 2.4.7.

⁴ OJ L 229, 9.9.1985; Bull. EC 7/8-1985, point 2.5.14.

⁵ OJ C 352, 31.12.1985; Bull. EC 12-1985, point 2.5.12.

⁶ Bull. EC 5-1986, point 2.2.20.

Hungarian economic reform programme', which had brought in a process of 'largely free price formation', Parliament urged the Commission to seek authorization from the Council without delay to negotiate and conclude a cooperation agreement, should the Hungarian Government indicate its willingness to do so.

Emergency food aid for Poland. Alarmed by the food situation in Poland following the Chernobyl disaster, ¹ Parliament requested the Commission to respond favourably and without delay to the appeal from the Polish Bishops' Conference for a delivery of 6 000 tonnes of milk powder for children under three years of age and pregnant women.

The use of the veto in the Council. Parliament urged the Council to implement with immediate effect the provisions of the Single European Act ² which stipulate that the Council shall act by majority and to adapt its rules of procedure accordingly.

2.4.10. In the field of political cooperation Parliament passed resolutions on the following subjects.

SALT II, ABM and future disarmament requirements in Europe. believed that the 1979 Soviet-American Strategic Arms Limitation Treaty had been 'a crucial point in the complex and difficult process of détente in East-West relations', and therefore strongly denounced the American decision to 'break SALT II', 3 which it felt would gravely jeopardize all the ongoing negotiations and the preservation of world peace. The House called on the Twelve to oppose any failure to comply with SALT II and called for the drawing up of a disarmament plan with the following objectives: a 50% reduction in strategic nuclear weapons, dismantling of mediumrange weapons, a worldwide ban on chemical weapons, a reduction in conventional weapons and implementation of confidence-building measures. In a second resolution Parliament made the same demands but did not confine its criticism to the United States, since it cited the development

of two new strategic missiles by the Soviet Union.

The production, transportation and development of chemical weapons in Europe. Noting the authorization given to the Pentagon by the US Congress to go ahead with the manufacture of binary chemical weapons, Parliament urged the Foreign Ministers of ters of the Community meeting in political cooperation not to allow binary or traditional chemical weapons to be transported to or deployed on Member States' territory. The House instructed its Delegation for Relations with the United States to inform the Congress of the opposition of the people of Europe. In a second resolution Parliament reiterated its demands in respect of the United States, and also added requests to the East-bloc countries; it pointed out that Soviet military doctrine already provided for the use of chemical weapons in the event of war in Europe.

The situation in Afghanistan. Noting that the majority of the Afghan people opposed the Government in Kabul, the Soviet influence on their domestic policies and the military occupation by the Red Army over the last six years and counting the score of suffering inflicted by the Soviets on the Afghan people (1.5 million killed; 1.2 million wounded; 4 million refugees out of the country), Parliament charged the Soviet Union with committing genocide in Afghanistan and condemned the following practices in particular: the systematic use of torture in prisons and camps where thousands of political prisoners were held; the deportation of 50 000 Afghans, including many children, to the Soviet Union for indoctrination; the killing of prisoners of war; the destruction of villages, cattle and harvests; the repeated bombing of identifiable hospitals and medical centres; the use of 'butterfly bombs', whose main victims

¹ Bull. EC 5-1986, point 1.1.1 et seq.

Supplement 2/86 — Bull. EC.

The United States has never been legally bound to apply this agreement since it has not been ratified by Congress. It cannot therefore be suspected or accused of any potential or actual infringement other than in political terms.

were children, and chemical weapons; the prohibition of free media coverage of what was happening in Afghanistan and interference with the work of doctors and medical staff. Parliament therefore urged the Commission to step up economic and financial aid and the supply of medicines and food for the Afghan people through both the International Red Cross and the private aid organizations. The Council was asked to establish close cooperation with the UN High Commissioner for Refugees in order to help the Afghan refugees. At political level, Parliament called on the Community and the Member States' Governments to recognize the Afghan resistance movement as being competent to represent the Afghan people in its fight to exercise its right to self-determination. It also urged them to work actively towards an early negotiated political solution that would enable the Afghan people to decide upon their own future and restore to Afghanistan its status as a neutral and non-aligned State.

Central America and the Contadora Group meeting in Panama on 6 June. Welcoming the Declaration of 25 May by the Presidents of the Central American countries ¹ indicating the intention to set up a Central American Parliament elected by universal suffrage, Parliament appealed to the US Congress to take 'a step for peace' based, under the Contadora Agreement, on social justice, respect for human rights and non-interference in the domestic affairs of States.

Council

2.4.11. The Council held 12 meetings in June. The following table lists the number, place and date of each meeting, the names of the Council President and Commission representatives and the main items of business. A more detailed account of specific items can be found in the sections of the Bulletin referred to in the footnotes.

Table 11 — Council meetings in June

Number, place and date of meeting	Subject	President	Commission	Main items of business
1082nd Luxembourg 3 June	Energy	Mr van Aardenne	Mr Mosar	Chernobyl nuclear accident ¹ Community oil-refining industry and external trade in petroleum products — Council conclusions ² New energy objectives ² New Community rules for State aids to coal industry ² Coal: social aspects ² Lignite and peat industries ² Oil market situation ² Rational use of energy New and renewable energy sources ²
1083rd Luxembourg 5 June	Labour and social affairs	Mr de Koning	Mr Marín	Disabled people ³ Equal opportunities for women ³ Equal treatment for men and women in occupational social security schemes ³ Equal treatment for men and women in self-employed activities

Bull. EC 5-1986, point 2.4.5.

Number, place and date of meeting	Subject	President	Commission	Main items of business
				Long-term unemployment Action programme for employment growth Carcinogens Information and consultation of employees of undertakings with complex structures ³
				Safety in use of asbestos
1084th Luxembourg 9 June	Industry	Mr van Aardenne	Mr Narjes Mr Sutherland	Shipbuilding ⁴ Telecommunications: general situation; mutual recognition of type approval for terminal equipment; ⁵ DBS; standardization in IT ⁵
:				Legal safeguards for semiconductor topographies ⁶
				Competitiveness of European industry ⁶
				Public procurement
				Eurotype product warrant
				Problems of Portuguese industry
:				Videoconference and videophone techniques for intergovernmental applications: resolution ⁵
1085th	Education	Mr Deetman	Mr Marín	Comett ³
Luxembourg 9 June				European Community action scheme for mobility of university students (Erasmus) ³
				Consumer education in primary and secondary schools: resolution ⁷
				Medium-term activities in edu- cation
1086th Luxembourg 10 June	Research	Mr van Aardenne	Mr Narjes	Guidelines for new Community framework programme of technological R&D ⁵
				Research programmes: environ- ment and materials ⁵
1087th Luxembourg 12 and 13 June	Environ- ment	Mr Winsemius	Mr Clinton Davis	Common procedure for exchange of information on quality of surface fresh water ⁷
				Disposal of waste oils ⁷
				Sulphur content of certain liquid fuels (gas oil) ⁷
				Protection of animals used for experimental and other scientific purposes ⁷

Table 11 (continued)

Number, place and date of meeting	Subject	President	Commission	Main items of business
				Limitation of emissions from large combustion plants ⁷ Major-accident hazards of certain industrial activities ⁷ Pollution by motor vehicles ⁷ Waste from titanium dioxide industry ⁷
1088th Luxembourg 16 June	Economic and financial	Mr Ruding	Mr Delors Lord Cockfield	Chernobyl nuclear accident ⁷ Removal of tax barriers ⁶ Liberalization of capital movements ⁸
·	affairs			Monetary and financial relations with Japan Preparations for European Council
1089th Luxembourg 16 and 17 June	Foreign affairs	Mr van den Broek Mr van Eekelen	Mr Delors Mr Cheysson Mr De Clerq Mr Mosar	Preparations for European Council Mediterranean policy Relations with USA — consequences of enlargement ⁹ Protection of dialysis patients Europe's tourist industry Steel: external arrangements 1986 ¹⁰ Overall approach to new round of trade negotiations: defending open multilateral trade ¹¹
1090th Luxembourg 18, 19 and 30 June	Transport	Mrs Smit-Kroes	Mr Clinton Davis Mr Sutherland	Shipping ¹² Proof of compliance of vehicles with Council Directive of 19 December 1984 (weight, dimensions and other characteristics of certain road vehicles) ¹² Transport infrastructure ¹² Relations with Austria ¹² Easing of border formalities for carriage of goods ¹² Rail transport Road haulage: conclusions ¹¹ Air transport ¹² Differentiation of speed limits

