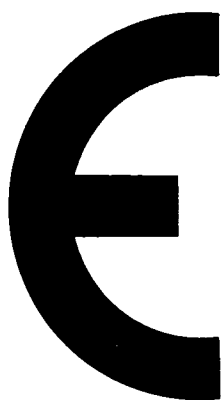


Bulletin

OF THE EUROPEAN
COMMUNITIES

Commission



No 10 1986

Volume 19

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Bulletin

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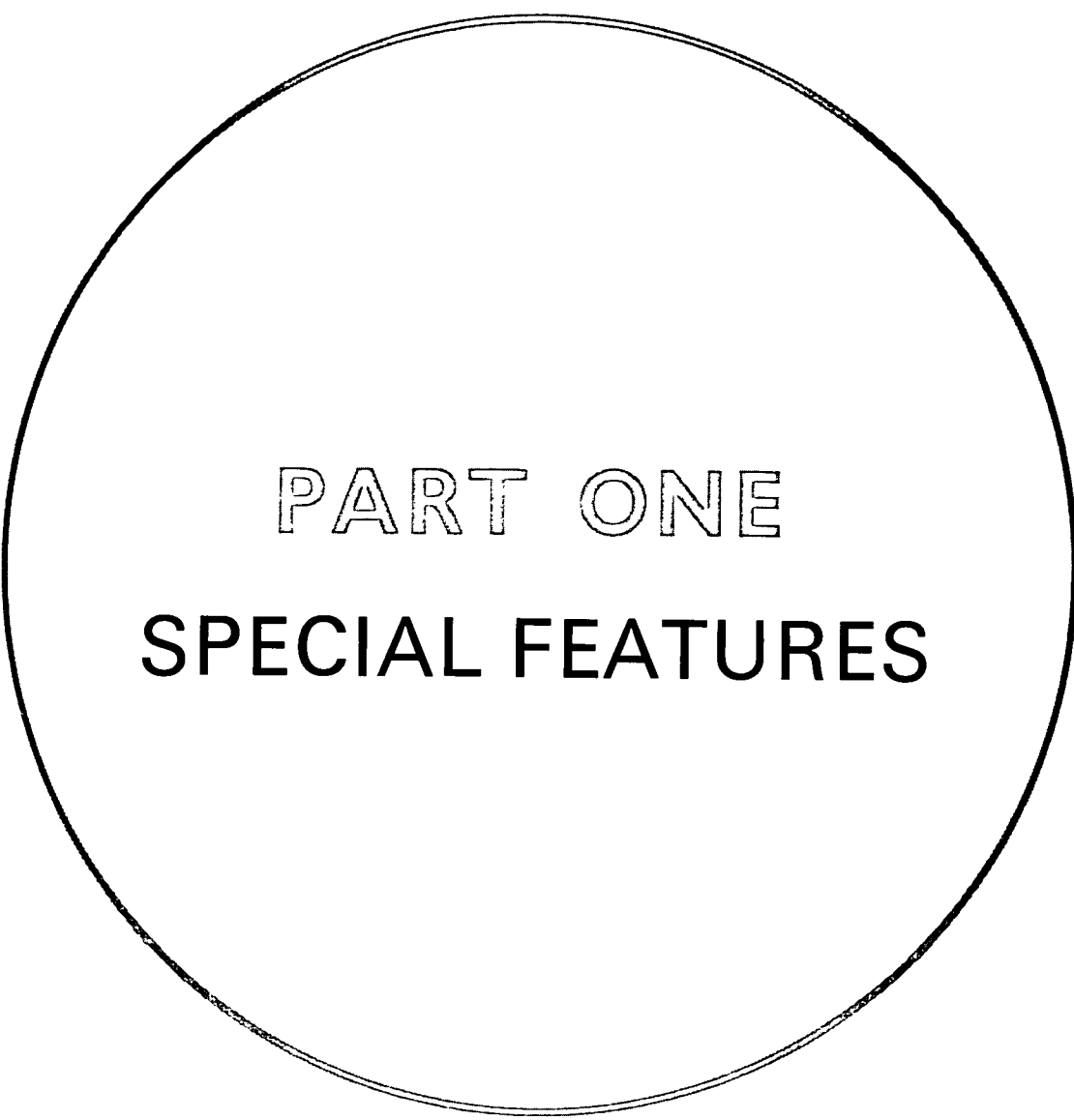
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PART ONE

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 (→ 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. Reduction of unemployment in a more dynamic European economy

Annual economic report 1986-87

1.1.1. In 1987 economic growth in the Community will continue for the sixth year running, a remarkable achievement, but unemployment, while down a little, will still be high. The policies implemented since the second oil shock have made an effective contribution towards restoring the foundations for sounder growth but their effects on the level of unemployment are working through only very slowly. The current level of unemployment cannot be tolerated and, far from being inescapable, can be reduced through balanced action bearing simultaneously on supply and demand. The easing of inflationary pressures and the improvement in payments balances produced by falling energy prices will provide the Community in 1987 and 1988 with a unique opportunity that needs to be seized.

This is the message contained in the annual economic report 1986-87, which the Commission sent to the Council on 21 October and to Parliament and the Economic and Social Committee.¹ In the report, the Commission reviews economic developments and prospects and updates the economic policy guidelines mapped out in the previous report, entitled 'Cooperative growth strategy for more employment'² and endorsed by the Council in December 1985.³ It comes to the conclusion that the economic policy recommendations set out in last year's report have certainly not been overtaken by events and must be implemented with vigour and determination. To that end, in accordance with Article 3 of the 1974 Council Directive on stability, growth and full employment,⁴ the Commission calls on Member States' governments and on the two sides of industry to initiate at national level the social dialogue necessary for the implementation of the economic policy proposed.

Initial situation and prospects

1.1.2. The report notes the positive developments at international level but points out that considerable efforts will be

required if the major problems facing the world economy are to be solved. The risks on the international front are seen to be the following:

- (i) a further significant fall in the dollar or uncontrolled exchange-rate movements;
- (ii) an insufficient or inappropriate adjustment process in Japan and the United States;
- (iii) a further large shift in oil prices;
- (iv) a worsening of the situation in the developing countries.

Within the Community, the following developments are forecast:

- (i) a slight acceleration in real GDP growth (to an expected 2.8% in 1987) that will not, however, be on the scale that it could and should be in order to bring about an appreciable and sustained fall in unemployment;
- (ii) an increase of some 0.8% a year in employment that will produce a decline in the unemployment rate, from 11% in 1986 to 10.8% in 1987, a performance which is regarded as thoroughly unsatisfactory;
- (iii) a similarly unsatisfactory pattern of growth between regions and Member States, with no tangible convergence in real per capita GDP, which is an essential element in reinforcing economic and social cohesion;
- (iv) dynamic real demand in the Community in response to the substantial improvement in the terms of trade;
- (v) sustained growth in investment such as to increase productive capacity but leaving the overall level of investment four percentage points of GDP below what it was before the first oil shock;
- (vi) a further fall in inflation rates together with some optimism that this greater stab-

¹ COM(86) 530 final.

² Bull. EC 10-1985, point 1.3.1 *et seq.*

³ OJ L 377, 31.12.1985; Bull. EC 12-1985, point 2.1.2.

⁴ OJ L 63, 5.3.1974.

ility and price convergence will be maintained and consolidated.

Community economic policy for 1987 and beyond

1.1.3. The improvement in supply-side conditions and the positive effects of the fall in oil prices are not sufficient to put the Community spontaneously back on to a growth path that would allow unemployment to be reduced to the desired extent. The present medium-term outlook indicates that, on unchanged policies and behaviour, the growth in real GDP is likely to remain below 3% and that the unemployment rate in the Community would therefore still be above 10% in 1990. Hence the need for deliberate and determined application of the cooperative growth for more employment, together with the mutually reinforcing effects of progress under other Community policies (i.e. internal market, technological advance, monetary cooperation and the EMS).

Objectives

1.1.4. For 1987, special emphasis is placed on the need for further improvement in supply-side conditions, notably through a moderate increase in real wages below the rate of productivity growth and through greater market adaptability. However, the report also underscores the need for a further boost to internal demand through renewed expansion in business investment as efforts are continued to improve profitability, reduce interest rates in a sound manner, promote the use of risk capital, induce a change in attitudes and encourage greater entrepreneurial readiness to take risks.

The report further stresses the important part that public finance policy has to play in implementing the Community strategy. The goal of medium-term consolidation of public finances must be further pursued. At the same time, it is important that all the existing and the future room for manoeuvre should be exploited in a determined fashion

and as quickly as possible in order to improve the conditions governing supply and demand through the lowering of taxes and social security contributions and by stepping up public investment. This margin comes from extra receipts and lower expenditures resulting from more vigorous growth and the increase in employment. However, the room for manoeuvre available to the various Member States differs very considerably and only a small group of Member States will probably be in a position to take action in this field in 1987 and 1988. It is important that other countries should join the group as the economic recovery progresses. This beneficial chain reaction will need to be reinforced through concerted action.

The report also takes the view that the basic thrust of monetary policy in the Community need not be altered and that the aim must continue to be appropriate financing of the scope for real growth while consolidating and, where necessary, improving performances in reducing inflation rates. Closer convergence coupled with the gradual liberalization of capital movements is further accentuating the need for greater economic policy coordination both domestically—as between monetary policy, fiscal policy and income trends—and at Community level between Member States. The progress made in establishing a zone of monetary stability is reducing dependence on external European economies.

Lastly, priority must be given to measures for improving market adaptability and the business environment; this includes fostering the establishment of small and medium-sized businesses, promoting vocational training and encouraging the development and application of new technologies. Completion of the internal market is an essential element in reinforcing competition and improving markets. Labour-market policy is especially important for the achievement of employment-creating growth. There is a particular need here for dialogue between the two sides of industry on the social repercussions of the improvements made.

Employers and unions should continue to settle for moderate real wage increases conducive to job creation until such time as employment-creating investment becomes sufficiently profitable and unemployment shows a continuing marked decline from one year to the next.

Methods

1.1.5. The social dialogue with and between the two sides of industry at Community level and especially at national level is crucial in achieving the objectives of the cooperative strategy.

In drawing up its annual economic report, the Commission has based itself on the initiatives launched at Community level in agreement with employers and unions and on the fundamental progress secured in the discussions of the working parties on the social dialogue at Val Duchesse.¹ It urges

that the social dialogue should now be initiated at national level and calls on Member States' governments and on the two sides of industry to work towards that end.

The Commission also plans to make an interim assessment of how the strategy is being implemented in the communication it is to send to the Council in July 1987. As a help in the performance of this task, the Commission has asked each of the Member States' governments to submit by the beginning of May 1987 a concise report setting out the initiatives and economic policy measures they have taken to implement the strategy. These reports—supplemented, where appropriate, by reports from the two sides of industry—could be examined by the Economic Policy Committee and in the context of the Community-level social dialogue.

¹ Bull. EC 11-1985, point 2.5.15; Bull. EC 4-1986, point 2.4.21; Bull. EC 6-1986, points 2.4.13 and 2.4.14.

2. New policy on aid to shipbuilding

1.2.1. On 2 October the Commission sent the Council a proposal for a sixth Directive on aid to shipbuilding,² which translates into operational measures the broad principles set out in the communication concerning a new strategy in this regard that it presented in August.³ It is intended that this new instrument should follow on from the fifth Directive, which lapses on 31 December. The fifth Directive, adopted in 1981⁴ and twice extended,⁵ established a set of rules for State aid that were designed to help restore the competitiveness of this crisis-stricken industry. In order to secure authorization by the Commission, aid had to be justified by restructuring measures and to diminish progressively, the aim being to discontinue aid entirely upon expiry of the Directive.

The lack of recovery and the bleak outlook on the market as far as new orders are concerned have led the Commission to remodel its strategy. The new proposal is being introduced against a background of an alarming shortage of work and of potential orders for the world and Community shipyards and, within the Community, a sharp decline in employment in the industry. The Commission therefore sent the Council, with the proposal, a communication setting out its analysis of the industrial, regional and social aspects of the

² OJ C 281, 7.11.1986; COM(86) 531 final.

³ Bull. EC 7/8-1986, point 2.1.82.

⁴ OJ L 137, 23.5.1981.

⁵ OJ L 371, 30.12.1982; OJ L 2, 4.1.1985.

industry as a basis for its consultations with the authorities in Member States, together with unions and trade associations.¹ Arising out of these consultations, the Commission will produce a comprehensive communication.

Proposed sixth Directive

1.2.2. The new Commission proposal advocates a more rigorous and more restrictive aid policy; it is centred on the idea of concentrating assistance on specialized production areas and on the Community's most efficient yards. Its main features are described below.

(i) The industrial policy objective is to make restructuring more specific, in other words to adapt shipbuilding resources to the market so as to establish a Community core centred on the most efficient yards.

(ii) Production aid is to be geared towards supporting specialized yards capable of eventually facing up to international competition, while at the same time avoiding distortion of competition within the Community. To this end, it is proposed that a reduced level of production aid be authorized which must not exceed a stated ceiling; all forms of direct and indirect production aid will be taken into account in calculating this ceiling. It will be set by the Commission on the basis of the difference between the cost structures of the Community's most competitive yards and the prices charged by their main Far East competitors in those parts of the market in which Community yards remain the most competitive in relative terms. The Commission will consult the Member States before setting or revising the ceiling — operations to be carried out at intervals not exceeding 12 months.

(iii) Operating aid will include aid to facilitate the continued operation of shipbuilding and ship conversion businesses, including loss compensation, rescue aid and all other types of operating aid not directly supporting particular restructuring measures. This may be deemed compatible with the common market provided that the aid,

together with production aid, expressed as a percentage of annual turnover, does not exceed the common ceiling.