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Number, place and date of meeting	Subject	President	Commission	Main items of business
1091st Luxembourg 23 June	Internal market	Mr van Eekelen	Mr Narjes Lord Cockfield	Freedom to provide services: specific training in general medical practice; (self-employed) commercial agents Pharmaceuticals
				Direct satellite television broad- casting ⁵
				Technical barriers: self-propelled industrial trucks; airborne noise; other issues; new approach
				People's Europe: border controls; right of residence
				Intellectual property: original top- ographies of semi-conductor prod- ucts; ⁶ Community patent
				Public procurement
				Tourism
				Hotel safety
				Completion of internal market: programme for 1 July 1986 to 1 July 1987 ⁶
1092nd Luxembourg	Agriculture	Mr Braks	Mr Andriessen	MCAs applicable to pigmeat, eggs and poultrymeat ¹³
24 and 25 June				Socio-structural measures
June				Postponement of takeover date for butter bought into intervention ¹³
				Special measures for imports of olive oil originating in Tunisia ¹³
				Harmonization in agricultural and food sectors (new approach) ⁶
				Maximum permitted levels for undesirable substances and products in feedingstuffs (aflatoxin) and marketing of straight and compound feedingstuffs ¹³
				Examination of animals and fresh meat for presence of residues ¹³
				Community forest protection scheme ¹³
1093rd	Fisheries	Mr Braks	Mr Cardoso	Common fisheries policy ¹⁴
Luxembourg 25 and 26 Iune			e Cunha	Fisheries relations with certain non- member countries ¹⁴
Juiic				Conservation

Table 11 (continued)

Number, place and date of meeting	Subject	President	Commission	Main items of business
				Research TACs and quotas Amendments to 1986 TACs and quotas ¹⁴ Organization of market in fishery products Tariff quotas ¹⁵

- Nuclear safety.
- ,
- Energy. Employment, education and social policy.
- Competition.
- Research and technology.
 Internal market and industrial affairs.
- Environment and consumers.
- Economic and monetary policy.
- Relations with industrialized countries. 10
- Steel. 11
- New round of multilateral trade negotiations.
- Transport.
- 13 Agriculture.
- Fisheries.
- Customs union.

Commission

Activities

Decisions, communications and proposals

The Commission sent the Council 2.4.12. an outline communication on the consequences of the Chernobyl accident, in which it announces its plan for study and action and its timetable for a series of proposals to be presented between now and the end of the year (\rightarrow points 2.1.240 to 2.1.246).

A proposal for a Directive on the liberalization of capital movements was addressed to the Council (\rightarrow point 1.3.1 et seq.) as part of the programme adopted by the Commission in May. 1 The Commission also repealed its 1984 decision authorizing France to apply certain protective measures with respect to the liberalization of capital movements and reduced the scope of a similar decision concerning Italy.

As required by the Council Decision of February 1974 on economic policy convergence, the Commission sent the Council its annual report on the Community's economic outlook for 1987 and the Member States' budgetary policy (\rightarrow point 2.1.3).

The Commission adopted a report to the Council on opening up public contracts in the Community (\rightarrow point 1.2.1 et seq.), accompanied by a proposal to strengthen the Council Directive of 1976 coordinating procedures for the award of public supply contracts.

A communication on the Community's telecommunications policy also went to the

Bull. EC 5-1985, point 1.2.1 et seq.

Council. Its aim is to ensure a prominent place for Europe in the fields of high definition television, direct television broadcasting by satellite and advanced telecommunications in general (→ point 2.1.58).

In a proposal for a Council Directive the Commission urged that the limit values for exposure of workers handling dangerous substances be harmonized throughout the Community (\rightarrow point 2.1.125).

A paper setting out guidelines and initiatives for the development of the common fisheries policy and a report on enforcement of the policy in the Member States were transmitted to Parliament and the Council (\rightarrow points 2.1.207 and 2.1.208).

To take account of the recent judgment by the Court of Justice in the *Nouvelles* frontières case, the Commission has proposed to the Council new measures to ensure greater freedom in air transport services and effective application of the competition rules to civil aviation (→ point 2.1.233).

It also approved a medium-term transport infrastructure programme and a proposal for the relevant framework Regulation (→ point 2.1.221).

Relations with workers' and employers' organizations

2.4.13. The two working parties — on macroeconomics and on new technologies and social dialogue — formed after the meeting between the Commission and representatives of European workers' and employers' confederations at Val Duchesse château on 12 November 1985 ¹ met again this month. ²

2.4.14. The second meeting of the working party on new technologies and social dialogue took place on 3 June and was chaired by Mr Manuel Marín, Commission Vice-President with special responsibility for employment, social affairs and education. The proceedings focused primarily

on the training of workers in the new technologies and on staff motivation. There was also discussion of the organization of work and working conditions, the right to information and consultation, the adaptability of the labour market and the social aspects of completing the internal market.

In conclusion, the chairman noted an alignment of viewpoints around the table and the possibility of securing a measure of consensus on an initial package of practical points. The participants agreed to try to draw up with the Commission's help an initial assessment which, on the strength of the reconciliation between the respective positions, would set out agreed common guidelines on certain matters.

2.4.15. The macroeconomics working party held its second meeting on 26 June, chaired by Mr Alois Pfeiffer, Member of the Commission with special responsibility for economic affairs and regional policy. The meeting held an in-depth discussion on the macroeconomic aspects and the social dimension of the profitability of investments and international competitiveness. It took stock of the present economic situation and exchanged views on the outlook on the basis of the latest Commission forecasts.

The discussions showed that the two sides of industry were continuing to give staunch support to the strategy for growth and employment proposed by the Commission ³ and were resolved to contribute to its deployment. The talks also confirmed the participants' mutual understanding and receptiveness and their readiness to attempt to reconcile differing position in order to throw joint support behind the further efforts entailed in attaining the objectives proposed by the Commission.

Bull. EC 11-1985, point 2.5.15.

Previous meetings: Bull. EC 4-1986, point 2.4.21.

³ OJ L 377, 31.12.1985; Bull. EC 10-1985, point 1.3.1 et seq.

Court of Justice

2.4.16. New cases

Case	Subject	Basis
ECSC — Steel		
150/86 Usinor and Sacilor v Commission	Annulment of the individual decision addressed by the Commission to the British Steel Corporation, increasing its reference production and delivery quantities for products in various categories, following BSC's takeover of Alphasteel; Article 13(4) of Decision No 3485/85/ECSC in so far as it applies in relation to the provisions of Article 13(1)	Article 33 ECSC
Taxation		
102/86 Commissioners of Customs and Excise v Apple and Pear Development Council	Does the annual charge imposed on growers who are members of a producers' organization for the purposes of enabling it to meet administrative and other expenses incurred in the exercise of its functions constitute a consideration in return for 'the supply of services effected for consideration' within the meaning of Article 2 of the sixth VAT Directive?	Article 177 EEC
122/86 Amro Aandelen Fonds, represented by Amsterdam Rot- terdam Bank v Inspecteur der Registratie en Successie (Haar lem)	What requirement, besides that of operating for profit, must a group of persons (providers of capital) without legal personality satisfy in order to be regarded as a 'company' within the meaning of Article 3(2) of Council Directive 69/335/EEC?	Article 177 EEC
127/86 Ministère Publique and Ministre des Finances du Royaume de Belgique v Ledoux		Article 177 EEC
Competition		
136/86 Bureau National Interpro- fessionel du Cognac v Aubert	Are national provisions establishing production quotas for cognac, in order to maintain its quality, compatible with Article 85 of the EEC Treaty, and if not, is a levy set in an industry-wide agreement and based on such a quota compatible with Article 85?	Article 177 EEC

Case	Subject	Basis
Social security		
103/86 Sabato v OSSOM	Compatibility with Community law (ban on discrimination on grounds of nationality) of Section 51 of the Belgian Act of 17 July 1963, under which the complainant, who is the widow of a Community national living in Belgium and is receiving a survivor's pension, has, because she does not hold Belgian nationality, been refused the cost-of-living adjustment in respect of that part of her pension earned by her husband in Zaire after independence (1968-70)	Article 177 EEC
Agriculture		
109/86 Ioannis Theodorakis Viomichania Elaiou v the Greek State ¹	Interpretation of Articles 36 and 37 (force majeure) of Commission Regulation No 3183/80 as regards the repayment of a security lodged for the export of certain goods to non-Community countries, where the exportation could not be effected through the fault of the purchaser	Article 177 EEC
118/86 Openbaar Ministerie v Nertsvoederfabriek Nederland	Interpretation of Articles 30, 34 36 and 37 of the EEC Treaty and of Council Regulations No 827/68 and No 2777/75 with regard to the fact that the destruction of poultry offal is restricted solely to a few licence-holders	Article 177 EEC
120/86 Mulder v Minister van Landbouw en Visserij ¹	Interpretation and validity of Council Regulation No 1078/77 and of Council Regulation No 857/84, as supplemented by Commission Regulation No 1371/84, as regards the establishment of reference quantities, in particular where a person has delivered no milk in a reference year	Article 177 EEC
131/86 UK v Council	Annulment of Council Directive 86/113/EEC laying down minimum standards for the protection of laying hens in battery cages	Article 173 EEC
142/86 UK v Commission ²	Annulment of Article 2 of Commission Regulation No 728/86 in so far as concerns the calculation of the amount and of the balance of the premium payable per ewe for Great Britain	Article 173 EEC
Infringements		
133/86 Commission v France ³	Failure to notify national measures implementing Council Directive 81/487/EEC on fruit juices	Article 169 EEC
134/86 Commission v Belgium ³	Failure to notify national measures implementing Directive 82/242/EEC on non-ionic surfactants and 82/243/EEC on anionic surfactants	Article 169 EEC

Case	Subject	Basis
137/86 Commission v Belgium ³	Failure to notify national measures implementing Directive 82/368/EEC amending for the second time Directive 76/768/EEC relating to cosmetic products	Article 169 EEC
146/86 Commission v Germany	Article 11(2) of Annex VIII to Regulation No 259/68 laying down the Staff Regulations of Officials of the European Communities: transfer of pension rights	Article 169 EEC
147/86 Commission v Greece	Articles 52, 59 and 48 of the EEC Treaty: teaching ban	Article 169 EEC
148/86 Commission v Germany	Article 30 of the EEC Treaty: ban on agar-agar in preserved meat	Article 169 EEC
155/86 Commission v Luxembourg	Failure to notify national measures implementing Directives 82/242/EEC on non-ionic surfactants and 82/243/EEC on anionic surfactants	Article 169 EEC
156/86 Commission v Belgium	Failure to notify national measures implementing Commission Directive 81/916/EEC and Council Directive 83/265/EEC on paints, varnishes, printing inks, adhesives and similar products	Article 169 EEC

Disputes between the Community and its staff

v Council:

130/86 Du Besset

v Commission:

132/86 Papetti³

140/86 Strack 149/86 Santarelli

151 to 154/86 Bauer and Others

v Parliament:

135/86 Katiforis²

2.4.17. **Judgments**

Date and case	Held
ECSC-Steel 16.5.1986: 411/85 Sacilor v Commission	Ordered removed from the Court Register (seeking annulment of a Commission Decision of 29 October 1985 holding that the product 'Galfan' fell within Category Ic)

¹ OJ C 169, 8.7.1986. ² OJ C 192, 30.7.1986. ³ OJ C 188, 26.7.1986.

Date and case	Held
10.6.1986: 81 and 119/85 Usinor v Commission	Applications dismissed as inadmissible (seeking annulment of Commission decisions fixing production and delivery quotas and refusing additional references)
11.6.1986: 235/82 Rev. Ferriere San Carlo v Commission	Application for revision dismissed as inadmissible (seeking revision of the Court's judgment of 30 November 1983 in Case 235/82)
18.6.1986: 48/86 Cauët and Joliot acting as liquidators of the assets of Cockerill-DRC v Commission	Ordered removed from the Court Register (seeking annulment of the Commission Decision of 13 January 1986 requiring the transfer of the reference production of Cockerill-DRC to Sacilor, and reducing the applicant's annual reference quantities)
Free movement of goods	
12.6.1986: 50/85 Schloh v Auto Contrôle Technique	1. Article 30 of the EEC Treaty must be interpreted as meaning that a national measure which requires a roadworthiness test for the purposes of registration in the case of an imported vehicle carrying a certificate of its conformity to the vehicle types approved in the importing Member State constitutes a measure having an effect equivalent to a quantitative restriction on imports Nevertheless, such a measure is justified under Article 36 of the Treaty in so far as it relates to vehicles put on the road before such registration and applies without distinction to vehicles of national origin and imported vehicles 2. Articles 30 and 36 of the Treaty must be interpreted as meaning that where the roadworthiness testing of an imported vehicle has the purpose of obtaining a written declaration from the owner of the vehicle it constitutes a measure having an effect equivalent to a quantitative restriction on imports contrary to the Treaty 3. A fee collected in connection with a roadworthiness test which is contrary to the Treaty is itself contrary to the Treaty by the same token A fee collected in connection with a roadworthiness test carried out prior to registration which is justified under Article 36 of the Treaty complies with the Treaty provided that it is not greater in amount than the fee applicable in the same circumstances to a vehicle of national origin
Customs union	
12.6.1986: 183/85 HZA Itzehoe v H.J. Repenning	Article 3(1) of Council Regulation No 1224/80 must be interpreted as meaning that where goods bought free of defects are damaged before being released for free circulation the price actually paid or payable, on which the transaction value is based, must be reduced in proportion to the damage suffered

ideration of Commission Decision 82/586/ has disclosed no factor of such a kind as to its validity
provision of Community law requires the ber States to limit the number of students tted to medical faculties by introducing set e figures
The Decision which the Commission noti- to the applicant by letter of 18 December is void
The remainder of the application is dis- ed
A benefit provided by a Member State and to a person caring for a disabled person s part of a statutory scheme providing proon against invalidity which is covered by ctive 79/7/EEC pursuant to Article 3(1) (a) at Directive
Discrimination on grounds of sex contrary rticle 4(1) of Directive 79/7/EEC arises where lation provides that a benefit which forms of one of the statutory schemes referred to rticle 3(1) of that Directive is not payable to rried woman who lives with or is maintained her husband, although it is paid in correding circumstances to a married man
,
Article 13(2)(a) of Regulation No 1408/71 to be interpreted as meaning that a worker ceases to carry on an activity in the territory. Member State and who has not taken uployment in the territory of another Member e continues to be subject to the legislation of Member State in which he was last employed refless of the length of time which has elapsed to the termination of the activity in question the end of the employment relationship. The effect of determining which Member e's legislation is the legislation applicable to a ker pursuant to Article 13(2)(a) of Regulation
1 6

Date and case	Held
12.6.1986: 1/85 Miethe v Bundesanstalt für Arbeit	1. Article 71(1)(a)(ii) of Regulation No 1408/71 must be interpreted as meaning that a wholly unemployed frontier worker who comes within the scope of that provision may only claim benefits from the Member State in which he resides even though he fulfils the conditions for entitlement to benefits laid down by the legislation of the Member State in which he was last employed 2. A worker who is wholly unemployed and who, although he satisfies the criteria laid down in Article 1(b) of Regulation No 1408/71, has maintained in the Member State in which he was last employed contacts on the personal and occupational levels of such a nature that he has a better chance of finding new employment there, must be regarded as an 'employed person, other than a frontier worker' and therefore comes within the scope of Article 71(1)(b). Only the national court may determine whether a worker is in that position
Free movement of workers	
3.6.1986: 139/85 Kempf v Staatssecretaris van Justitie ¹	Where a national of a Member State pursues within the territory of another Member State by way of employment activities which may in themselves be regarded as effective and genuine work, the fact that he claims financial assistance payable out of the public funds of the latter Member State in order to supplement the income he receives from those activities does not mean that the provisions of Community law relating to the freedom of movement for workers do not apply to him
15.5.1986: 387/85 Hinde v Inner London Education Authority and Secretary of State for Education and Science	Ordered removed from the Court Register (interpretation of Article 7 of Regulation No 1612/68 and of Articles 7, 58, 59 and 60 of the EEC Treaty)
Agriculture	
24.6.1986: 236/84 Malt v HZA Düsseldorf	Examination of the question submitted for a preliminary ruling has disclosed no factor of such a kind as to affect the validity of the establishment by Commission Regulation No 481/82 of a monetary compensatory amount for high-quality beef and veal falling within CCT subheadings 02.01 A II (a) and 02.01 A II (b) imported under the Community tariff quota opened by Council Regulation No 217/81 as amended by Council Regulation No 3715/81
25.6.1986: 130/85 Disciplinary proceedings against Groothandel in Im- en Export van Eieren en Eiprodukten Wulro	Regulation No 2772/75, as in force until amended by Council Regulations Nos 1831/84 and 3341/84, must be interpreted as precluding provisions of national law authorizing and protecting the indications scharrelei or scharreleieren on eggs or egg packs