(iv) Restructuring aid — aid to defray the normal costs incurred in the partial or total closure of shipbuilding or ship repair yards — may be considered compatible with the orderly functioning of the common market provided that the resulting capacity reduction is genuine and irreversible. It will be subject to strict monitoring by the Commission. Aid for closures may cover the following costs: payments to workers made redundant or retired before the statutory retirement age; payments to workers for vocational retraining; expenditure incurred for the redevelopment of yards for industrial use other than shipbuilding and ship repair. The amount and intensity of aid must be justified by the extent of the restructuring effort involved. Account will, however, be taken of the structural problems of the regions concerned and, in the case of conversion to other industrial activities, of the Community legislation and codes applicable to those activities.

(v) Aid for research and development may be granted.

The new Directive will operate for five years and should contain transitional provisions for Spain and Portugal to take account of the fact that restructuring is less advanced in these new Member States, in which the Directive will apply only after 31 December 1989. Until then, aid for shipbuilding will be considered compatible with the common market provided that it is progressively reduced and is geared towards supporting a systematic restructuring programme which can be considered capable of making yards competitive — from 1990 onwards — under the conditions for implementing the Directive.

All Member States' aid plans are to be notified to the Commission, which will systematically monitor restructuring progress.

¹ COM(86) 553 final.

Communication on the industrial, social and regional aspects of the industry

Industrial aspects

1.2.3. In its communication, the Commission emphasizes that in view of the structural shrinkage of the world shipbuilding market, which itself results from a structural decline in shipping requirements, and having regard to the competition, notably from Far Eastern countries (Japan and South Korea), it will not be possible to maintain the Community's shipbuilding industry at its present level. The reduction in capacity already under way could amount to one third of production capacity — and more as far as jobs are concerned. Optimum effects from restructuring will be achieved if work is concentrated on yards which have a real chance of competing on the world market.

Social aspects

1.2.4. On the basis of foreseeable levels of activity and the restructuring that is still necessary, it is probable that 25 000 to 30 000 jobs will be lost by the end of 1987 and 40 000 to 45 000 by the end of 1989. The Commission therefore believes that a substantial development of existing funds, particularly the Social Fund, will be required and that a number of specific employment measures could be contemplated such as a Community redundancy payment, a conversion payment and a mobility premium. The budgetary cost of these measures is estimated at 5.5 million ECU for 1987 (85 million ECU for 1987-89).

Regional aspects

1.2.5. The Commission considers that as far as intervention by the European Regional Development Fund (ERDF) is concerned, an increase in appropriations of some 70 million ECU for 1987-89 is required in order to help finance Community pro-

grammes or national programmes of Community interest in areas that are in a difficult socio-economic situation on account of the crisis in the shipbuilding industry. One thing that needs to be done is to put the Spanish and Portuguese shipbuilding areas concerned on an equal footing with the corresponding areas of the Community of Ten that are already covered by specific ERDF measures.¹ These measures are also to be extended to areas of the Community which have not, in the past, been eligible.

*

1.2.6. The Ministers for Industry, at a Council meeting on 20 October, held an initial discussion on the Commission proposal for a sixth Directive on aid to shipbuilding. They also heard a presentation by a Commission representative on the industrial, regional and social aspects of the policy contemplated in this new proposal.

There was broad agreement on the need to replace the fifth Directive, on its expiry at the end of 1986, with an instrument that would, on the one hand, take account of the problems posed by competition from the Far East and, on the other, encourage further restructuring in the Community, especially of the less efficient yards, and open the industry up to intra-Community competition.

To this end, there was broad agreement with the principle of setting a common aid ceiling to be fixed with reference to the difference between the cost structures of the most competitive Community yards and the prices charged by their main international competitors, though some Member States believed that there should be more than one ceiling for different types of ship.

Most Member States agreed that there should be separate provision for aids for restructuring purposes, outside the ceiling, as long as they are tightly controlled.

¹ OJ L 27, 31.1.1984; Bull. EC 1-1984, point 2.1.54; OJ L 350, 27.12.1985; Bull. EC 12-1985, point 2.1.128.

3. Action programme for small and medium-sized enterprises

1.3.1. At a meeting of Industry Ministers on 20 October the Council warmly welcomed the action programme for small and medium-sized enterprises presented by the Commission on 8 August.¹ The Council unanimously approved a resolution agreeing to the main lines of policy and the strategy in the programme.² It also issued a statement on reducing the administrative burden on business, in which the Commission was invited to make the necessary procedural arrangements for an exchange of information on action to improve the business environment.

The fact that the Council approved the resolution and the statement 'demonstrates that there is a consensus among governments to support the policy which the Commission has entrusted to me' — so stated Mr Matutes, the Commission Member with special responsibility for small business policy — 'at a time when the Commission is embarking on a number of measures which constitute the first steps towards a genuine European Community business policy'.

Council resolution

'The Council ...

Whereas all enterprises benefit from the action programme for SMEs;

Considering the objectives of integration, completion of the internal market and the implementation of the Community's policy on economic convergence and of the cooperative growth and employment strategy;

Considering that the important role which the creation and development of SMEs can play in the creation of employment and the specific problems they face in the various Member States call for a Community strategy covering SMEs which will complement national action in this area;

Noting that the development of SMEs is an essential part of a number of Community policies and initiatives under examination by the Council, for example in the framework of employment-creating measures,

Approves in principle the main lines of the policy followed and the strategy in the action programme, subject to approval of individual proposals and their financial implications, and invites the Commission to report periodically on the realization of the objectives.'

Council statement on reducing the administrative burden on business

'The Council...

(i) noted with satisfaction that the assessment procedure introduced by the Commission, under which all new proposals are accompanied by a note containing realistic estimates of costs on business, became operative on 1 June 1986. The Council invited the Commission to report on the initial operation of the system;

(ii) noted the Commission's intentions concerning plans to reduce the burdens on business, particularly those resulting from existing Community instruments as mentioned in the communication. The Council invited the Commission to report on the results of the outside consultants' study, with appropriate recommendations for action;


(iii) agreed to a regular exchange of information on action undertaken by Member States and the Commission to improve the business environment, and invited the Commission to make the necessary procedural arrangements;

(iv) welcomed the Commission's intention to report on the links the SME Task Force had established with business organizations and the role and effectiveness of their contribution to its work on reducing administrative burdens;

(v) expressed its intention of reviewing the position, in the light of these reports, in the first half of 1987.'

¹ Bull. EC 7/8-1986, point 1.3.1 *et seq.*

² OJ C 287, 14.11.1986.

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PART TWO

ACTIVITIES
IN OCTOBER 1986

1. Building the Community

Economic and monetary policy

Council

2.1.1. At its economic and financial affairs meeting on 13 October the Council had a thorough discussion of the proposal for a Decision concerning NCI IV.¹ It considered whether the operations proposed for assisting small businesses should be carried out by renewing the NCI mechanism or whether they should be entrusted to the European Investment Bank. The Council asked the Permanent Representatives Committee to continue work on the subject so as to enable the Council to take a decision at its next meeting.

Following discussion on CAP expenditure, the President drew a number of conclusions concerning the worrying budgetary situation arising from accumulating surpluses of agricultural produce and stocks (→ point 2.1.132).

Economic situation

Annual economic report 1986-87

2.1.2. On 27 October the Commission transmitted to the Council, Parliament and the Economic and Social Committee the annual economic report 1986-87² (→ point 1.1.1 *et seq.*).

Capital movements

Liberalization programme

2.1.3. On 22 October Parliament delivered an opinion³ on the proposal for a Directive to extend the Member States' current obligations to liberalize capital movements.⁴

The opinion states that the liberalization of capital movements has to be a gradual process which makes due allowance for the different social and economic conditions prevailing in the Member States. With a

view to the strengthening of economic and social cohesion in the Community envisaged by the Single European Act,⁵ Parliament feels that the process must be accompanied by measures to direct capital flows towards sectors which need investment. The desirability of avoiding safeguard clauses and of encouraging instead Community measures is also stressed.

Lastly, Parliament calls upon the Commission to draw up a report every year on the progress being made towards the liberalization of capital and its effects on other common policies.

Monetary Committee

2.1.4. The Monetary Committee held its 327th meeting on 30 October, with Mr Tietmeyer in the chair. The main items on the agenda were an examination of the economic and monetary situation in Spain and discussion of the Community's financial relations with Japan.⁶

*

2.1.5. On 27 October the Representatives of the Governments of the Member States, meeting within the Council, adopted a Decision⁷—on a proposal from the Commission⁷—providing for Member States to take the necessary measures to ensure the suspension of new direct investments in South Africa by natural or legal persons resident in the Community and laying down the details of that suspension.⁸

¹ OJ C 163, 3.7.1985; Bull. EC 5-1985, point 2.1.3.

² COM(86) 530 final.

³ OJ C 297, 24.11.1986.

⁴ OJ C 229, 10.9.1986; Bull. EC 6-1986, points 1.3.1 to 1.3.4.

⁵ Supplement 2/86 — Bull. EC.

⁶ Bull. EC 4-1986, point 2.2.13.

⁷ Bull. EC 9-986, point 2.1.6.

⁸ OJ L 305, 31.10.1986.

Internal market and industrial affairs

Completing the internal market

Council

2.1.6. At an internal market meeting on 7 October the Council reached broad agreement on the proposal for a Directive on the noise emitted by domestic appliances (→ point 2.1.121). Progress was also made with five major proposals concerning pharmaceutical products.¹ The Council discussed the status of the Presidency's rolling programme for the period 1 July 1986 to 1 July 1987.

*

2.1.7. On 24 October the Commission sent to the Council a proposal for a Regulation on the abolition of exit formalities at internal Community frontiers (introduction of common border posts), as envisaged in the White Paper on completing the internal market (→ point 2.1.56).

2.1.8. On 23 October Parliament passed two resolutions on the internal market (→ point 2.4.24).²

Free movement of persons and freedom to provide services

Mutual recognition of diplomas and access to occupations

Nurses

2.1.9. At its meeting on 21 and 22 October the Advisory Committee on Training in Nursing, whose members for a new three-year term (12 May 1986 to 11 May 1989) had recently been appointed by the Council, proceeded to elect its Chairman. It then continued its work in preparation for the symposium to be held on 20 and 21 October

1987 on changes in healthcare and the training of nurses in the 21st century. The Committee also finalized its future work programme, which will focus on the inadequate correspondence it believes to exist in the Member States between theoretical and practical training in nursing and possible ways of remedying it. It will also prepare a contribution on training in nursing for the Commission's 'Europe against cancer' programme.³ Finally, the committee heard statements on the monitoring and assessment of the training of nurses in Luxembourg and the United Kingdom.

Free movement of goods

*safeguard measures*⁴

2.1.10. On 15 October the Commission authorized Portugal to limit, up to 31 December 1987, imports of refrigerators and freezers originating or in free circulation in other Member States.⁵

Removal of technical and administrative barriers to trade

Industrial products

2.1.11. On 1 October the Commission published in the *Official Journal of the European Communities* a notice⁶ concerning the non-respect of certain provisions of the Council Directive of 28 March 1983 laying down a procedure for the provision of information in the field of technical standards and regulations.⁷ A major feature of the Community's policy for completing the internal market is prevention of new national barriers to intra-Community trade.

¹ 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.

² OJ C 297, 24.11.1986; Bull. EC 6-1986, point 1.3.1 *et seq.*

³ Bull. EC 5-1986, point 2.1.66.

⁴ For steel products, see points 2.1.26 and 2.1.27.

⁵ OJ C 260, 17.10.1986.

⁶ OJ C 245, 1.10.1986.

⁷ OJ L 109, 26.4.1983; Bull. EC 3-1983, point 2.1.8.

The Commission wishes to draw the attention of Member States and other interested parties to the fact that national technical standards and regulations adopted in breach of the Directive of 28 March 1983 are unenforceable against third parties and the Commission would expect national courts to refuse to enforce them. To prevent the erection of new barriers the Directive now requires all Member States to send the Commission all their draft technical regulations for industrial products (with the exception of food products for human consumption, pharmaceutical and cosmetic products) so that the Commission can examine them prior to their adoption in national law.

From 1 October Member States will be required, other than in special cases (urgent reasons relating to the protection of public health or safety), to suspend adoption of technical regulations:

- (i) automatically for a period of three months;
- (ii) for a period of six months when the Commission or another Member State raises a serious objection;
- (iii) for 12 months dating from the initial communication, when the Commission decides to initiate Community legislation in the field covered by the draft national legislation.

2.1.12. On 7 October the Commission adapted to technical progress¹ for the second time² 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.³ It reduces from 0.5% to 0.25% the lowest lead content for which a special warning label is required.

Foodstuffs

2.1.13. On 27 October the Commission amended⁴ its proposal for a Council Directive on the approximation of the laws of

the Member States relating to infant formulae and follow-up milks.⁵ This is in response to Parliament's request⁶ that the Commission should go even further in incorporating the principles and aims of the International Code of Marketing of Breast-Milk Substitutes into the Directive.

Small business — Business cooperation — Distributive trades

Small business

2.1.14. At an industrial affairs meeting on 20 October the Council approved a resolution on an action programme for small and medium-sized enterprises, together with a statement on reducing the administrative burden on business (→ point 1.3.1).

2.1.15. On 16 and 17 October the Commission and the Milan Chamber of Commerce jointly held a European conference on craft industries and small businesses the theme of which was 'The business environment and the new technologies'.

The Commission was represented by Mr Matutes, the Member with special responsibility for small business policy. The main items discussed were the internal market, the financing of innovation and the promotion of craft industries. A resolution was adopted at the end of the conference.

Industry

Council

2.1.16. On 20 October the Council approved a resolution setting out an action programme for small and medium-sized enterprises, together with a statement on

¹ OJ L 295, 18.10.1986.