Date and case .	Held
4.6.1986: 30/66 Kurt A. Becher v Commission	Ordered removed from the Court Register (application for damages under the second paragraph of Article 215 of the EEC Treaty)
Convention on jurisdiction and the enforcement of udgments in civil and commercial matters	
24.6.1986: 22/85 Anterist v Crédit Lyonnais	An agreement conferring jurisdiction is not to be regarded as having been concluded for the benefit of only one of the parties, within the meaning of the third paragraph of Article 17 of the Convention, where it is established merely that the parties have agreed that a court or the courts of the Contracting State in which the party in question is domiciled are to have jurisdiction
Capital movements	
24.6.1986: 157/85 Brugnoni and Ruffinengo v Cassa di Risparmio di Genova e Imperia	1. Commission Decision 85/16/EEC must be regarded as extending for a limited period the authorizations previously granted by Decision 72/287/EEC and 74/355/EEC; thus the Decision authorizes Italy to maintain the requirement that a non-interest-bearing bank deposit must be lodged in the case of an operation effected before its entry into force
	2. The compulsory depositing of securitie issued or payable abroad, for safe custody by an approved bank or by a foreign bank chosen by an approved bank, may not be required by Member State, in the context of the liberalization of capital movements provided for in Article and List B of the first Council Directive for the implementation of Article 67 of the Treaty unless such a requirement is indispensable for monitoring compliance with the conditions laid down by the legislation of that Member State is conformity with Community law
	3. The procedures under Article 73 of th Treaty do not apply to the decisions and measures adopted by a Member State or the Commission pursuant to Article 108 of the Treaty
Commercial policy	·
27.6.1986: 121/86R Epichirisseon Metalleftikon Viomi- khanikon kai Navtiliakon and Others v Council and Commission	Application dismissed (seeking an order that the defendants should produce to the Court all the documents in their possession before written proceedings begin)
27.6.1986: 129/86R Greece v Commission and Council	Application dismissed (seeking an order that the defendants should produce to the Court all the documents in their possession before written proceedings begin)

Date and case	Held
16.5.1986: 250/85 Brother Industries v Council and Commission	Ordered removed from the Court Register inasmuch as the case was brought against the Commission (seeking annulment of Council Regulation No 1698/85, anti-dumping)
Lomé I Convention/EDF	
24.6.1986: 267/82 Développement and Clemessy v Commission	Application dismissed (seeking compensation for the damage allegedly suffered by the applicants on account of the conduct of the Commission at the time of the tendering procedure for the construction of the pharmaceutical Institute of Somalia financed by the EDF)
Infringements	
3.6.1986: 307/84 Commission v France ¹	By restricting to its own nationals appointment to and establishment in permanent employment as a nurse in a public hospital, France has failed to fulfil its obligations under Article 48 of the EEC Treaty
5.6.1986: 103/84 Commission v Italy	By requiring municipal transport undertakings to purchase nationally produced vehicles in order to qualify for the financial aid provided for in Section 13 of Act No 308 of 29 May 1982, Italy has failed to fulfil its obligations under Article 30 of the EEC Treaty
16.5.1986: 389/85 Commission v Belgium	Ordered removed from the Court Register (Council Directives 81/1057/EEC and 82/76/EEC on the mutual recognition of qualifications in the medical professions)
4.6.1986: 47/85 Commission v Belgium	Ordered removed from the Court Register (Council Directives 71/118/EEC and 77/99/EEC and Articles 30 and 36 of the EEC Treaty — poultrymeat)
4.6.1986: 219/85 Commission v Belgium	Ordered removed from the Court Register (Council Directive 79/831/EEC on dangerous substances)
4.6.1986: 405/85 Commission v Greece	Ordered removed from the Court Register (Council Directive 80/154/EEC on midwives)
Disputes between the Community and its staff	
v Commission: 12.6.1986: 229/84 Sommerlatte	The Commission is ordered to pay to the applicant each month a sum equivalent to 50% of the contribution, calculated on the basis of her Community pension, which she is required to pay each month to the Barmer Ersatzkrankenkasse
OJ C 188, 26.7.1986.	

ECSC Consultative Committee

256th and 257th meetings

2.4.18. The ECSC Consultative Committee held two meetings this month — the opening meeting of the new business year on 19 June, when Mr R.L. Evans was elected Chairman, and an ordinary meeting on 20 June, at which the Commission was represented by Mr Karl-Heinz Narjes, Vice-President with special responsibility for industrial affairs.

At the ordinary meeting the Committee delivered opinions, pursuant to Articles 19 and 46 of the ECSC Treaty, on the forward programme for steel for the third quarter of 1986 (\rightarrow point 2.4.19) and, pursuant to Article 60, on the publication of price lists and conditions of sale by steel undertakings (\rightarrow point 2.4.20). It also delivered an opinion on the granting of financial aid to 13 pilot and/or demonstration projects in the steel industry (\rightarrow point 2.1.36).

Forward programme for steel

2.4.19. During the debate on the forward programme for steel for the third quarter of 1986 (→ point 2.1.31) members made two main criticisms: the programme accepted too readily that imports would increase and was over-optimistic in its estimates of probable consumption and, consequently, of prices. It was even said that falling prices were the result of premature liberalization of the steel market.

The Commission representative denied that steel prices had dropped as a result of the liberalization policy. Prices had been squeezed by powerful market forces operating at world level. At any event, no one should imagine that the Commission had the power to maintain prices at an artificially high level.

Mr Narjes explained that the fall in prices was not due to the quota system or to gradual liberalization but to a general reduction in costs resulting from the fall in the value of the dollar, the fall in energy

prices and the restructuring measures. Responsibility for sound financial management and for pursuing a cost-covering price policy lay with the firms themselves and not with the public authorities, either at national or at Community level.

He also made it very clear that the present transition period would soon be followed by a return to market forces, that the only way for firms to survive then would be to be competitive and that they should be getting ready now, for there would be no more authorized subsidies and, after 1988 at the latest, no more organization of the market.

Publication of price lists and conditions of sale

2.4.20. The Committee gave its opinion on two draft Decisions concerning the publication of price lists and conditions of sale by steel undertakings (→ points 2.1.32), which would extend the current arrangements to stockholders and to special steels; in some cases they would also oblige stockholders to publish their discounts. It was suggested that the Commission publish a notice in the Official Journal urging stockholders to publish their price lists voluntarily as this had ceased to be compulsory in January.

In reply to this suggestion the Commission representative announced that the Commission had decided to publish statistics on steel stocks in the Official Journal and to add a request to stockholders to notify their price lists.

European Investment Bank

Operations in June

2.4.21. Loans announced by the European Investment Bank in June for investments within the Community totalled 182.2 million ECU, 1 broken down as follows:

The conversion rates at 27 March used by the EIB in statistics for the second quarter were 1 ECU = BFR 44.47, DKR 8.02, DM 2.17, DR 134.59, ESC 140.98, HFL 2.45, IRL 0.72, LFR 44.47, LIT 1 477, PTA 136.39, UKL 0.63, USD 0.94.

50.2 million ECU in Ireland, 22.8 million ECU in the United Kingdom, 19.8 million ECU in Spain, 15 million ECU in France and 75 million ECU for a satellite communications project involving the whole Community. Of the total amount, 19.8 million ECU was provided from the resources of the new Community borrowing and lending instrument (NCI). Outside the Community the Bank lent 42.2 million ECU — 22.5 million ECU in two Mediterranean countries (Syria and Jordan) and 19.7 million ECU in Côte d'Ivoire under the new Lomé Convention.

Community

2.4.22. The Bank granted 75 million ECU to the European Telecommunications Satellite Organization (Eutelsat) for a project of interest to all the the Member States. The loan will be used to finance the construction and placing into orbit of Eutelsat's second generation of satellites, which from late 1989 onwards will provide an even better response to the requirements of European countries for satellite links offering international and domestic telecommunications services within Europe.

Set up in 1977, Eutelsat is based in Paris and now has 26 European member countries, including all 12 members of the Community. Its purpose is to design, install and operate the space segment of regional telecommunications satellite systems in line with the requirements of its members.

The Eutelsat system, which is the result of close European cooperation, will allow fuller integration of space telecommunications into the public network and substantial development of cable television and services intended more specifically for the business world. Fostering the dissemination of different cultures and thus promoting European integration, it will also be implementing advanced technologies.

In view of these various interests the EIB Board of Governors (the Finance Ministers of the Twelve) has granted a special authorization for the Bank to provide funds for

this project, which strictly speaking is not located on Community territory.

Ireland

2.4.23. IRL 36 million was lent in Ireland: IRL 24 million for the afforestation of over 13 000 hectares and associated forestry investment (roads, harvesting machinery, nature reserves and tourist amenities); IRL 9 million to finance infrastructure improvements to the national road network (IRL 5 million) and water supply and sewerage schemes (IRL 4 million) implemented by local authorities; and IRL 3 million for the construction, extension and/or modification of factories with a view to creating new jobs.

United Kingdom

2.4.24. UKL 14.4 million went to the United Kingdom: UKL 7 million for infrastructure projects to stimulate economic activity and attract new industries to the Birmingham area, which has been hard hit by the decline in its traditional automobile and heavy engineering industries; a UKL 5 million loan to Staffordshire County Council in the West Midlands for road improvements and for the extension of a technical college; and a UKL 2.4 million loan to Hereford and Worcester County Council in the same region for schemes to relieve acute traffic congestion.

Spain

2.4.25. In Spain a global loan of PTA 22 700 million was granted from NCI resources for the financing of small and medium-scale agricultural ventures throughout the country. The loan went to the Banco de Crédito Agricola. These investments are in line with the Spanish Government's policy for improving the production and marketing of agricultural products.

¹ OJ L 298, 20.10.1978; Bull. EC 10-1978, point 2.1.10.

France

2.4.26. Continuing its support for the interlinking of British and French electrical power grids, the Bank lent FF 100 million to Electricité de France. The cross-Channel link will allow greater operational flexibility and security of supply. As such, it meets Community concern for a more rational use of energy in order to reduce dependence on imports, of oil in particular. Carried out jointly by Electricité de France and the CEGB, the work should be completed by the end of 1986. It involves laying eight high-tension cables of a total capacity of 2 000 MW. The cables will ensure a reliable and effective link between the two grids and will connect the United Kingdom with the whole Western European grid.

Outside the Community

Mediterranean countries

2.4.27. The Bank made loans of 22.5 million ECU under the financial protocols concluded between the Community and most of the Mediterranean countries, ¹ 16 million ECU to Syria and 6.5 million ECU to Jordan.

In Syria the loan will help modernize and extend Aleppo's sewerage system as part of a programme to improve the environment and eliminate health hazards in Syria's second-largest city. This loan uses up the total of 64 million ECU from the EIB's own

resources provided for under the second financial protocol. 1

In Jordan the 6.5 million ECU went to finance the second phase of the development of the industrial estate at Sahab, south-east of Amman. The work involves infrastructure (roads, drainage, water and electricity supplies) and the construction of standard factories.

ACP States

2.4.28. Acting for the first time under the third Lomé Convention, which came into force on 1 May, the EIB granted 19.7 million ECU to Côte d'Ivoire. 10 million ECU will go to the State for onlending to the Office National des Télécommunications to upgrade the telephone system, which currently comprises 55 000 lines (42 000 of them in Abidjan). The scheme is designed to ensure optimum use of existing capacity, mainly by employing digital technology for both switching and transmission.

A loan of 9.7 million ECU, also to the State, will be onlent to the Compagnie Ivoirienne pour le Développement des Textiles for the construction of a cotton-ginning mill at Séguéla in the western central region, 270 km from Bouaké. The mill will handle production from an area with a radius of over 80 km and, when fully on stream, will be able to process 33 000 tonnes of seed cotton per season.

OJ L 337, 29.11.1982; OJ L 356, 17.12.1982; Bull. EC 11-1982, point 2.2.68.

PART THREE DOCUMENTATION

ECU

Values in national currencies of one ECU

43.9198 44.3331 7.96958 2.14788 137.479 146.342
7.96958 2.14788 137.479
2.14788 137.479
137.479
146.342
6.85490
2.41963
0.710660`
1 475.89
137.245
0.637486
0.978223
1.75493
6.96641
7.33814
1.35758
15.1038
4.99481
160.184
1.44815

¹ OJ C 163, 1.7.1986.

NB. Explanatory notes on the ECU and 'green' rates can be found in Bull. EC 7/8-1982, points 3.1.1 to 3.1.3, and Bull. EC 10-1984, point 3.1.1.

Representative rates ('green' rates)

Conversion rates into national currencies for the ECU used in connection with the common agricultural policy

June 1986		
National currency	Value in national currency of one ECU	
Belgian franc and		
Luxembourg franc	47.3310 ¹ 46.8712 ² 46.4118 ³	
Danish krone	8.58163 ¹ 8.54064 ² 8.41499 ³	
German mark	2.39792 ⁴ 2.41047 ⁵ 2.38516 ³	
Greek drachma	77.2479 ⁶ 116.673 ¹ , ² 102.345 ³	
Portuguese escudo	153.283 ⁷ 151.812 ² 150.355 ³	
French franc	6.49211 ⁶ 7.10590 ⁸ 7.31248 ⁹ 7.09967 ² 7.20131 ¹⁰ 7.00089 ³	
Dutch guilder	2.70178 ⁴ 2.71620 ⁵ 2.68749 ³	
Irish pound	0.725690 ⁶ 0.772618 ¹ 0.761200 ² 0.750110 ³	
Italian lira	1 341.00 ⁶ 1 554.00 ^{1;2} 1 482.00 ³	
Pound sterling	0.635626 ¹ 0.626994 ² 0.618655 ³	
Spanish peseta	147.208 ¹ 145.796 ² 144.382 ³	

For Investock products with marketing year beginning 1 April. For crop products with marketing year beginning 1 April or 1 May.
For other products.
For cereals and durum wheat.

For milk and milk products.

For seeds.

For sheepmeat and goatmeat.

For pigmeat and wine.
For milk and milk products, and sheepmeat and goatmeat.

For beef/yeal.

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 numer of the issue and the date of publication.

Bull. EC 2-1986

Point 2.4.27

Special report on the contract measures for the expansion of markets for milk and milk products financed by proceeds of the coresponsibility levy.

OJ C 127, 26.5.1986

Bull. EC 3-1986

Point 2.1.71

Proposal for a Council Decision authorizing the United Kingdom to apply a special measure in respect of the non-deductible value-added tax charged on fuel in company cars.

OJ C 159, 26.6.1986

Bull. EC 4-1986

Point 2.1.27

Proposal for a Council recommendation on the coordinated introduction of the Integrated Services Digital Network (ISDN) in the European Community.

OJ C 157, 24.6.1986

Point 2.1.64

Commission Decision of 30 April 1986 on the Guidelines for the Management of the European Social Fund in the financial years 1987 to 1989.

OJ L 153, 7.6.1986

Point 2.1.150

Commission Recommendation of 25 April 1986 addressed to the Government of the Grand Duchy of Luxembourg on a draft law on the division of goods transport between rail and road.

OJ L 163, 19.6.1986

Point 2.1.151

Proposal for a Council Directive amending Directive 77/143/EEC on the approximation of the laws of the Member States relating to roadworthiness tests for motor vehicles and their trailers.

OJ C 133, 31.5.1986

Point 2.2.2

Commission Decision of 16 April 1986 changing the import arrangements established by Council Decision 85/648/EEC and applied in the Member States in respect of imports of various agricultural and industrial products from the People's Republic of China.

OIL 161, 17.6.1986

Bull. EC 5-1986

Point 2.1.101

Commission Decision of 27 May 1986 concerning the zones referred to in Article 2 (3) of Regulation (EEC) No 2616/80 instituting a specific Community regional development measure contributing to overcoming constraints on the development of new economic activities in certain zones adversely affected by restructuring of the steel industry.

OJL 171, 28.6.1986

Infringement procedures 3.

Initiation of proceedings for failure to implement directives

3.3.1. In June the Commission sent letters of formal notice for failure to incorporate directives into national law (the Commission not having been informed of national implementing measures) in the following case:

Transport

Council Directive of 8 July 1985 1 amending the Council Directive of 10 July 1968 on the standardization of provisions regarding the duty-free admission of fuel contained in the fuel tanks of commercial motor vehicles 2 (Denmark, Germany, Ireland, Italy).

Reasoned opinions

3.3.2. The Commission delivered reasoned opinions in the following 14 cases:

Internal market and industrial affairs

Failure to inform the Commission of national measures to give effect to the Commission Directive of 14 December 1983 3 adapting to technical progress the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to the installation of lighting and light-signalling devices on motor vehicles and their trailers 4 (Belgium).

Failure to inform the Commission of national measures to give effect to the Commission Directive of 3 July 1984 ⁵ adapting to technical progress the Council Directive of 6 February 1970 on the approximation of the laws of the Member States relating to the permissible sound level and the exhaust system of motor vehicles 6 (Belgium).