² OJ L 147, 6.6.1983.

³ OJ L 303, 28.11.1977.

⁴ OJ C 285, 12.11.1986; COM(86) 564 final.

⁵ OJ C 28, 30.1.1985; Bull. EC 2-1984, point 2.1.17.

⁶ OJ C 120, 20.5.1986; Bull. EC 4-1986, point 2.1.13.

reducing the administrative burden on business (→ point 1.3.1). The Council discussed in detail the Commission proposals for a further liberalization of the steel quota arrangements (→ point 2.1.19) and took note of an oral report by Mr Peter Sutherland on the application of the code on aid to the steel industry (→ point 2.1.28). It also held a first discussion on the proposal for a sixth Directive on aid to shipbuilding (→ point 1.2.2). Finally, it noted a statement by Mr Karl-Heinz Narjes on the Commission's intentions concerning the specific programme for the development of Portuguese industry and a statement by the Portuguese delegation (→ point 2.1.17).

Specific programme for the development of Portuguese industry (Pedip)

2.1.17. On 17 October the Commission sent the Council a communication containing the results of its examination of the specific programme for the development of Portuguese industry submitted by the Portuguese Government in February under Protocol 21 to the Act of Accession and the declaration in which the Community undertook to provide assistance for the adaptation and modernization of Portugal's economy.

At the Council meeting on 6 June the Portuguese delegation had asked the Commission what stage had been reached in the examination of the programme, and the Commission undertook to report at the Council's next industrial affairs meeting. The Commission's position is as follows:

- (i) it formally acknowledges the reasons and need for a specific effort to assist the development of Portuguese industry, an objective already specified in the Act of Accession;
- (ii) it makes provision for the use of all the Community instruments, giving preference to integrated projects;
- (iii) it suggests to the Portuguese authorities that they structure the measures envisaged under the specific programme so that they can be coordinated on the basis of a

national industrial programme of Community interest.

Shipbuilding

2.1.18. On 16 October the Commission transmitted to the Council a communication on the industrial, social and regional aspects of its new policy on aid to the Community's shipbuilding industry (→ point 1.2.3 *et seq.*).

Steel

The Community steel industry

Market management

Crisis measures

Organization of the steel market in 1987

2.1.19. On 20 October the Council discussed in detail the Commission's proposals for further liberalization of the steel quota arrangements established under Article 58 of the ECSC Treaty for wire rod, merchant bars, galvanized sheet and primary products used in its manufacture, and small sections.¹

There was general agreement on the need to continue the process of liberalization in the light of market conditions and other factors.

The Council noted that the necessary majority existed in favour of liberalization of galvanized sheet and the repeal of Article 15 (b) of the Decision of 31 January 1984, by which the Member States are authorized to lodge complaints with the Commission when deliveries vary from traditional trade flows.² The Commission made a formal

¹ Bull. EC 9-1986, point 1.2.1 *et seq.*

² OJ L 29, 1.2.1984.

statement for entry in the Council minutes to the effect that it will continue its surveillance of deliveries.

The Council agreed to continue the discussion of all the points in the Commission proposal with a view to giving its assent, if possible, at its meeting on 18 November. The Commission undertook to present at the next Council meeting of Industry Ministers in November a first analysis of Eurofer's recent initiative and its implications for the future of the quota arrangements.

The Council also took of a report given orally by Mr Peter Sutherland on the application of the steel aids code (→ point 2.1.28).

2.1.20. The ECSC Consultative Committee adopted a resolution on 17 October calling for the quota system to be continued for as long as restructuring has not been completed (→ point 2.4.45).

2.1.21. On 23 October Parliament passed a resolution on the worsening of the situation in the iron and steel industry and the Commission's proposed liberalization measures for the steel sector (→ point 2.4.24).¹

Market situation

Production

2.1.22. The production of crude steel in the Community totalled 10 897 million tonnes in September, a drop of 5.2% compared with September 1985 for all the 12 present Member States and 4% for the 10 Member States in 1985.

Consumption

2.1.23. Estimates of crude steel consumption in the Western industrialized countries, at only 315 million tonnes indicate a further fall of 2% in 1987 compared with 1986 and 5% compared with 1985. The biggest drop will be in the United States, while the demand from developing countries will be 107 million tonnes as against 104 million in

1985. In the medium term the International Iron and Steel Institute (IISI) predicts a continuing decline in consumption in industrialized countries — 312 million tonnes in 1990, 308 million in 1995 — while the demand from developing countries will increase regularly by 3% a year, to reach 137 million tonnes in 1995.

Capacities

2.1.24. The IISI expects a capacity reduction of 100 million tonnes in the western industrialized countries, to be offset in part by a 24 million tonne increase in developing countries.

General objectives for steel in 1990

2.1.25. On 7 October the Commission sent the Council a report on the implementation of the general objectives for steel in 1990,² which forms part of the periodic examination of the economic situation in the steel industry, as promised when it presented the 1990 general objectives in July 1985.³ The changes in the macroeconomic context and the situation in the steel industry since then have prompted the Commission to check the validity of the assumptions used in the initial document.

The change in the macroeconomic situation has been fairly spectacular: the drop in oil prices, the depreciation of the dollar, bringing down the cost of imported raw materials, and the lowering of interest rates, mean that the economic prospects for the Community are considerably better. However, this development does not appear for the time being to have changed the basic outlook for the steel market, especially as the drop in the value of the dollar has stiffened world competition and made both our exports less profitable and our markets more attractive to producers from many non-Community countries.

¹ OJ C 297, 24.11.1986.

² COM(86) 515 final.

³ OJ C 239, 20.9.1985; Bull. EC 7/8-1985, point 2.1.27.

The steel industry has therefore not benefited from these first signs of a macro-economic recovery; it is almost as if the opposite were true. A relatively favourable period for production in 1984 and 1985 as well as the first few months of 1986 have been followed by a period of caution and hesitation. Speculators anticipating a downturn are, at this moment, even having a negative effect on overall internal demand, which is, however, still with the forecasts — 83 to 89 million tonnes of finished products.

On the supply side, there is still a structural imbalance in relation to effective demand, and, in view of the restructuring already undertaken, it might be necessary to introduce changes in the configuration of the industry going well beyond the envisaged capacity reduction. On the other hand, taking steel production as a whole, it may be possible to make further productivity gains upstream and downstream of the hot-rolling stage (where most of the restructuring effort has been concentrated so far).

It is against this background that, between now and 1988, the steel industry has to equip itself to compete in a market which, by then, should be totally open to competition. The industry must therefore use the intervening period to complete its restructuring efforts. The steel industry cannot continue to operate in the regulated climate which has so far partially protected it from normal economic conditions, because to do so would be to risk ossification of its structures and a tendency not to adapt to new market conditions.

Accession-related measures

Protective measures for Spain

2.1.26. On 1 October the Commission adopted an extension¹ of the protective measures granted in March 1986 on the basis of Article 379 of the Act of Accession to curb exports to Spain from the other Member States of hot-rolled sheet, heavy plate and cold-rolled sheet.² The new Commission Decision authorizes Spain to restrict up to 31 December 1986 — a period

that ought to be long enough — deliveries to Spain of wire rod and galvanized sheet from the other Member States. These restricted quantities may not be less than 9 000 and 1 500 tonnes respectively.

Protective measures for Portugal

2.1.27. On 15 October the Commission decided to grant up to the end of the year the protective measures requested by Portugal on the basis of Article 379 of the Act of Accession in respect, in particular, of imports of concrete reinforcing bars including plain bars, wire rod and small sections originating in Spain.³ The measures are retroactive to 1 October, the tonnages laid down covering the last three months of the year.

The limits on these imports are 2 300 tonnes for reinforcing concrete bars including plain bars, 1 350 tonnes for wire rod and 286 tonnes for small sections.

Competition

2.1.28. The Council took note of a report presented orally by Mr Peter Sutherland, the Member of the Commission with special responsibility for competition, on the application of the steel aids code. Recalling its unanimous approval on 29 October 1985 of a strict new code of rules on State aid to the steel industry for the period 1986-88,⁴ it welcomed the Commission's determination to ensure that Article 4(c) of the ECSC Treaty and the new code continue to be rigorously applied.

Trade with non-member countries

Imports

External aspects of the crisis measures

Stocktaking and prospects

2.1.29. On 29 October the Commission adopted for transmission to the Council

¹ OJ L 305, 31.10.1986.

² OJ L 80, 25.3.1986; Bull. EC 3-1986, point 2.1.25.

³ OJ C 260, 17.10.1986.

⁴ Bull. EC 10-1985, point 1.2.3.

a communication on the stocktaking and prospects of the external commercial policy of the Community in the steel sector.¹

By comparison with 1977, the year in which the present commercial policy measures were introduced,² the steel sector, despite the marked recovery in the Community, remains fragile. The situation has also deteriorated on a world scale as a result of the development of surplus capacity and restrictive commercial measures adopted by numerous countries.

In the circumstances, while faithfully upholding the principle that trade in steel must remain as free from restrictions and distortions as possible, the Commission feels that the Community should, during a transitional period, retain the principal contractual and autonomous commercial policy measures.

2.1.30. As regards contractual measures, the Commission considers that the system of arrangements with steel countries should be reviewed in the light of the outcome of the new GATT round³ and the opening of the American market:

(i) In the case of EFTA countries, which in 1985 supplied 44% of total steel imports into the Community, unless some prefer to keep the existing arrangements, the Commission suggests simple exchanges of letters, which have the advantage of being more effective in solving the problems arising in trade in steel products.

(ii) In the case of the eastern bloc countries, which supply more steel to the Community than they buy from it, the Commission does not propose any change in the structure of arrangements concluded with them, but considers that the number of subquantities mentioned in these arrangements should be reduced and that the quantities should be adjusted in line with real market trends.

(iii) For the other countries, the Commission proposes that arrangements be negotiated only where a non-member country is unable to prevent its producers causing distortions of competition on the Com-

munity market. It suggests that arrangements not be renewed with countries where exports to the Community have dropped appreciably. Finally, the fate of the arrangement with South Africa will depend on the economic measures the Community applies in respect of that country.

(iv) The Commission also recommends a more open policy towards developing countries, whose economic and financial situations as well as their attitude regarding imports from the Community must be taken into account.

Product coverage must be gradually reduced in the arrangements, but in view of the trend of imports in 1986 the Commission will not be proposing any further change in the coverage for 1987. Lastly, the final elimination of anti-dumping or countervailing duties will mean that the exchanges of letters regarding the suspension of duties and product subcategories for the country concerned will not be renewed.

2.1.31. With regard to autonomous measures, in the next few years it will be necessary to take account of the political commitments resulting from the declaration made at the GATT meeting in Punta del Este³ and gradually introduce some flexibility into the remaining unilateral quantitative restrictions. The system of basic prices should be updated.

The Commission will examine the ways in which the Community's existing rules on anti-dumping and countervailing duties based on the GATT codes can be put into action more effectively and more rapidly.

Finally, the Commission proposes a Community-level investigation of whether the public financing or support of surplus capacities might not be better controlled by some kind of initiative involving export credits, in conjunction with the OECD Steel Committee.

¹ COM(86) 585.

² Eleventh General Report, point 148 *et seq.*

³ Bull. EC 9-1986, point 1.4.1. *et seq.*

Autonomous measures

2.1.32. As Yugoslavia far exceeded the ceiling laid down for its exports of ferro-silicon, the full duties of 6.2% were reintroduced up to the end of the year.¹

Research and technology, industrial innovation and the information market

Community R & D policy

Framework programme

Council

2.1.33. At its Research Ministers meeting in Luxembourg on 21 October the Council examined in detail a number of fundamental questions concerning the new framework programme 1987-91² on which it was necessary to obtain guidelines in order to stimulate and direct the technical discussions which would enable the substantive decision to be taken.

The deliberations confirmed the desire of all the Member States to reach a decision by the end of the year.

The discussion on scientific and technical priorities revealed that a certain consensus already existed with regard to the possible inclusion of a number of projects in the new framework programme (although differences emerged concerning the degree of priority to be accorded to other activities).

After an exchange of views, the Council asked its committees to carry out a more detailed examination of the structure of the Commission document and the description of activities it contains.

The Council also considered the treatment of the following points: evaluation in the context of Community R&D, relationship with other international R&D activities, particularly COST and Eureka, the share of

resources to be allocated to direct-, indirect- and concerted-action projects, the definition of selection criteria, relationship to other Community policies, the role of small businesses and the adjustment of financial contributions and repayable advances.

The Council also began discussion of the financial allocation for the future framework programme and its specific programmes.

Following that discussion, the Council instructed its subsidiary bodies to continue their work on all the problems involved in close cooperation with the Commission and with the Crest Committee in the case of certain aspects in preparation for the Council meeting on 9 December.

Stimulation of European scientific and technical cooperation and interchange

2.1.34. At a meeting in Brussels on 7 October the Committee for the European Development of Science and Technology (Codest) examined the Commission proposal for a framework programme of research and technological development (1987-91),² noting with satisfaction that it indicated an increase in Community resources allocated to research.

The Committee also discussed the results of the recent successful Codest conference in Groningen on metastable materials and decided that the next conference would be devoted to biocommunication.

Lastly, the Committee examined 136 research proposals submitted under the stimulation plan (1985-88).³ Because of the limited resources available, it was able to recommend only 25 of these, relating to widely differing topics (e.g. motor control and locomotive coordination in crus-

¹ OJ L 295, 18.10.1986.

² Bull. EC 3-1986, point 1.1.1. *et seq.*; Bull. EC 7/8-1986, point 1.2.1 *et seq.*

³ OJ L 83, 25.3.1985; Bull. EC 12-1984, points 1.7.1 and 1.7.2.

taceans, rupture behaviour of certain materials and components, microstructural development and mechanical behaviour of certain types of clay), for selection by the Commission.