Type approval of coaches (turning circle) (Belgium).

Buy British campaign: subsidized loans to contructors of British vessels (United Kingdom).

Nationality requirement for tourist guides (Greece).

Employment and social affairs

Failure to incorporate correctly into national law the Council Directive of 19 December 1978 on the progressive implementation of the principle of equal treatment for men and women in matters of social security 7 (Belgium).

Calculation of unemployment benefits for frontier workers (France).

Refusal to pay pensions to Greeks residing in other Member States (Greece).

discrimination concerning movement: guaranteed incomes for elderly persons (Belgium).

Agriculture

Failure to inform the Commission of national measures to give effect to the Council Directive of 7 February 1983 8 amending the Council Directive of 26 June 1964 on health problems affecting intra-Community trade in fresh meat 9 (Greece).

Barriers to trade in olive oil (Greece).

Transport

Failure to inform the Commission of national measures to give effect to the Council Directive of 20 January 1976 on reciprocal recognition of navigability licences for inland waterway vessels¹⁰ (Belgium).

Failure to inform the Commission of national measures to give effect to the Council Directive of 4 October 1982 laying down technical requirements for inland waterway vessels11 (Belgium).

Financial institutions and taxation

Failure to incorporate correctly into national law the sixth Council Directive of 17 May 1977 on the harmonization of the laws of the Member States relating to turnover taxes — Common system of value-added tax: uniform basis of assessment¹² (Italy).

OJ L 183, 16.7.1985.

¹⁰

Proceedings terminated

The Commission decided not to continue the following infringement proceedings which had been initiated for failure to inform it of national implementing measures:

Internal market and industrial affairs

Commission Directive of 7 June 1982 1 adapting to technical progress the Council Directive of 4 November 1976 on the approximation of the laws of the Member States relating to radio interference caused by electrical household appliances, portable tools and similar equipment 2 (Luxembourg).

Commission Directive of 7 June 1982 1 adapting to technical progress the Council Directive of 4 November 1976 on the approximation of the laws of the Member States relating to the suppression of radio interference with regard to fluorescent lighting luminaires fitted with starters 2 (Luxembourg).

Council Directive of 26 October 1983³ amending the Council Directive of 26 July 1971 on the approximation of the laws of the Member States relating to common provisions for both measuring instruments and methods of metrological control (United Kingdom, Ireland, Netherlands).

Commission Directive of 16 January 1984 ⁵ adapting to technical progress the Council Directive of 6 February 1979 on the approximation of the laws of the Member States concerning electrical equipment for use in potentially explosive atmospheres employing certain types of protection 6 (United Kingdom).

Council Directive of 18 December 19847 amending the Council Directive of 20 December 1979 on the approximation of the laws of the Member States relating to units of measurement 8 (Belgium).

Council Directive of 28 September 1981 on the approximation of the laws of the Member States relating to veterinary medicinal products 9 (Netherlands).

Council Directive of 28 September 1981 on the approximation of the laws of the Member States relating to analytical, pharmaco-toxicological and clinical standards and protocols in respect of the testing of veterinary medicinal products 9 (Netherlands).

Commission Directive of 5 October 1981¹⁰ adapting to technical progress the Council Directive of 7 November 1977 on the approximation of the laws, regulations and administrative provisions of the Member States relating to the classification, packaging and labelling of paints, varnishes, printing inks, adhesives and similar products 11 (France).

Council Directive of 22 November 1982¹² amending for the second time (benzene) the Council 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 preparations¹³ (France).

Council Directive of 16 May 1983¹⁴ amending the Council Directive of 7 November 1977 on the approximation of the laws, regulations and administrative provisions of the Member States relating to the classification, packaging and labelling of paints, varnishes, printing inks, adhesives and similar products11 (France).

Council Directive of 17 December 1982 amending the Directives on the approximation of the laws of the Member States relating to wheeled agricultural or forestry tractors 15 (France).

Commission Directive of 18 February 1985¹⁶ adapting to technical progress the Council Directive of 1 March 1977 on the approximation of the laws of the Member States relating to the rearview mirrors of motor vehicles¹⁷ (Luxembourg).

Council Directive of 26 July 1971 concerning the coordination of procedures for the award of public works contracts 18 (Italy).

Council Directive of 21 May 1973 on the abolition of restrictions on movement and residence within the Community for nationals of Member States with regard to establishment and the provision of services 19 (Greece).

Council Directive of 16 June 1975 concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in medicine, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services²⁰ (Belgium).

OJ L 222, 30.7.1982. OJ L 336, 4.12.1976. OJ L 332, 28.11.1983. OJ L 202, 6.9.1971. OJ L 31, 2.2.1984. OJ L 43, 20.2.1979.

OJ L 43, 20.2.1979. OJ L 2, 3.1.1985. OJ L 39, 15.2.1980. OJ L 317, 6.11.1981. OJ L 342, 28.11.1981.

OJ L 303, 28.11.1977. OJ L 339, 1.12.1982.

OJ L 262, 27.9.1976.

OJ L 147, 6.6.1983.

OJ L 378, 31.12.1982. OJ L 90, 29.3.1985.

OJ L 68, 22.3.1971.

OJ L 185, 16.8.1971. OJ L 172, 28.6.1973. OJ L 167, 30.6.1975.

Council Directive of 16 June 1975 concerning the coordination of provisions laid down by law, regulation or administrative action in respect of activities of doctors 1 (Belgium).

Council Directive of 27 June 1977 concerning the mutual recognition of diplomas, certificates and other evidence of the formal qualifications of nurses responsible for general care, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services ² (Belgium).

Council Directive of 27 June 1977 concerning the coordination of provisions laid down by law, regulation or administrative action in respect of the activities of nurses responsible for general care 2 (Belgium).

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 3 (Belgium).

Council Directive of 25 July 1978 concerning the coordination of provisions laid down by law, regulation or administrative action in respect of the activities of dental practitioners 3 (Belgium).

Council Directive of 21 January 1980 concerning the coordination of provisions laid down by law, regulation or administrative action relating to the taking up and pursuit of the activities of mid-wives 4 (Italy).

Council Directive of 22 December 1980⁵ amending, consequent on the accession of Greece, the Council Directive of 21 January 1980 concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in midwifery and including measures to facilitate the effective exercise of the right of establishment and freedom to provide services 4 (Germany).

Council Directive of 29 June 1982 on measures to facilitate the effective exercise of freedom of establishment and freedom to provide services in respect of activities of self-employed persons in certain services incidental to transport and travel agencies (ISIC Group 718) and in storage and warehousing (ISIC Group 720) 6 (France).

Council Directive of 19 July 1982 laying down measures to facilitate the effective exercise of the right of establishment and freedom to provide services in hairdressing 7 (Greece).

Employment and social affairs

Council Directive of 9 February 1976 on the implementation of the principle of equal treatment

for men and women as regards access to employment, vocational training and promotion, and working conditions 8 (Netherlands).

Council Directive of 17 February 1975 on the approximation of the laws of the Member States relating to collective redundancies 9 (Greece).

Council Directive of 20 October 1980 on the approximation of the laws of the Member States relating to the protection of employees in the event of the insolvency of their employer 10 (Belgium).

Council Directive of 15 July 1980 amending the Directives laying down the basic safety standards for the health protection of the general public and workers against the dangers of ionizing radiation¹¹ (United Kingdom).

Council Directive of 27 November 1980 on the protection of workers from the risks related to exposure to chemical, physical and biological agents at work¹² (Ireland).

Agriculture

Commission Directive of 6 May 198213 amending the Council Directive of 9 April 1968 on the marketing of material for the vegetative propagation of the vine¹⁴ (Italy).

Council Directive of 30 June 1982 concerning certain products used in animal nutrition 6 (Belgium, France, Italy).

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 6 (Netherlands).

Council Directive of 19 July 198215 amending Annex II to the Council Directive of 23 November 1976 relating to the fixing of maximum levels for pesticide residues in and on fruit and vegetables 16 (Italy).

Commission Directive of 2 December 1982¹⁷ amending Annex II to the Council Directive of 30

OJ L 167, 30.6.1975. OJ L 176, 15.7.1977. OJ L 233, 24.8.1978.

OJ L 33, 11.2.1980. OJ L 375, 31.12.1980.

OJL 375, 31.12.1980. OJL 213, 21.7.1982. OJL 218, 27.7.1982. OJL 39, 14.2.1976. OJL 48, 22.2.1975. OJL 246, 17.9.1980. OJL 327, 31.2.1980. OJL 327, 31.2.1980. OJL 337, 31.4.1968. OJL 234, 3.8.1982. OJL 34, 3.8.1982. OJL 340, 9.12.1976.