International cooperation

EFTA countries

2.1.35. On 20 October the Commission presented a proposal¹ for a Council Decision concerning the final conclusion, on behalf of the Community, of the Framework Agreements for scientific and technical cooperation between the Communities and Sweden, Switzerland, Finland, Norway and Austria, which were signed earlier in the year.²

COST cooperation

2.1.36. At a meeting in Istanbul on 2 and 3 October the COST Committee of Senior Officials examined the relationship between COST activities and Community research in the context of the Committee's 'conclusions' relation to the future role of COST³ and the proposal for a Community framework programme (1987-91) of research and technological development.⁴

After outlining the proposed framework programme, the Commission representative informed the Committee of the Commission's view of COST in relation to that programme and to bilateral cooperation and Eureka. The Committee expressed its regret at the removal of COST from the framework programme proposal and called for its reinsertion when the programme was adopted by the Council.

The question of COST-Eureka relations was mainly discussed during the examination of COST activities in the transport sector. The general line to emerge was that this relationship should be based on a prior and regular exchange of information which would eliminate any risk of overlap and that the Commission should be given a role with real substance in this connection.

The application to COST and Eureka projects of such criteria as the origin of proposals, admission and participation arrangements, project size, financing and, in particular, the objectives of the research in question would demonstrate that as a rule, especially when they fall within the same research sector, these projects are distinctly complementary.

2.1.37. Memoranda of Understanding in respect of the following COST projects were signed in October: 305 (data system for the study of demand for interregional passenger transport)—by Spain on 9 October; 215 (High-bit-rate optical fibre systems)—by Austria on 7 October and the Netherlands on 16 October; 73 (Weather radar networks)—by Belgium and Switzerland on 16 October; 306 (Automatic transmission of transport data)—by the Federal Republic of Germany, Finland, Spain and France on 22 October; 308 (Ship maintenance management)—by Denmark, Spain and France on 22 October.

2.1.38. An international conference on high-temperature alloys for gas turbines and other applications was held in Liège under the auspices of COST from 6 to 9 October. The aim of this conference, the third in a series organized every four years in Liège and attended by more than 250 scientists, was to review the results obtained during the past four years under COST Projects 50 and 501 on high-temperature materials.

Sectoral R&D activities

Energy

Nuclear fission energy

2.1.39. In the context of the third shared-cost research and development programme

¹ COM(86) 554 final.

² Bull. EC 1-1986, point 2.1.25; Bull. EC 4-1986, point 2.2.18; Bull. EC 6-1986, point 2.1.52; Bull. EC 7/8-1986, point 2.1.37.

³ OJ C 247, 3.10.1986; Bull. EC 7/8-1986, point 2.1.39.

⁴ Bull. EC 3-1986, point 1.1.1. *et seq.*; Bull. EC 7/8-1986, point 1.2.1 *et seq.*

on the management and storage of radioactive waste (1985-89),¹ a meeting was held in Brussels on 9 and 10 October with a view to the conclusion of an agreement in this field between the Commission and the Canadian company AECL. Information was exchanged on various topics, including determination of the safety of high-activity waste repositories in geological formations and the study of radionuclide migration in the geosphere on the basis of an examination of similar natural phenomena.

2.1.40. On 15 October, in collaboration with the OECD's Nuclear Energy Agency (NEA), the Commission organized a symposium at the JRC Ispra Establishment at which it presented the results of the projects on the inspection of steel components in nuclear reactors (PISC II). This project, conducted under the auspices of the NEA, involves the participation of several laboratories, including the JRC, which has a central role.

2.1.41. From 22 to 24 October the Commission organized a meeting in Brussels to mark the official launching of the European Safety and Reliability Association (ESRA). Specialists from industry and the academic world in several Member States were present. ESRA is an informal association which acts as a 'communications network' between national and international groups, research centres, institutes, universities and industrial companies concerned with safety and reliability problems.

Non-nuclear energy

2.1.42. On 30 September an information meeting, intended primarily for journalists and members of the European Parliament, was organized in Brussels in connection with the third programme of research in the field of non-nuclear energy.¹ Those present at this event heard an account of the most recent developments in the research sectors covered by the programme, namely solar, wind, geothermal and biomass energy, energy saving, the use of solid fuels, production and use of new energy vectors, opti-

mization of hydrocarbon production and use, energy systems analysis and modelling.

Industry

New technologies

Information technology

Esprit programme

2.1.43. The requirements for the successful completion of the Esprit programme,² are as follows: the continuation and consolidation of cooperation at the precompetitive stage; resolute action for the development of standards; creation of communications networks geared to the needs of computerized information; and, more generally, the completion of the internal market. These were the main lines of the discussions at the third Esprit Technical Week.³

During the Information Technology Forum on 1 October, nearly 1 000 participants and 86 journalists were given 21 impressive demonstrations of Esprit projects and heard speakers such as Mr Geoffrey Pattie, UK Minister of State for Industry and Information Technology and current President of the Council, express their conviction of the need for continuing efforts at Community level.

Telecommunications

RACE programme

2.1.44. On 29 October the Commission sent the Council a proposal for a Regulation on a Community action in the field of telecommunications technologies (RACE). This action is the follow-up to the 18-month definition phase of the programme,⁴ which

¹ OJ L 83, 25.3.1985; Bull. EC 3-1985, point 2.1.141.

² OJ L 67, 9.3.1984; Bull. EC 2-1984, point 1.3.1 *et seq.*; Bull. EC 5-1986, point 2.1.39.

³ First Technical Week: Bull. EC 9-1984, point 2.1.21; Second Technical Week: Bull. EC 9-1985, point 2.1.137.

⁴ COM(86) 547 final.

was approved by the Council in July 1985 and is due to expire at the end of the year.¹

The main purpose of the definition phase was the execution of the tasks necessary in order to improve the definition of fundamental requirements in the field of integrated broadband communications (IBC). In the light of developments in recent months and of the experience and provisional results acquired during the definitive phase, the objective of RACE as a Community action has been reviewed. Covering the years from 1987 to 1991, it now comprises the following three aspects:

- (i) development of the necessary technological base for IBC;
- (ii) execution of the precompetitive development work required for the supply of experimental equipment and services for IBC demonstrations: this work covers such IBC basic and support technologies as specific integrated circuits and broadband switching techniques;
- (iii) functional integration prior to standardization: this aspect concerns cooperation with a view to the creation of an 'open verification environment' for the assessment of functions, operational concepts and experimental equipment.

For each year of the programme, the Commission will draw up a work plan defining detailed objectives and the types of project and action to be undertaken. Projects will generally be executed under shared-cost contracts providing for a maximum Community contribution of 50% of total costs. These contracts, which will be awarded on the basis of public calls for proposals, will involve the participation of at least two industrial partners who are totally unconnected and are not established in the same Member State.

STAR programme

2.1.45. On 27 October the Council adopted the STAR programme, which is designed to provide greater access to advanced telecommunications services for

less-favoured Community regions (→ point 2.1.107).

Direct TV broadcasting by satellite

2.1.46. On 22 October Parliament delivered its opinion² on the proposal for a Council Directive on the adoption of common technical specifications of the MAC/packet family of standards for direct satellite television broadcasting.³ Parliament adopted a resolution on this subject in May.⁴

In the opinion Parliament repeats its request for information on the problem of the inter-compatibility of different MAC systems and on the cost of achieving such compatibility. It regrets that the Council has already taken a decision in principle in favour of the MAC family of standards⁵ before receiving satisfactory answers to the questions put to the Commission.

Parliament nevertheless supports the proposals, seeing it as the most realistic approach under present circumstances, although it does not regard the Commission's choice of the MAC family as the best solution from the technical or commercial standpoint.

Lastly, it stresses that the Community must devise a European strategy for high-definition television and its associated technological developments. The European industry must exploit to the full the two-year breathing space provided by the meeting of the International Radio Consultative Committee in Dubrovnik in May.

Agriculture and fisheries

2.1.47. As a measure to promote the dissemination of information and research results, a symposium on increasing the use of cereals in livestock feeding was held in

¹ OJ L 210, 7.8.1985; Bull. EC 7/8-1985, point 2.1.225.

² OJ C 297, 24.11.1986.

³ OJ C 59, 14.3.1986; Bull. EC 1-1986, point 2.1.37.

⁴ OJ C 148, 16.6.1986; Bull. EC 5-1986, point 2.1.40.

⁵ Bull. EC 6-1986, point 2.1.60.

Brussels on 15 and 16 October. It made a comprehensive review of research already conducted in the spheres of crop productivity and stock breeding.

Environment

2.1.48. A symposium on the scientific basis for soil protection in the European Community took place in Berlin from 6 to 8 October. It was jointly organized by the Commission and the Berlin Senate under the third research programme in the field of environmental protection.¹

The soil may be regarded as a largely non-renewable natural resource; damaged or impoverished as a result of the destructiveness of agricultural or industrial activities, it recovers to only a limited extent and over an extremely long period. More particularly, it acts, like the ocean, as a final repository for numerous forms of waste, i.e. everything which directly or indirectly, accidentally or continuously, is deposited on the soil, penetrates it rapidly, sometimes remains there for very long periods and accumulates.

The soil deterioration observable in Europe in recent years has made soil conservation and protection a subject of growing concern in the Member States. The many aspects of this problem include: the effects of intensive agriculture, large scale stock-farming or single-species forestry; the consequences of the use of pesticides and fertilizers, land consolidation, the disappearance of barriers and the development of certain tourist and leisure activities; and pollution due to atmospheric acid deposition ('acid rain'), heavy metals and all types of industrial waste.

Any action in this field, be it in the form of legislation or the development of new agricultural or industrial processes, must be based on sound scientific knowledge. The Berlin symposium was intended to provide an opportunity for as complete as possible a review of the knowledge on all the topics in question currently available within the Community.

Health and safety

2.1.49. On 29 October the Commission sent the Council and Parliament a proposal for a new multiannual research and development coordination programme in the field of medical and health research (1987-89).² The Commission is proposing a budget of 37 million ECU for this programme with a view to enabling the Community to expand the coordination activities which it has been conducting in the field of European medical research since 1978 and to extend them to other areas. Among the most important of these are research into cancer and AIDS, which have so far been the subject of only limited Community action. Like its three predecessors, the last of which will be completed at the end of this year,³ the new medical research programme is to be implemented in the form of concerted-action projects.

The choice of cancer as one of the priority research topics of the new programme can be seen as a follow-up to the conclusions of the Milan European Council⁴ and provides concrete evidence of the desire for joint European action in the fight against cancer expressed on that occasion. The action on cancer included in the new Community programme is based on the conclusions of a report entitled 'Europe against cancer', which was recently drawn up by a group of leading cancer specialists convened by the Commission,⁵ and on the action programme on cancer adopted on 7 July by the Council and the Representatives of the Governments of the Member States meeting within the Council.⁶ Among the areas covered are clinical and epidemiological research (occupational cancer, cancer and diet, etc.) and research on early detection and diagnosis.

¹ OJ L 159, 14.6.1986; Bull. 6-1986, point 2.1.67.

² COM(86) 549 final.

³ OJ L 248, 24.8.1982.

⁴ Bull. EC 6-1985, point 1.2.3.

⁵ Bull. EC 1-1986, point 2.1.78; Bull. EC 2-1986, point 2.1.91; Bull. EC 3-1986, point 2.1.92.

⁶ OJ C 184, 23.7.1986; Bull. EC 7/8-1986, point 2.1.112.

The action on AIDS research represents the extension and systematic coordination of Community efforts in this field, which last year was the subject of a number of initiatives under the current programme.

In addition to these sectors, the Commission's new programme proposal covers certain topics in several major areas of medical research which have already been studied under preceding programmes or which are entirely new; these include age-related health problems (research on cataracts and brain ageing, epidemiology and the prevention of dementia, etc.); research on health services (evaluation of screening programmes and Community care systems, etc.); medical technology (nuclear magnetic resonance (NMR) imaging techniques or positron emission tomography, EEG computer programmes, medical applications of lasers, etc.).

Development aid

2.1.50. On 29 October the Commission sent the Council and Parliament a proposal for a new multiannual research and development programme in the field of science and technology for development (1987-90).¹

With a budget allocation of 80 million ECU this new programme should make it possible to strengthen the scientific cooperation with Third World countries which the Community has been endeavouring to implement since 1982. Because of their vital importance to those countries, this cooperation centres on, agriculture, nutrition, medicine and health.

The new programme follows on from the first Community programme on science and technology for development (1983-86),² which is due to be completed at the end of this year.

Notwithstanding the encouraging results obtained under this programme, the Commission considers that its scientific cooperation with Third World countries can and must be improved. For example, the new

programme should make it possible to step up the research conducted in conjunction with South American and Asian countries or research of a highly interdisciplinary nature (in the fields of public health, nutrition, integrated rural development, etc.). The programme is also intended to deal more effectively with certain areas which have been insufficiently studied to date (tropical silviculture, fishing, etc.) and, in particular, to increase opportunities for South/South cooperation (between Third World countries).

Among the numerous topics covered by the research will be the improvement of tropical food species, integrated pest-control techniques, new fishing techniques, the management of tropical forest ecosystems, the evaluation and use of water resources, measures to control parasitic (malaria, sleeping sickness, schistosomiasis, etc.), bacterial (leprosy, tuberculosis, etc.) or viral (haemorrhagic fever, viral hepatitis, AIDS, etc.) diseases and environmental hygiene.

2.1.51. An important discovery in the field of research on trypanosomiasis (so-called sleeping sickness) which was made under the preceding programme (1982-86) has just been announced. This discovery strongly suggests the existence of a phase of sexual reproduction in the life-cycle of the trypanosome which is the protozoan parasite responsible for the disease. The discovery constitutes an advance that could prove important in the fight against this illness.

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2.1.52. On 10 October Parliament passed a resolution on the establishment of a Community marine research institute (→ point 2.4.19).³

¹ COM(86) 550.

² OJ L 352, 14.12.1982.

³ OJ C 283, 10.11.1986.

Industrial innovation and the information market

Transnational measures to promote innovation

Strategic programme for innovation and technology transfer (Sprint)

2.1.53. On 16 October the Commission sent the Council a communication on the extension and revision of the plan for the transnational development of the supporting infrastructure for innovation and technology transfer (Sprint programme)¹ accompanied by a proposal for a Council Decision² amending the Decision of 25 November 1983.³

This programme will cover the two years 1987-88 with a budget of 11 million ECU and will provide for the continuation and intensification of action under the plan for the transnational development of the supporting infrastructure for innovation and technology transfer (1983-85).³ It is essentially a transition programme designed to enable the Commission, in collaboration with economic operators in the Member States, to table proposals for a more consistent innovation promotion programme in Europe from 1989.

The main lines of action for this transitional phase are as follows:

- (i) development of transnational cooperation between national or regional advisory services for innovating firms, especially in the small or medium-sized category, in the Community, in order to optimize the development of such firms and create an innovation process on the scale of the common market;
- (ii) improvement of the general innovation environment in the Community and acceleration of production and dissemination of new products, processes and services by strengthening or supplementing existing structures and instruments;
- (iii) encouragement of concerted action by the Community and the Member States in

order to promote European cohesion, combat regional disparities and ensure full participation by peripheral regions;

(iv) integration of the new Member States into current projects by means of measures designed specifically for this purpose.

Development of a European information market

2.1.54. The third meeting of the 'legal observatory', which took place on 14 October, was devoted to a discussion of the findings and recommendations of a Commission study on access to public-sector information, inconsistencies in legal rights and obligations in new media and legal issues relating to telebanking and teleshopping.⁴

Intensive work is continuing on on-line information services and the creation of a legal framework for electronic information services.

Multilingual projects

2.1.55. On 21 October the Council approved the extension to Spain and Portugal of the Community research and development programme for a machine translation system of advanced design (Eurotra).⁵ The budget has been increased to 4.5 million ECU and the programme extended until November 1989.

Customs union

Simplification of customs formalities

Introduction of common border posts

2.1.56. On 24 October the Commission sent the Council a proposal for a Regulation

¹ COM(86) 483 final.

² OJ C 278, 4.11.1986.

³ OJ L 353, 15.12.1983; Bull. EC 10-1983, point 2.1.32.

⁴ Second meeting; Bull. EC 5-1986, point 2.1.45.

⁵ OJ L 317, 13.11.1982; Bull. 11-1982, point 2.1.25; Bull. EC 4-1983, point 2.1.29.

on the abolition of exit formalities at internal Community frontiers — introduction of common border posts.¹ This proposal, provided for in the White Paper on completing the internal market,² is designed to stop duplication of checks on both sides of the frontier through greater cooperation between Member States. It will limit administrative formalities required for crossing internal frontiers within the Community to a single operation at the office of entry, checks on leaving a country being abolished.

General legislation

Repayment or remission of duties

2.1.57. On 7 October, following a proposal from the Commission,³ the Council amended⁴ its Regulation of 2 July 1979.⁵ The main aim of the amendment was to allow the Member States to decide on applications for repayment or remission of duties in cases where there has been a failure to comply with the procedural requirements set out in the 1979 Regulation.

Common Customs Tariff

Nomenclature

2.1.58. For the purpose of ensuring uniform application of the CCT nomenclature the Commission adopted a Regulation on 29 October concerning the classification of cut and expanded tobacco in subheading 24.02 E.⁶

2.1.59. With the same purpose in view the Committee on Common Customs Tariff Nomenclature adopted a number of tariff measures, either as explanatory notes or in the form of agreements on the classification of goods, concerning subheadings 60.05 A II b) 4 bb) and 60.04 B IV b) 2 cc).⁷

Economic tariff matters

Tariff quotas

2.1.60. In October the Council adopted Regulations opening, allocating and provid-

ing for the administration of Community quotas for:

- (i) cod, fresh or chilled, falling within subheading 03.01 B I h) 1 (6 000 tonnes allocated among a number of Member States);⁸
- (ii) deep-frozen fillets and minced blocks of Alaska pollack (*Theragra chalcogramma*) falling within subheadings ex 03.01 B II b) 17 and ex 03.01 B I n) (4 000 tonnes allocated among a number of Member States);⁸
- (iii) deep-frozen fillets and minced blocks of hake (*Merluccius spp.* except for the species *Merluccius merluccius*, *Merluccius bilinearis* and *Merluccius capensis*) falling within subheadings ex 03.01 B II b) 9 and ex 03.01 B I t) 2 (4 000 tonnes allocated among a number of Member States);⁸
- (iv) fresh or chilled tomatoes falling within subheading ex 07.01 M I originating in the African, Caribbean and Pacific States or the overseas countries and territories (1986-87);⁹
- (v) strawberries falling within subheading ex 08.08 A II originating in the African, Caribbean and Pacific States or the overseas countries and territories (1986-87).⁴

2.1.61. On 7 October the Council also amended⁴ its Regulation of 30 June opening, allocating and providing for the administration of a Community tariff quota for cod, wet, salted, falling within CCT subheading ex 03.02 A I b).¹⁰

Community surveillance of imports

2.1.62. On 8 October the Commission adopted a Regulation establishing ceilings and Community surveillance for imports of carrots and onions falling within CCT

¹ OJ C 282, 8.11.1986; COM(86) 524 final.

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

³ OJ C 22, 24.1.1985; Bull. EC 12-1984, point 2.1.42.

⁴ OJ L 286, 9.10.1986.

⁵ OJ L 175, 12.7.1979.

⁶ OJ L 305, 31.10.1986.

⁷ OJ C 250, 7.10.1986.

⁸ OJ L 304, 30.10.1986.

⁹ OJ L 285, 8.10.1986.

¹⁰ OJ L 176, 1.7.1986; Bull. EC 6-1986, point 2.1.76.

subheading ex 07.01 originating in the African, Caribbean and Pacific States or the overseas countries and territories (1987).¹

Competition

Fifteenth Report on Competition Policy

2.1.63. On 23 October the Economic and Social Committee delivered its opinion on the Commission's Fifteenth Report on Competition Policy (→ point 2.4.42).

Restrictive practices, mergers and dominant positions: specific cases

Prohibited horizontal agreements

2.1.64. On 30 September the Commission decided that certain agreements entered into by the four 'Associated Banks' operating in Ireland do not appreciably restrict competition in the common market and therefore adopted a negative clearance decision stating that they are not contrary to the Community's competition rules.²

The Associated Banks — Allied Irish Banks plc, Bank of Ireland, Northern Bank Ltd and Ulster Bank Ltd — are the main clearing and retail banks in Ireland. The arrangements which form the subject-matter of this decision are as follows: common bank opening hours, clearing rules (i.e. rules according to which debits and credits drawn on and for the credit of the banks are settled as between one another) and rules relating to a direct debiting scheme operated by the banks. The Commission decided for the present, however, to reserve its position regarding the arrangements for interest rates now operating in Ireland.

The Commission was able to adopt a favourable decision in this case because the Associated Banks had already voluntarily abandoned agreements on commissions for services to customers which previously

existed between them. This followed a Community-wide investigation of such agreements in the banking sector carried out by the Commission. As a result, conditions for greater competition were restored in banking in Ireland.

This decision serves to clarify the Commission's present policy towards certain specific agreements operated by banks within the Community, while reaffirming once again the general applicability of the EEC competition rules to banking.

2.1.65. On 3 September the Commission adopted a decision under Article 85(3) of the EEC Treaty exempting the 'Exhibition rules', 'Disciplinary and appeal rules' and the standard form agreement with non-members governing participation in the 'Efficiencybeurs', held every other year in Amsterdam by the Vereniging van Importeurs en Fabrikanten van Kantoormachines (Association of Office Equipment Importers and Manufacturers — Vifka).³ Vifka is the most important association in the Netherlands in this field. The Efficiencybeurs is a trade exhibition where the full range of office automation products on the Dutch market is presented.

The main provision in the rules is that exhibitors at the Efficiencybeurs may not participate in any other office equipment fair or exhibition not organized or approved by Vifka in the same calendar year.

Under the previous rules notified to the Commission, Vifka members, whether they exhibited at the Efficiencybeurs or not, were strictly forbidden to participate in other office equipment fairs. Non-members wishing to exhibit at the Efficiencybeurs had to undertake not to participate in any other office equipment fair in the two years following signature of the agreement. In practice these restrictions formed an absolute bar on participation by all members and non-members who wished to do so; they

¹ OJ L 286, 9.10.1986.

² OJ L 295, 18.10.1986.

³ OJ L 291, 15.10.1986.

were therefore unacceptable to the Commission. The exemption can have effect only from the date on which these restrictions were removed (8 January 1986).

Obligations are attached to the decision enabling the Commission to ensure that the requirements of Article 85(3) continue to be satisfied during the period of exemption.

This decision again confirms the Commission's basic approval of measures to improve the organization of fairs and exhibitions, provided excessive restrictions on freedom to exhibit are not involved.

State aids

Recovery of unlawful aids

2.1.66. On 8 October the Commission, acting on the basis of two memoranda from the President, confirmed that State aids which have been granted in violation of Community law must be repaid by the recipient to the exchequer of the Member State granting the aid. The principle of recovery of illegal aid flows from the Treaty rules on State aids. It was confirmed by the Court of Justice as early as 1973, and in recent years Parliament has repeatedly urged the Commission to require the repayment of unlawfully granted aid.

The provisions of the EEC Treaty which provide for prior Commission appraisal and approval of all State aids are designed to protect the interests of competing companies and to allow the Commission to authorize only those aids which make a genuine and effective contribution to the economic development of the Community.

In recent years the Commission has become increasingly concerned at the failure to notify certain types of aid or the granting of subsidies in violation of Commission decisions. Repayment has been required in a number of cases in the past, and the decision to seek systematic recovery for substantive infringements as well as progressive application of recovery for procedural infringements, especially in sensitive indus-

tries, will strengthen the rules on State aids, help to prevent the creation of artificial barriers inside the common market, and thereby ensure that State-aid policy contributes towards improving the long-term competitiveness of European industry and securing viable jobs in healthy industries.

Article 93(3) of the EEC Treaty requires Member States to notify all State aids to the Commission in draft form and not to put them into effect until the Commission has given a final decision. Advance notification of aid plans is the only way of ensuring that no aid is granted which might adversely affect the common market and damage the legitimate interests of competitors.

The Commission's decision applies to aids in all parts of the economy — manufacturing industry, transport, energy, agriculture and fisheries.

The Commission has taken internal administrative action to speed up the handling of cases so that firms and governments are informed more rapidly of the final assessment of any given scheme.

General aids

Germany

2.1.67. On 22 October the Commission decided to raise no objections to the sea research and technology programme notified by the German Government. The programme aims to promote basic research into pollution of the sea, food resources and the physical and technical difficulties inherent in undersea mineral prospecting.

Greece

2.1.68. On 29 October the Commission decided to initiate the Article 93(2) procedure in respect of an aid scheme aimed at nursing firms in difficulty back to financial health. The aid is awarded either by the public sector or by the financial institutions under its control. The Commission felt that the Greek Government had failed to fulfil

its obligations by omitting to notify the scheme or furnish the information requested.

Italy

2.1.69. On 8 October the Commission decided to raise no objections to a three-year scheme introduced by the Italian Government for the purpose of developing the distribution network in Sicily. The aid, totalling LIT 205 115 million, is to go to local authorities, businesses and cooperatives and will help create jobs primarily for young people.

The Commission took the view that the scheme qualified for exemption under Article 92(3) (c) of the EEC Treaty.

Netherlands

2.1.70. On 22 October the Commission decided to raise no objections to an aid scheme notified by the Netherlands Government aimed at promoting research into wind power and enabling the production and installation of new types of turbine. The scheme covers the period 1986-90 and its budget is estimated at HFL 105.5 million. The Commission felt that attainment of the Community's energy policy objectives was sufficient reason to exempt the scheme under Article 92(3) (b) or (c).

Regional aids

Portugal

2.1.71. On 8 October the Commission decided to raise no objections to implementation of Portugal's current State aids scheme until 31 December 1986.

The scheme provides for grants for industrial investment and R&D projects at a maximum uniform rate of 33% net throughout the country. Grants are made according to three criteria: job creation, industrial modernization and reduction of regional disparities.

Germany

2.1.72. On 29 October the Commission approved the award of a capital grant covering part of the cost of extensions at a Bremen car plant. This grant, under the special Bremen scheme of the joint Federal Government/*Länder* programme for improving regional economic structures, will help create jobs in this area of high unemployment.

At the same time, the Commission initiated the Article 93(2) procedure in respect of a scheme planned by Baden-Württemberg and the Rastatt local authorities to the same car manufacturer for a new plant to be located in Rastatt. The local authorities propose to sell a site which has been cleared and prepared for building work at a price which appears to be subsidized.

Industry aids

Brewery plant

Belgium

2.1.73. On 22 October the Commission decided that a scheme to subsidize the manufacture of brewery plant by setting up the finance corporation Technibra SA introduced by the Belgian Government in November 1984 without first notifying the Commission was incompatible with the common market within the meaning of Article 92 and should therefore be abandoned. The Commission also decided that the one award made so far under the scheme in the form of an injection of new capital into an insolvent Tournai company must be repaid out of the company's remaining assets.