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OJ L 340, 9.12.1976. OJ L 357, 18.12.1982.

June 1969 on the marketing of seed of oil and fibre plants 1 (United Kingdom).

Third Commission Directive of 22 December 1982 amending the Annex to the Council Directive. tive of 2 April 1979 on the marketing of compound feedingstuffs 3 (Netherlands).

Commission Directive of 14 March 1983 4 amending the Annex to the Council Directive of 21 December 1978 prohibiting the placing on the market and use of plant protection products containing certain active substances 5 (France, Italy).

Council Directive of 18 April 1983 on the fixing of guidelines for the assessment of certain products used in animal nutrition 6 (France, Italy).

Forty-fourth Commission Directive of November 1983 amending the Annexes to the Council Directive of 23 November 1970 concerning additives in feedingstuffs 8 (France, United Kingdom).

Commission Directive of 20 December 1983 9 amending the Commission Directives of 18 November 1971, 10 27 April 1972 11 and 15 June 1978¹² establishing Community methods of analysis for the official control of feedingstuffs (France).

Forty-sixth Commission Directive of 28 May 1984¹³ amending the Annexes to the Council Directive of 23 November 1970 concerning additives in feedingstuffs 8 (France, United Kingdom).

Commission Directive of 26 July 1984¹⁴ amending the Annex to the Council Directive of 30 June 1982 concerning certain products used in animal nutrition¹⁵ (United Kingdom).

Forty-seventh Commission Directive of 26 October 1984¹⁶ amending the Annexes to the Council Directive of 23 November 1970 concerning additives in feedingstuffs 8 (United Kingdom).

Council Directive of 26 June 1964 on animal health problems affecting intra-Community trade in bovine animals and swine¹⁷ (Greece).

Council Directive of 21 December 1976 on health problems affecting intra-Community trade in meat products¹⁸ (Italy).

Council Directive of 7 February 1983¹⁹ amending the Council Directive of 26 June 1964 on health problems affecting intra-Community trade in fresh meat¹⁷ (Italy).

Council Directive of 7 February 198319 amending the Council Directive of 12 December 1972 on health and veterinary inspection problems upon importation of bovine animals and swine and fresh meat from third countries²⁰ and 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 swine¹⁸ (Netherlands).

Commission Directive of 12 April 1983²¹ establishing exceptions from the Council Directive of 21 December 1976 for certain products which contain other foodstuffs and only a small percentage of meat or meat product¹⁸ (Belgium).

Commission Directive of 7 June 1984²² 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 swine¹⁸ (Luxembourg, Netherlands).

Council Directive of 11 December 198423 amending the Council Directives of 26 June 1964¹⁷ and 12 December 1972¹⁸ as regards certain measures relating to foot-and-mouth disease and swine vesicular disease (Denmark).

Council Directive of 11 December 1984²³ amending the Council Directive of 22 January 1980 introducing Community measures for the control of classical swine fever²⁴ (Germany).

Environment and consumer protection

Council Directive of 22 March 1982 on limit values and quality objectives for mercury discharges by the chloralkali electrolysis industry²⁵ (United Kingdom).

Council Directive of 3 December 1982 on procedures for the surveillance and monitoring of environments concerned by waste from the titanium dioxide industry²⁶ (France, United Kingdom).

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OJ L 169, 10.7.1969.
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OJ L 189, 10.7.1969. OJ L 386, 31.12.1982. OJ L 86, 6.4.1979. OJ L 91, 9.4.1983. OJ L 33, 8.2.1979.

OJ L 35, 6, 13.5.1983. OJ L 350, 13.12.1983. OJ L 270, 14.12.1970. OJ L 15, 18.1.1984.

OJ L 13, 16.1.1764. OJ L 279, 20.12.1971. OJ L 123, 29.5.1972. OJ L 206, 29.7.1978. OJ L 183, 11.7.1984.

OJ L 183, 11.7.1984. OJ L 245, 14.9.1984. OJ L 213, 21.7.1982. OJ L 297, 15.11.1984. OJ 121, 29.7.1964.

OJ L 26, 31.1.1977. OJ L 59, 5.3.1983.

OJ L 302, 31.12.1972.

OJ L 112, 28.4.1983. OJ L 167, 27.6.1984.

OJ L 339, 27.12.1984. OJ L 47, 21.2.1980. OJ L 81, 27.3.1982. OJ L 378, 31.12.1982.

²⁵

Council Directive of 16 June 1975 on the disposal of waste oils 1 (Greece).

Council Directive of 6 April 1976 on the disposal of polychlorinated biphenyls and polychlorinated terphenyls 2 (Greece).

Council Directive of 24 June 1982 on the majoraccident hazards of certain industrial activities 3 (Greece).

Council Directive of 3 December 1982 on a limit value for lead in the air 4 (Denmark, France, Luxembourg).

Council Directive of 21 April 1983 5 amending the Council Directive of 20 December 1979 on the limitation of noise emissions from subsonic aircraft 6 (Greece).

Commission Directive of 29 July 1983 7 adapting to technical progress for the fifth time the Council Directive of 27 June 1967 on the approximation of laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous substances 8 (France, Luxembourg).

Commission Directive of 25 April 1984 adapting to technical progress for the sixth time the Council Directive of 27 June 1967 on the approximation of laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous substances 8 (France, Italy).

Council Directive of 17 May 1982¹⁰ amending for the second time the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products¹¹ (Greece, France).

Second Commission Directive of 14 May 1982 on the approximation of the laws of the Member States relating to methods of analysis necessary for checking the composition of cosmetic products¹² (Belgium, France).

Second Commission Directive of 30 March 1983¹³ adapting to technical progress Annexes II, III, IV and V to the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products¹¹ (France).

Third Commission Directive of 29 June 1983¹⁴ adapting to technical progress Annexes II, III and V to the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products¹¹ (France).

Fourth Commission Directive of 22 September 1983¹⁵ adapting to technical progress Annex VI to the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products¹¹ (Netherlands).

Third Commission Directive of 27 September 1983 on the approximation of the laws of the Member States relating to methods of analysis necessary for checking the composition of cosmetic products16 (Belgium, France, Netherlands).

Council Directive of 26 October 198317 amending for the third time the Council Directive of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products¹¹ (Netherlands).

Financial institutions and taxation

Council Directive of 13 June 1983 on the supervision of credit institutions on a consolidated basis 18 (Italy, United Kingdom).

Council Directive of 8 July 1985¹⁹ amending the Council Directive of 28 May 1969 on the harmonization of provisions laid down by law, regulation or administrative action relating to exemption from turnover tax and excise duty on imports in international travel²⁰ (Italy).

Customs union

Council Directive of 24 July 1979 on the harmonization of procedures for the release of goods for free circulation²¹ (Belgium).

Council Directive of 24 February 1981 on the harmonization of procedures for the export of Community goods²² (Belgium).

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OJ L 194, 25.7.1975.
OJ L 108, 26.4.1976.
OJ L 230, 5.8.1982.
OJ L 378, 31.12.1982.
OJ L 117, 4.5.1983.
OJ L 18, 24.1.1980.
                         OJ L 257, 16.9.1983.
OJ 196, 16.8.1967.
                     OJ 196, 16.8.1967.
OJ L 251, 19.9.1984.
OJ L 167, 15.6.1982.
OJ L 262, 27.9.1976.
OJ L 185, 30.6.1982.
OJ L 188, 13.7.1983.
OJ L 275, 8.10.1983.
OJ L 291, 24.10.1983.
OJ L 291, 24.10.1983.
OJ L 332, 28.11.1983.
OJ L 133, 18.7.1983.
OJ L 133, 16.7.1985.
OJ L 133, 4.6.1969.
OJ L 205, 13.8.1979.
OJ L 33, 30.3.1981.
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OJ L 83, 30.3.1981.

4. Mutual recognition of diplomas, certificates and other evidence of formal qualifications

(Article 57(1) of the EEC Treaty)

3.4.1. Directives adopted and proposals currently before the Council (as at 1 January 1986) $^{\rm 1}$

I - Directives adopted

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	Date transmitted to Council	Date adopted by Council	
Wholesale trade and intermediaries in commerce, industry and small craft industries			
Directive laying down detailed provisions con- cerning transitional measures in respect of activi- ties in wholesale trade and activities of intermedi- aries in commerce, industry and small craft industries	11.1.1963	Directive 64/222/EEC of 25 February 1964 (OJ 56, 4.4.1964)	
Industry and small craft industries			
Directive laying down detailed provisions concerning transitional measures in respect of activities of self-employed persons in manufacturing and processing industries falling within ISIC Major Groups 23-40 (industry and small craft industries) Amended by Directive 69/77/EEC of 4 March 1969 (OJ L 59, 10.3.1969).	9.4.1963	Directive 64/427/EEC of 7 July 1964 (OJ 117, 23.7.1964)	
Retail trade			
Directive laying down detailed provisions concerning transitional measures in respect of activities of self-employed persons in retail trade (ISIC ex Group 612)	30.3.1965	Directive 68/364/EEC of 15 October 1968 (OJ L 260, 22.10.1968)	
Personal service			
Directive laying down detailed provisions concerning transitional measures in respect of activities of self-employed persons in the personal services sector (ISIC ex Major Group 85): 1. Restaurants, cafes, taverns and other drinking and eating places (ISIC Group 852); 2. Hotel, rooming houses, camps and other lodging places (ISIC Group 853)	8.4.1965	Directive 68/368/EEC of 15 October 1968 (OJ L 260, 22.10.1968)	
Food manufacturing and beverage industries	,		
Directive laying down detailed provisions concerning transitional measures in respect of activities of self-employed persons in the food manufacturing and beverage industries (ISIC Major Groups 20 and 21)	15.4.1965	Directive 68/366/EEC of 15 October 1968 (OJ L 260, 22.10.1968)	

Previous list: Bull. EC 10-1983, point 3.5.1.

	Date transmitted to Council	Date adopted by Council
Wholesale coal trade		
Directive laying down detailed provisions con- cerning transitional measures in respect of activi- ties of self-employed persons in the wholesale coal trade and in respect of activities of inter- mediaries in the coal trade (ISIC ex Group 6112)	30.9.1969 (OJ C 152, 28.11.1969)	Directive 70/523/EEC of 30 November 1970 (OJ L 267, 10.12.1970)
Toxic products		
Directive laying down detailed provisions con- cerning transitional measures in respect of activi- ties relating to trade in and distribution of toxic products and activities entailing the professional use of such products including activities of inter- mediaries	21.12.1968 (OJ C 12, 4.2.1969)	Directive 74/556/EEC of 4 June 1974 (OJ L 307, 18.11.1974)
Various activities		
Directive on measures to facilitate the effective exercise of freedom of establishment and freedom to provide services in respect of various activities (ex ISIC Divisions 0.1 to 85) and, in particular, transitional measures in respect of those activities	30.11.1970 (OJ C 6, 22.1.1971)	Directive 75/368/EEC of 16 June 1975 (OJ L 167, 30.6.1975)
Doctors1		
Directive concerning the mutual recognition of diplomas, certificates and other evidence of for- mal qualification in medicine including measures to facilitate the effective exercise of the right of establishment and freedom to provide services	3.3.1969 (OJ C 54, 28.4.1969)	Directive 75/362/EEC of 16 June 1975 (OJ L 167, 30.6.1975)
Itinerant activities		
Directive on measures to facilitate the effective exercise of freedom of establishment and freedom to provide services in respect of itinerant activities and, in particular, transitional measures in respect of those activities	4.6.1970 (OJ C 99, 14.7.1970)	Directive 75/369/EEC of 16 June 1975 (OJ L 167, 30.6.1975)
Insurance agents and brokers		
Directive on measures to facilitate the effective exercise of freedom of establishment and freedom to provide services in respect of insurance agents and brokers (ex ISIC Group 630) and, in particular, transitional measures in respect of those activities	4.12.1970 (OJ C 14, 11.2.1971)	Directive 77/92/EEC of 13 December 1976 (OJ L 26, 31.1.1977)
Lawyers		
Directive to facilitate the effective exercise by lawyers of freedom to provide services	17.4.1969 (OJ C 78, 20.6.1969) and 19.8.1975 (OJ C 213, 17.9.1979)	Directive 77/249/EEC of 22 March 1977 (OJ L 78, 26.3.1977)

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	Date transmitted to Council	Date adopted by Council
Nurses responsible for general care ²		
Directive concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications of nurses responsible for general care, including measures to facilitate the effective exercise of right of establishment and freedom to provide services	14.10.1969 (OJ C 156, 8.12.1969)	Directive 77/452/EEC of 27 June 1977 (OJ L 176, 15.7.1977)
Transport		
Directive aiming at the mutual recognition of diplomas, certificates and other evidence of formal qualifications for goods haulage operators and road passenger transport operators, including measures to encourage these operators effectively to exercise their right to freedom of establishment	14.10.1975 (OJ C 1, 5.1.1976)	Directive 77/796/EEC of 12 December 1977 (OJ L 334, 24.12.1977)
Dental practitioners ²		
Directive concerning the mutual recognition of diplomas, certificates and other evidence of the formal qualifications of practitioners of dentistryn, including measures to facilitate the effective exercise of the right of establishment and feedom to provide services	3.3.1969 (OJ C 54, 28.4.1969)	Directive 78/686/EEC of 25 July 1978 (OJ L 233, 24.8.1978)
Veterinary surgeons ²		
Directive concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in veterinary medicine, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services	1.6.1970 (OJ C 92, 20.7.1970)	Directive 78/1026/EEC of 18 December 1978 (OJ L 362, 23.12.1978)
Midwives ³	•	
Directive concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in midwifery and including measures to facilitate the effective exercise of the right of establishment and freedom to provide services	12.12.1969 (OJ C 18, 12.2.1970)	Directive 80/154/EEC of 21 January 1980 (OJ L 33, 11.2.1980)
Services incidental to transport		
Directive on measures to facilitate the effective exercise of freedom of establishment and freedom to provide services in respect of activities of self-employed persons in certain services incidental to transport and travel agencies (ISIC Group 718) and in storage and warehousing (ISIC Group 720)	21.12.1965 (OJ 73, 23.4.1966)	Directive 82/470/EEC of 29 June 1982 (OJ L 213, 21.7.1982)

	Date transmitted to Council	Date adopted by Council
Hairdressing		
Directive laying down measures to facilitate the effective exercise of the right of establishment and freedom to provide services in hairdressing	29.7.1971 (OJ C 106, 23.10.1971)	Directive 82/489/EEC of 19 July 1982 (OJ L 218, 27.7.1982)
Architects ⁴		
Directive on the mutual recognition of diplomas, certificates and other evidence of formal qualification in architecture, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services	16.5.1967 (OJ 239, 4.10.1967)	Directive 85/384/EEC of 10 June 1985 (OJ L 223, 21.8.1985)
Pharmacists ⁵		
Directive concerning the mutual recognition of diplomas, certificates and other evidence of formal qualifications in pharmacy, including measures to facilitate the effective exercise of the right of establishment relating to certain activities in the field of pharmacy	3.2.1981 (OJ C 35, 18.2.1982)	Directive 85/433/EEC of 16 September 1985 (OJ L 253, 24.9.1985)

Amended by Directive 81/1057/EEC of 14 December 1981 (OJ L 385, 31.12.1981) and 82/76/EEC of 16 January 1982 (OJ L 43, 15.2.1982). Amended by Directive 81/1057/EEC of 14 December 1981 (OJ L 385, 31.12.1981). Amended by Directive 80/1273/EEC of 22 December 1980 (OJ L 375, 31.12.1980). Amended by Directives 85/614/EEC of 20 December 1985 (OJ L 376, 31.12.1985) and 86/17/EEC of 27 January 1986 (OJ L 27, 1.2.1986). Amended by Directive 85/584/EEC of 20 December 1985 (OJ L 372, 31.12.1985).

Note

Some of the Directives listed above have been supplemented by the Acts of Accession of Denmark, Ireland and the United Kingdom (OJ L 73, 27.3.1972), of Greece (OJ L 291, 19.11.1979) and of Spain and Portugal (OJ L 302, 15.11.1985).

II — Proposals currently before the Council

	Date transmitted to Council	
Engineers		
Directive laying down detailed provisions concerning transitional measures in respect of activities in the field of technical research, invention, consultancy and their application	8.5.1969 (OJ C 99, 30.7.1969)	
Transport		
Directive on access to the occupation of carrier of goods by waterway in national and international transport and on the mutual recognition of diplomas, certificates and other evidence of formal qualifications for this occupation	2.12.1983 (OJ C 351, 24.12.1983)	

	Date transmitted to Council	
General medical practice		
Directive on specific training in general medical practice	30.11.1984 (OJ C 13, 15.1.1985)	
General system		
Directive on a general system for the recognition of higher education diplomas	9.7.1985 (OJ C 217, 18.8.1985)	



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