The Commission had initiated the Article 93(2) procedure in respect of the scheme and the first award made under it on 29 January.¹

¹ Bull. EC 1-1986, point 2.1.53.

In reaching its final decision, the Commission took the view that the situation in the brewery plant industry, especially the surplus capacity in the Community, was such that the artificial maintenance of capacity by means of aid was contrary to the common interest, and that the charter incorporating Technibra contained nothing to indicate that its financing operations would not affect trade to an extent contrary to the common interest.

Synthetic fibres

United Kingdom

2.1.74. On 22 October the Commission decided to initiate the Article 93(2) procedure in respect of a plan notified by the United Kingdom Government to grant aid to a synthetic yarn texturizing firm located at Abargoed in Wales.

The Commission considered that the grant of UKL 500 000 in aid under Section 7 of the Industrial Development Act to pay off part of the firm's debts was inconsistent with the guidelines concerning aids to the synthetic yarn and fibres industry, which includes texturizing.¹ It took the view that the aid would not facilitate any restructuring or conversion and would lead to no reduction in capacity. A number of conditions attaching to rescue aids were not met either.

At a time when intra-Community trade in texturized yarn was substantial and competition keen, the planned aid was likely to affect trade and distort or threaten to distort competition and was not deemed to satisfy the requirements of Article 92(3).

Steel

2.1.75. On 20 October the Council took note of an oral report by Mr Peter Sutherland, Member of the Commission with special responsibility for competition, on the application of the code on aid to the steel industry² (→ point 2.1.28).

Shipbuilding

2.1.76. The Commission transmitted to the Council on 2 October a proposal for a sixth Directive on aid to shipbuilding together with a paper on the industrial, social and regional aspects of its new policy for shipbuilding (→ point 1.2.1 *et seq.*).

Financial institutions and taxation

Financial institutions

Banks

2.1.77. On 27 October the Council adopted, on a proposal from the Commission,³ a Directive amending the Directive of 12 December 1977⁴ in respect of the list of permanent exclusions of certain credit institutions. The amendments take account of certain changes that have been made to national legislation on the supervisory arrangements for the institutions concerned and of the accession of Greece, Spain and Portugal. They will take effect as soon as the governments concerned have taken the necessary measures, which they are required to do by 31 December 1986 at the latest.

Taxation

Indirect taxes

Standstill on VAT and excise duties

2.1.78. On 9 October Parliament delivered an opinion⁵ on the Commission's proposal to the Council for a Directive

¹ OJ C 171, 10.7.1985; Bull. EC 5-1985, point 2.1.35.

² Bull. EC 10-1985, point 1.2.1 *et seq.*

³ Bull. EC 6-1986, point 2.1.100.

⁴ OJ L 322, 17.12.1977; Bull. EC 11-1977, point 2.1.49.

⁵ OJ C 283, 10.11.1986.

imposing a standstill on VAT and excise duties.¹

With a view to the achievement of the objective of a single market through the establishment of an area without internal frontiers, Parliament calls on the Commission to give priority to the formulation and implementation of measures for harmonizing VAT and excise duty rates. It points out that harmonization will have to take place in accordance with an ordered programme of successive stages that takes into account the financial, economic and social consequences for each Member State. The Commission is requested to provide information on the consequences of the different ways of calculating VAT rates.

Tax allowances

Duty-free admission of fuel

2.1.79. On 10 October Parliament delivered an opinion² on two proposals for Directives,³ one amending the Directive of 28 March 1983 (83/181/EEC)⁴ determining the scope of Article 14(1)(d) of the sixth VAT Directive⁵ as regards exemption from VAT on the final importation of certain goods, and the other amending the Directive of 19 July 1968 on the standardization of provisions regarding the duty-free admission of fuel contained in the fuel tanks of commercial motor vehicles.⁶

Parliament emphasizes that it is essential for all the fuel contained in the normal fuel tanks of commercial vehicles to be allowed in duty-free if checks and formalities at intra-Community frontiers are to be dispensed with and progress made towards the elimination of those frontiers and the unhindered flow of transfrontier goods transport. For this to be achieved, urgent action is required on harmonizing the VAT and excise duties charged on fuels without distorting competition or altering trade patterns.

Employment, education and social policy

Employment

Employment and the labour market

2.1.80. The second phase of the Sedoc⁷ instructor training scheme for the establishment of a network of employment services to extend the Sedoc system to Greece⁸ took place in October.

2.1.81. On 13 October the working party on exchanges of employment service officials adopted the new general guidelines on exchanges. In future, two common themes will be selected as the subject of six-week study visits made by at least one official from each Member State taking part in the exchange programme. The themes for the coming year are: recent experiments aimed at improving the operation of the common market; and youth unemployment—the transition from training to working life.

Sectoral aspects of employment policy

2.1.82. The Commission communication on the consequences of restructuring in the shipbuilding industry also covers the social aspects, including probable job losses over the next three years and the measures needed to alleviate this problem (→ point 1.2.3 *et seq.*).

Relations with the two sides of industry

2.1.83. The Working Party on New Technologies and the Social Dialogue, set up

¹ OJ C 313, 4.12.1985; Bull. EC 11-1985, point 2.1.65.

² OJ C 283, 10.11.1986.

³ OJ C 183, 22.7.1986; Bull. EC 7/8-1986, point 2.1.91.

⁴ OJ L 105, 23.4.1983.

⁵ OJ L 145, 13.6.1977.

⁶ OJ L 175, 23.7.1968.

⁷ European system for the international clearing of vacancies and applications for employment.

⁸ Bull. EC 2-1986, point 2.1.70.

following the Val Duchesse meeting on 12 November 1985 between the Commission and representatives of the European employers' and workers' confederations, held its third meeting on 7 October (→ point 2.4.29).

Education and vocational training

Cooperation in education

2.1.84. The programme of study visits for education specialists provided for in the action programme in the field of education¹ has been given fresh impetus. The purpose of the visits is to increase knowledge about educational developments in the Community and to enable those with positions of responsibility in education to stand back from their everyday work and reconsider it in the light of experience acquired elsewhere. Some 520 experts will visit a Member State for one week. The following subjects will be examined in the 1986/87 programme of study visits: education systems, certification and assessment, measures to combat illiteracy, new information technology and education systems, equal opportunities and the integration of handicapped children into ordinary schools.

2.1.85. From 13 to 16 October a symposium organized jointly by the French Ministry of Education and the Commission was held in Pont-à-Mousson (France) to discuss the results of a pilot scheme carried out in France from 1982 to 1986 on in-service training for French and foreign teachers, with a view to developing intercultural education methods.

2.1.86. From 2 to 5 October a symposium was held in Nuoro and Alghero (Sardinia) on the utilization in radio and television broadcasting of lesser-used languages and the role of the media in maintaining and promoting these languages. The symposium was organized by the Region of Sardinia with financial assistance from the Commission.

Higher education

2.1.87. The second six-monthly meeting² of the network of national academic recognition information centres³ was held in Brussels on 27 and 28 October.

Teacher mobility

2.1.88. On 24 October Parliament passed a resolution on encouraging teacher mobility in the European Community by the recognition of teaching qualifications and the introduction of a Community status for teachers (→ point 2.4.24).⁴

Vocational training

2.1.89. Work on the comparability of vocational training qualifications within the Community started with the first meeting in Brussels on 7 October of the officials from the national coordination bodies. This was followed by a meeting in Berlin on 23 and 24 October of national experts from the hotel and catering sector to study the job description on which mutual agreement could be reached at Community level.

Living and working conditions and social protection

Equal opportunities for men and women

2.1.90. An international seminar organized by the International Confederation of Free Trade Unions and the European Trade Union Confederation was held in Brussels from 6 to 8 October to examine the situation of women on the labour market and define the positive action that should be taken. Conclusions were presented on positive measures required within trade unions and on the general policy to be followed.

¹ OJ C 38, 19.9.1976.

² The previous meeting was held in London on 13 and 14 March.

³ Bull. EC 9-1985, point 2.1.55.

⁴ OJ C 297, 24.11.1986.

2.1.91. On 14 October the Commission President, Mr Jacques Delors, addressed a meeting of Parliament's Committee on Women's Rights. He began by relocating the problems encountered in equal treatment for women in the more general context of the difficulties at present confronting the Community, in particular the implementation of the Single European Act¹ and the reform of the structural Funds (especially the Social Fund). He stressed the need for further action at both legislative and practical level, and also undertook to improve the position of women in the Commission.

Freedom of movement for migrant workers

2.1.92. On 9 October Parliament passed three resolutions on Community policy on migration (→ point 2.4.19).²

*

2.1.93. On 9 October Parliament passed a resolution inviting the Commission to start negotiations at the earliest opportunity on the establishment of a common European policy on refugees (→ point 2.4.19).²

Health and safety

Public health

2.1.94. On 9 October Parliament passed a resolution on the drug problem by which it submitted a draft resolution to the Council on concerted action to tackle the problem (→ point 2.4.19).²

Health and safety at work

2.1.95. The 10th annual report,³ (covering 1985) of the Advisory Committee on Safety, Hygiene and Health Protection at Work was adopted by the Commission on 31 October.⁴ The report points up the Committee's desire to work within the framework of the new approach to technical harmonization and standards⁵ in connection with the completion of the large

internal market by 1992. Other points it stresses are the need to clarify the concept of 'essential safety requirements', the link between these requirements and the drawing-up of technical specifications in the form of standards and the role the Committee should play in the process of preparing directives involving health and safety aspects.

2.1.96. In October meetings were held by several *ad hoc* working groups of the Advisory Committee on Safety, Hygiene and Health Protection at Work:

(i) on 8 and 9 October the *ad hoc* group on occupational health services examined, with a view to adaptation, the text of recommendation 171 of the International Labour Organization concerning occupational health services and, more particularly, the aspects 'functions', 'organization' and 'conditions of operation';

(ii) on 23 October the *ad hoc* group on carcinogenic agents adopted a draft opinion on carcinogenic agents which will be submitted for adoption at the next plenary meeting of the Advisory Committee;

(iii) on 22 October the *ad hoc* group on safety (technical aspects) examined the Commission document on mechanical engineering.

2.1.97. From 29 to 31 October the Commission, in cooperation with the University of Amsterdam, held an international workshop on the health surveillance of individual workers exposed to chemical agents.

Health and safety (Euratom)

2.1.98. On 22 October, pursuant to Article 37 of the Euratom Treaty, the Commission delivered an opinion on the Cattenom power station in France (→ point 2.1.194).

¹ Supplement 2/86 — Bull. EC.

² OJ C 283, 10.11.1986.

³ Ninth report: Bull. EC 9-1985, point 2.1.63.

⁴ COM(86) 586.

⁵ OJ C 136, 4.6.1985; Bull. EC 5-1985, point 1.3.1.

2.1.99. The Commission approached the Member States with a view to ensuring full application of the Directive of 3 September 1984 (84/466/Euratom)¹ concerning radiation protection of persons undergoing medical examination or treatment.

2.1.100. On 28 and 29 October the Commission convened a meeting of heads of radiation protection services in nuclear power stations in order to exchange information and experience on the subject. On the same occasion, the draft statistical report on the evolution of collective doses associated with professional activity in European power stations from 1981 to 1984 was presented. The document is scheduled to be published before the end of 1986.

Culture

Europa-TV

2.1.101. On 14 October, in line with its communication incorporating a proposal for a Directive concerning broadcasting activities, transmitted to the Council on 19 March,² the Commission signed an agreement in Brussels with the European television company Europa-TV.

Europa-TV, which has been transmitting multilingual broadcasts from Hilversum since October 1985 on the Dutch channel of the ECS-1 satellite, is a consortium formed by ARD (Germany), NOS (Netherlands), RAI (Italy), RTE (Ireland) and RTP (Portugal) operating under the aegis of the European Broadcasting Union (EBU).

The programmes cover news, entertainment, sport, culture and education and are broadcast in Dutch, English and Portuguese. Other languages, bringing the total up to a maximum of eight, will be added as the number of broadcasts increases. Programmes are currently received by about 1.6 million homes throughout the Community.

From 1988 Europa-TV will use the European direct broadcasting satellite Olympus and viewers throughout Europe will be able

to pick up broadcasts using their own dish aerials. Under an agreement between the European Space Agency (ESA) and the EBU, use of the Olympus satellite will be free of charge.

Europa-TV is the first large-scale experiment in European multinational and multilingual broadcasting, testing out a combination of new features: selection of the most suitable methods for multilingual broadcasts, the use of computer-operated multinational newsrooms and computer technology, and new production methods; and, on the receiving side, a multinational and multilingual viewing public.

The Commission will be given regular progress reports and keep a close eye on developments. It will be able to use the findings for other projects under its other broadcasting policy programmes.

European Cinema and Television Year (1988)

2.1.102. On 9 October, following on from its communication of 3 June,³ the Commission sent the Council a draft resolution on European Cinema and Television Year (1988).⁴

The operation, which will be carried out in close collaboration with the Council of Europe, was first mooted in the final report by the *ad hoc* Committee on a People's Europe⁵ endorsed by the Milan European Council in June 1985.⁶ Its links with the action programme for the European audiovisual media products industry (the Media programme)⁷ are especially important.

The aims, as set out in the June communication,³ are primarily to promote aware-

¹ OJ L 265, 5.10.1985; Bull. EC 9-1984, point 2.1.55.

² Supplement 5/86 — Bull. EC; Bull. EC 3-1986, point 1.2.1 *et seq.*

³ Bull. EC 6-1986, point 2.1.129.

⁴ COM(86) 533 final.

⁵ Supplement 7/85 — Bull. EC; Bull. EC 6-1985, point 1.4.3.

⁶ Bull. EC 6-1985, point 1.2.3.

⁷ Bull. EC 4-1986, point 2.1.79.

ness of the economic and social significance of the audiovisual industry for the future of the Community, to project the European identity through the audiovisual media, to improve cooperation at European level in respect of the financing, production and distribution of films and television programmes and, lastly, to foster closer links between the cinema and television.

Details of the projects will be finalized by a management committee; the chairman will be a leading figure appointed by the Commission, and members will include representatives of the main European film associations, the governments of the Member States, the European Parliament, the Economic and Social Committee, the Council of Europe, the Council for Cultural Cooperation and the chairmen of the national committees. The committee will give its opinion on the action to be taken at Community level and coordinate the campaign as a whole.

The European dimension with regard to books

2.1.103. The Advisory Committee on Books provided for in the Commission communication to the Council of 27 November 1985¹ held its first meeting in Brussels with the Commission representative in the chair. The Committee was asked for its opinion on a multiannual plan for the translation of literary works, both classical and contemporary, in the Community languages and on the public lending right arrangements applicable in some Member States, whereby authors are remunerated on the basis of the number of their books lent out by public libraries.

Regional policy

Financial instruments

European Regional Development Fund

Eleventh annual report

2.1.104. On 27 October the Commission sent to the Council the 11th annual report

on the activities of the European Regional Development Fund (ERDF), covering 1985.²

The report describes in detail operations carried out in 1985 and takes stock of the first 11 years of ERDF activity.

With the new ERDF Regulation³ in force since January, 1985 was a key year for Community regional policy. The main improvements introduced by the new Regulation began to be put into effect: national quotas were replaced by a more flexible system of ranges, programme financing was introduced and the rates of Community funding were increased (in general to 50% of national public expenditure).

So as to allow Spain and Portugal to receive Fund assistance as soon as they joined the Community in 1986, the Council adopted a Regulation in December 1985 establishing the share-out of Fund resources among the Twelve.⁴ The adjustment did not alter the ratios between the ranges of the Ten. In the same month, the Council adopted a Regulation on the establishment of specific Community regional development measures in 1985 (non-quota measures).⁴

In 1985 the Commission committed 2 457 million ECU, equivalent to 99.3% of the appropriations available for ERDF operations, to which must be added 38 million ECU for the specific Community measures shown in Table 1. More than four fifths of the grants (82%) were concentrated on the four Member States where the regions with the most serious problems are situated: 34.9% went to Italy, 24.4% to the United Kingdom, 16.4% to Greece and 6.3% to Ireland. During the year the Commission approved 3 265 of the 7 249 projects submitted, granting a total of 2 321 million ECU. The infrastructure projects receiving assistance related mainly to roads, water distribution and telephone and telex networks. Grants for industrial investment projects

¹ Bull. EC 11-1985, point 2.1.93.

² COM(86) 545 final.

³ OJ L 169, 28.6.1984; Bull. EC 6-1984, point 1.3.1 *et seq.*

⁴ OJ L 350, 27.12.1985; Bull. EC 12-1985, point 2.1.128.

went mainly to electrical and electronic engineering and to the rubber and plastics sector, i.e. to industries with future potential. In 1985 17% of ERDF resources went to investment projects in industry, craft industry and services, compared with 14% in 1984 and 11% in 1983. These projects are expected to result directly in the creation or maintenance of 57 000 jobs, to which should be added an equivalent number of jobs indirectly generated and the jobs directly and indirectly created by infrastructure projects.

A total of 2 million ECU was devoted to 37 studies, notably studies in preparation for ERDF operations.

The part-financing of programmes, provided for in the new Regulation, is intended to help improve the impact of ERDF assistance. Despite start-up difficulties, the Commission was able to take grant decisions on three national programmes of Community interest¹ in the United Kingdom, contributing a total of 260 million ECU, of which 105 million ECU was committed during the

year. It also approved certain parts of French programmes, granting Fund assistance of 29 million ECU. Apart from this, the Commission has sent the Council proposals for the introduction of the first Community programmes (STAR and Valoren).²

Actual ERDF payments in 1985 amounted to 1 591 million ECU, bringing the total amount of payments made since 1975 to 7 960 million ECU, equivalent to 56.9% of commitments during the period. The ERDF can now make advance payments, and use was made of this possibility for the first time in 1985. All in all, although much progress remains to be made, the measures taken in 1985 demonstrated that the principles contained in the new Regulation provide a solid basis for developing and strengthening the effectiveness and Community nature of regional policy.

¹ Bull. EC 12-1985, point 2.1.130.

² OJ C 356, 31.12.1985; Bull. EC 1-1986, point 2.1.81; 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.

Table 1 — Amounts committed by the ERDF in 1985 and from 1975 to 1985

	1985			1975-85		
	Operations ¹	Specific measures ²	Total	Operations ¹	Specific measures (1981-85) ²	Total
Belgium	24.41	—	24.41	135.67	0.98	136.65
Denmark	13.20	—	13.20	145.94	—	145.94
Germany (FR)	73.55	10.09	83.64	617.27	11.00	628.27
Greece	409.46	—	409.46	1 495.79	6.73	1 502.52
France	309.88	—	309.88	1 969.11	38.38	2 007.49
Ireland	153.11	3.36	156.47	866.70	15.08	881.78
Italy	871.04	—	871.04	5 193.68	38.85	5 232.53
Luxembourg	—	—	—	11.63	—	11.63
Netherlands	17.08	1.80	18.88	172.78	2.02	174.80
United Kingdom	585.34	22.62	607.96	3 398.35	64.98	3 463.33
Commission ³	0.04	—	0.04	0.04	—	0.04
Total	2 457.11	37.87	2 494.98	14 006.91	178.02	14 184.93

¹ New ERDF Regulation.

² Old ERDF Regulation.

³ Study initiated by the Commission concerning several Member States.

ERDF grants

Project financing

2.1.105. On 2 October, following the earthquake which struck the town of Kalamata in Greece, the Commission approved an emergency grant of 5.16 million ECU from the European Regional Development Fund (seventh 1986 allocation) to help finance six infrastructure projects in the region of Messinia.

This grant is in addition to the emergency aid of 1 million ECU granted by the Commission in September.¹

2.1.106. On 14 October the Commission also approved an ERDF grant of 22.54 million ECU (eighth 1986 allocation) for seven infrastructure projects for the town of Pozzuoli in Campania, Italy. The seven projects, each costing more than 5 million ECU, were endorsed at the Fund Committee's meeting on 10 July.

These two allocations bring the total number of projects financed by the ERDF since 1975 to 31 439 and the total assistance granted to 15 812.36 million ECU.

Programme financing

2.1.107. On 27 October the Council adopted, by a qualified majority, the Regulations instituting the first two Community programmes to be part-financed by the ERDF.² Proposed by the Commission on 20 January, these programmes (STAR and Valoren)³ seek:

(i) to improve the access of the Community's least-favoured regions to advanced telecommunications services (STAR programme), with the ERDF contributing an estimated 780 million ECU;

(ii) to exploit the indigenous energy potential of those regions (Valoren programme), with the ERDF contributing an estimated 400 million ECU.

These are the first two Community programmes within the meaning of the new ERDF Regulation, which came into force

on 1 January 1985.⁴ Covering a five-year period, they concern the Community's least-favoured regions, i.e. those in Greece and Portugal, Ireland, the United Kingdom (Northern Ireland), the Mezzogiorno, Corsica and the French overseas departments and a number of Spanish regions.

On the basis of the two Regulations the Member States concerned now have six months in which to draw up assistance programmes to be approved by the Commission. These programmes will indicate in detail the measures to receive finance from the Regional Fund.

The Community contribution may reach the highest rate provided for in the Regional Fund Regulation, namely 55% of the total public expenditure (70% in the case of Portugal).

*

2.1.108. On 16 October the Commission sent the Council a communication on the industrial, social and regional aspects of shipbuilding. As far as regional policy is concerned, the Commission's approach is to secure ERDF funding for programmes in areas not yet eligible for such assistance (→ point 1.2.3 *et seq.*).

Financing of studies

2.1.109. Acting under Article 24 of the ERDF Regulation, the Commission decided on 7 October to grant 355 000 ECU to finance a study concerning improvements to the seaside resort area of Cagliari in Sardinia, Italy.

2.1.110. On 23 October the Commission decided to help finance a study of the development potential in the municipality of

¹ Bull. EC 9-1986, point 2.1.84.

² OJ L 305, 31.10.1986.

³ OJ C 356, 31.12.1985; Bull. EC 1-1986, point 2.1.81; 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.

⁴ OJ L 169, 28.6.1984; OJ L 350, 27.12.1985.

Ribe, Denmark, involving a cost of DKR 175 000.

Business and Innovation Centres

2.1.111. On 23 October the Commission decided to make a financial contribution of 110 000 ECU under Item 7731 of the 1986 budget to a project for redeveloping areas affected by industrial decline. The project concerns the setting up of a Business and Innovation Centre designed to provide a full range of support services for small and medium-sized firms and to promote new innovative activities in the Cardiff area of the United Kingdom.

Aid for disaster victims

2.1.112. On 9 October Parliament passed five resolutions on the damage caused by drought in certain regions of Spain, on the whirlwind which struck the Bitburg/Prüm area of the Federal Republic of Germany, on the earthquakes in the region of Kalamata, Greece, on the storms in Crete and on the floods in the area of Bordeaux, France (→ point 2.4.19).¹

2.1.113. On 23 October Parliament passed resolutions on the violent storms and floods which hit the south of France, the regions of Valencia and Murcia and south-east Spain (→ point 2.4.24).²

Coordination of structural instruments

Special assistance for disaster areas in Greece

2.1.114. On 9 October the Commission sent the Council and Parliament a communication on special Community assistance for disaster areas in Greece following the Kalamata earthquake.³

In addition to the emergency aid of 1 million ECU which it granted immediately after the earthquake⁴ and the priority which it will

give the stricken areas under ordinary measures involving Community instruments—including some 5 million ECU from the Regional Fund (→ point 2.1.105)—the Commission decided, given the nature and seriousness of the damage caused, to grant special additional aid. This special aid will be of three kinds:

- (i) a special measure designed to contribute to restoring the conditions prevailing prior to the earthquake, on the basis of which the Greek authorities had drawn up the integrated Mediterranean programme for the Peloponnese, submitted to the Commission on 23 July; projects will be drawn up for the purposes of this special measure by the national, regional and local authorities in Greece in close collaboration with the Commission and will be submitted to the Commission;
- (ii) additional loans from the EIB's own resources and/or from NCI resources; these loans would carry interest subsidies financed from the Community budget;
- (iii) risk capital provided under existing rules or under 'financial engineering' procedures.

These last two possibilities are currently being examined by the Commission in conjunction with the EIB and the Greek authorities.

Other integrated operations

Shipbuilding

2.1.115. On 16 October the Commission sent the Council a communication concerning the industrial, social and regional aspects of the new aid policy it proposes to pursue to help the shipbuilding industry.

Transmission of this document represents a new policy initiative; if it is approved, the Council, in keeping with the provisions of

¹ OJ C 283, 10.11.1986.

² OJ C 297, 24.11.1986.

³ COM(86) 551 final.

⁴ Bull. EC 9-1986, point 2.1.84.

the Single European Act concerning economic and social cohesion,¹ will have to take steps to endow the Community with the means (especially financial means) it must have if it is to carry out its tasks (→ point 1.2.3 *et seq.*).

Specific programme for the development of Portuguese industry (Pedip)

2.1.116. On 17 October the Commission sent the Council a communication concerning a specific programme for the development of Portuguese industry (Pedip),² in which it notes that most of the measures envisaged in the Pedip programme would be eligible for support from the existing structural Funds.

With a view to contributing in a meaningful and effective way to the attainment of the objectives of the Pedip, the Commission intends, without prejudice to the rules governing the structural Funds, to make appropriate use of the integrated approach procedures as set out in its information note of 31 July 1986 to the Council and Parliament (→ point 2.1.17).³

Environment and consumers

Environment

Environment and biotechnology

2.1.117. Biotechnology is an area where developments are rapid and more and more applications are being found in various industries and services. The Commission therefore feels that Community rules should be laid down for this field in order to protect public health and the environment, prevent fragmentation of the internal market and promote international harmonization.⁴ The aspects on which Community legislation is to be prepared as a matter of priority in 1986-87 are set out in a communication to the Council approved by the Commission on 28 October which makes clear

that the Community is determined to establish a common biotechnology market governed by clear and appropriate rules and regulations.⁵ The communication also reminds the Member States that the Commission wishes to be kept informed of their actions and intentions in this area.

Prevention and reduction of pollution and nuisances

Protection of the aquatic environment

Limit values and quality objectives for discharges of 'drins'

2.1.118. On 20 October the Commission amended⁶ its proposal for a Directive⁷ concerning limit values for discharges of aldrin, dieldrin and endrin into the aquatic environment and the quality objectives for the aquatic environment into which these three substances are discharged.

The purpose of the new proposal, which lays down implementing rules for the Directive of 4 May 1976,⁸ is to make the previous proposal on these three particularly harmful pesticides compatible with the system established under the Directive of 12 June.⁹ It also aims to eliminate or reduce the pollution caused by the industries manufacturing the abovementioned substances and by those manufacturing carpets and rugs.

London Convention

2.1.119. To give substance to the plans announced in February¹⁰ and repeated in June,¹¹ the Commission proposed to the

¹ Supplement 2/86 — Bull. EC.

² COM(86) 552 final.

³ Bull. EC 7/8-1986, point 2.1.132.

⁴ Bull. EC 4-1986, point 2.1.91.

⁵ COM(86) 573 final.

⁶ COM(86) 534 final.

⁷ OJ C 146, 12.6.1979; OJ C 341, 31.12.1980.

⁸ OJ L 129, 18.5.1976.

⁹ OJ L 181, 4.7.1986; Bull. EC 6-1986, point 2.1.147.

¹⁰ Bull. EC 2-1986, point 2.1.94.

¹¹ Bull. EC 6-1986, point 2.1.241 *et seq.*

Council on 20 October that the Community as such should become a party to the 1972 London Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter.¹

Combating air pollution

Sulphur content of gas oil

2.1.120. On 10 October Parliament adopted an opinion² on the proposal for a Directive³ concerning the revision of the limit values for the sulphur content of gas oils laid down in the Council Directive of 24 November 1975.⁴

Parliament recommends that from 1 July 1987 only gas oils with a sulphur content not exceeding 0.15% should be allowed in particularly polluted and precisely defined areas, with a possible time limit on this restriction. It also welcomes the fact that the Commission has become a contracting party to the 1979 Geneva Convention on Long-range Transboundary Air Pollution.⁵

Combating noise pollution

Household appliances

2.1.121. On 7 October the Council reached broad agreement on the Directive concerning the provision of information to the consumer on the noise emitted by household appliances, the proposal for which the Commission presented in 1982.⁶

Chemicals

Major-accident hazards

2.1.122. At its meeting in Brussels on 16 and 17 October the Committee responsible for implementing the Directive of 24 June 1982 on the major-accident hazards of certain industrial activities⁷ held a detailed exchange of information on the dangerous industrial activities named in Article 5 of the Directive as well as on accidents that have occurred recently in the Community.

International cooperation

2.1.123. Under the arrangements for cooperation on the environment between the Commission and Austria established by the exchange of letters on 28 April 1978,⁸ a further meeting was held in Vienna on 14 October. A number of topics of mutual interest were discussed, including the problems encountered in the wake of the Chernobyl accident, air pollution, waste management, dangerous chemicals and financing plans for international action.

The possibilities for Austria to cooperate in the European Year of the Environment were discussed.

2.1.124. Under the arrangements for cooperation on the environment between the Commission and Switzerland established by the exchange of letters in December 1975,⁹ the Commission held a meeting with the Swiss Authorities¹⁰ in Berne on 21 October to discuss various problems, particularly air pollution, discharges of dangerous substances, the protection of nature and of flora and fauna and on the implementation of the international conventions to which the Community is a contracting party (particularly Cites¹¹).

Consumers

Council

2.1.125. On 29 October the Council held a further meeting on consumer issues in

¹ SEC(86) 1635 final.

² OJ C 283, 10.11.1986.

³ OJ C 205, 14.8.1985; Bull. EC 7/8-1985, point 2.1.119.

⁴ OJ L 307, 27.11.1975.

⁵ OJ L 171, 27.6.1981.

⁶ OJ C 181, 19.7.1982; Bull. EC 1-1982, point 2.1.39; OJ C 334, 10.12.1983; Bull. EC 11-1983, point 2.1.106.

⁷ OJ L 230, 5.8.1982; Bull. EC 6-1982, point 2.1.92.

⁸ Bull. EC 4-1978, point 2.1.57.

⁹ Bull. EC 12-1975, point 2237.

¹⁰ Federal Office for the Protection of the Environment.

¹¹ Convention on International Trade in Endangered Species of Wild Fauna and Flora.

Luxembourg.¹ Ministers approved a resolution providing for the integration of consumer policy into other common policies (→ point 2.1.126). They made good progress in examining the proposed Directive on consumer credit (→ point 2.1.129) and took note of the new Commission proposal on toy safety (→ point 2.1.128). They also welcomed the improvement of the system for the rapid exchange of information on the quality of goods and services and recommended that full use be made of it (→ point 2.1.127). Ministers noted that the Commission would present its report before the end of the year on the proposal regarding price indication for products sold loose or prepackaged (→ point 2.1.130).

Integration of consumer policy into other common policies

2.1.126. On the basis of the Commission communication of 24 October,² which sets out measures to be implemented to facilitate the integration of consumer policy into other common policies, the Council approved a resolution in which it:

'... welcomes the submission of the Commission's communication, and notes with interest its examination of how the interests of consumers could in future be taken into account in the different areas of Community policy, and its analysis of the opportunities for consumers or their representatives to make known their point of view;

without prejudice to further examination of the detailed guidelines proposed in the communication, endorses the Commission's view that consumer interests must be taken more fully into account in the drafting of proposals affecting those interests, with due regard to the specific nature of the policy area concerned;

welcomes the decision of the Commission to take steps to strengthen its internal coordination procedures to ensure that this need is fully respected;

invites the Commission in furthering these steps to investigate *inter alia* the impact of proposals on the prices of goods or services, their quality, their safety, the range of choice available to consumers and the state of competition in the market; to undertake such consultation of consumer groups as may be necessary; and to confirm for any relevant proposal that these factors have been taken into account;

considers that the representation of consumer interests should be taken into account when deciding the composition of the Economic and Social Committee, and that there should be appropriate participation of bodies representative of consumers in the work of national and international standards organizations when standards relating to consumer products are discussed;

recalls to the Commission the need to ensure that appropriate conditions exist for the effective and duly representative consultation of consumers on matters affecting their interests, so that consumers' priorities are adequately reflected in the work of the Community, and notes that the Commission will keep these matters under review;

endorses the proposal of the Commission to submit periodically a report to the Council on the progress that has been made towards better integration of consumer policy into other Community policies, including all the matters covered in this resolution, and requests that the first report should be completed at the end of 1987;

resolves to continue discussion with the Commission on the matters covered by this resolution and by the Council resolution of 23 June 1986 in the appropriate Council bodies'.³

Physical protection and product safety

System for the rapid exchange of information on dangers arising from the use of consumer products

2.1.127. The Council welcomed the interim report it received from the Commission on 23 October⁴ concerning a system for the rapid exchange of information on dangers arising from the use of consumer products,⁵ which entered into operation on 7 March 1985.⁶ It underlined the importance of this system in protecting consumers against serious and immediate dangers arising from the use of products, guaranteeing them an optimum level of safety and ensur-

¹ Previous meeting: Bull. EC 5-1986, point 2.1.116.

² COM(86) 540 final.

³ OJ C 167, 5.7.1986; Bull. EC 5-1986, point 2.1.117.

⁴ COM(86) 562 final.

⁵ OJ L 80, 13.3.1984; Bull. EC 3-1984, point 2.1.111.

⁶ Bull. EC 3-1985, point 2.1.83.

ing the full functioning of the common market. This system constitutes a first step for efficient crisis management at Community level in the area of dangerous consumer products. The Council endorsed the efforts made by the Commission for the operation and improvement of the system and recommended that the Member States make full use of this valuable network at all levels.

Safety and toys

2.1.128. On 22 October the Commission sent the Council a new proposal for a Directive on toy safety.¹ The proposal is the first example of the application to consumer products of the new approach to technical harmonization and standards advocated by the Council in its resolution of 7 May 1985.²

It covers every aspect of toy safety and provides for essential safety requirements to be laid down by law, although the standards for technical specifications are voluntary. It empowers the Commission to manage these standards and establishes sufficiently detailed certification procedures to ensure the high level of safety required in view of the particular vulnerability of toy-users, i.e. children.

This proposal replaces those the Commission presented to the Council in July 1983.³

Protection of economic and legal interests

Consumer credit

2.1.129. The Council resumed its examination of certain priority provisions in the proposal for a Directive relating to the approximation of the laws of the Member States concerning consumer credit.⁴ Significant progress was made, including an agreement on the rules relating to disclosure of information about the total cost of credit. Progress was also made on the question of the scope of the Directive, although certain

points require further clarification at technical level. However, the question of the extent to which the creditor could be held liable for default of the supplier of goods or services supplied under credit agreements was referred by the Council to its competent bodies for further examination.

Consumer information, education and representation

Price indication

2.1.130. Bearing in mind the interrelationship between unit pricing and standard ranges, and in the light of its resolution of 19 June 1979,⁵ the Council invited the Commission to report to it as soon as possible before the end of 1986 on existing Community ranges for foodstuffs and non-food products, the possible revision of these ranges, and the establishment of new ranges. The Commission was also invited to report on the possible establishment of a specific list of foodstuffs prepackaged in pre-established quantities, which will either be subject to unit-pricing or be exempted on the grounds of their inclusion in specific ranges. Once the reports have been received and studied by the appropriate bodies, the Council will reconsider the nature of Community action in the area of standard ranges and the two Commission proposals regarding price indication.⁶

Agriculture⁷

Council

2.1.131. At its meeting on 13 and 14 October the Council again extended until

¹ OJ C 282, 8.11.1986; COM(86) 541 final.

² OJ C 136, 4.6.1985; Bull. EC 5-1985, point 1.3.1.

³ OJ C 228, 8.9.1980; Bull. EC 4-1980, point 2.1.53; OJ C 203, 29.7.1983; Bull. EC 6-1983, point 2.1.134.

⁴ OJ C 80, 27.3.1979; Bull. EC 2-1979, point 2.1.51; OJ C 183, 10.7.1984; Bull. EC 6-1984, point 2.1.86.

⁵ OJ C 163, 30.6.1979; Bull. EC 6-1979, point 2.1.69.

⁶ OJ C 8, 13.1.1984; Bull. EC 12-1983, point 2.1.13; OJ C 53, 25.2.1984; Bull. EC 1-1984, point 2.1.66; OJ C 205, 14.8.1985; Bull. EC 7/8-1985, point 2.1.134; OJ C 103, 30.4.1986; Bull. EC 3-1986, point 2.1.114.

⁷ For agricultural research, see point 2.1.47.

31 March 1987 the suspension of certain MCAs for eggs and poultrymeat (→ point 2.1.133).

The Council also agreed, by a qualified majority, on the Commission proposal to alter the levies and sluicgate prices for eggs and poultrymeat (→ point 2.1.153).

The Council adopted¹ the Commission proposal fixing for the 1986/87 marketing year the representative market price, and consequently the amount of consumption aid, for olive oil and the threshold price.²

No agreement, however, was reached on the Commission proposals for emergency action in the milk sector (→ point 2.1.134). As at the two previous meetings,³ the decision on the sale of butter at reduced prices to persons receiving social assistance was once again deferred.⁴ These items will appear on the agenda for the next Council meeting. The question of adjustments to the common organization of the market in beef and veal will also be discussed at that meeting.⁵

2.1.132. Following discussions on agricultural expenditure at the Council meeting on economic and financial affairs, it was noted that there was general concern over the increasing burden placed on the Community budget by the accumulation of surpluses of agricultural produce and stocks. Agricultural market support expenditure threatens to exceed the 1987 draft budget figure unless further decisions on the operation of the market regimes are taken in the near future. The Commission has, moreover, put forward proposals for such changes in some of the sectors which are in structural surplus.⁶

The Council President drew the following conclusion:

'With a view to bringing expenditure under better control and to avoid the production of surpluses for which markets cannot be found and to opening the way for a more structured approach to disposal of existing stocks, forthcoming policy decisions should, while respecting the principles set out in Article 39 of the Treaty, have regard to the following principles:

(i) Community support prices should more closely reflect supply, demand and market conditions, especially in sectors where there is surplus production;

(ii) the intervention system should operate according to its intended role, as a safety net to support the market at times of particular pressure and not as a standard alternative marketing outlet;

(iii) price support policies should, wherever possible, be flexibly operated so that commercial risks are not borne in their entirety through public finance.'

Economic aspects of the common agricultural policy

Agri-monetary measures

2.1.133. On 21 October the Council formally adopted, by a qualified majority, a Commission proposal⁷ for further prolonging,⁸ until 31 March 1987, the partial suspension of the MCAs for France and the United Kingdom in the eggs and poultrymeat sector.⁹ However, should this suspension result in abnormal patterns of trade in the products in question, the Commission is authorized to take appropriate measures to deal with the problem.

Market organizations

Milk and milk products

2.1.134. At its meeting on 13 and 14 October the Council discussed in detail the Commission's proposals for emergency

¹ OJ L 298, 22.10.1986.

² COM(86) 538 final.

³ Bull. EC 7/8-1986, point 2.1.138; Bull. EC 9-1986, point 2.1.100.

⁴ Bull. EC 5-1986, point 2.1.127.

⁵ Bull. EC 12-1985, point 2.1.154 *et seq.*

⁶ Bull. EC 12-1985, point 2.1.154 *et seq.*; OJ C 254, 11.10.1986; Bull. EC 9-1986, point 2.1.103 *et seq.*

⁷ OJ C 159, 26.6.1986; Bull. EC 6-1986, point 2.1.171.

⁸ OJ L 176, 1.7.1986; Bull. EC 6-1986, point 2.1.171; Bull. EC 7/8-1986, point 2.1.138; OJ L 272, 24.9.1986; Bull. EC 9-1986, point 2.1.100.

⁹ OJ L 300, 24.10.1986.

action in the milk sector.¹ While recognizing the need to reach conclusions swiftly, the Council does not appear ready to take action along the lines proposed by the Commission, in particular as regards removing the possibility of interregional offsetting of milk quotas and giving the Commission the power to suspend intervention for butter and skimmed-milk powder.

2.1.135. On 23 October Parliament delivered its opinion² on the Commission proposals for revising the permanent intervention arrangements for butter and skimmed-milk powder³ and for tightening up control of milk production.⁴

Parliament, like the Commission, is entirely convinced that special measures are urgently needed in the milk sector in view of the terrifyingly high level of stocks and the constant overproduction of milk which is further increasing stocks. It is therefore aware that measures will unfortunately be inevitable during the current milk year.

Since the Commissions's proposals have met with criticism from both governments and parliaments in the Member States and the adjustment provisions have *de facto* become part of the quota system, Parliament suggests that Member States be offered the choice between two possibilities:

- (i) a continuation of the existing adjustment provisions, with the existing superlevy for the A system being increased to equal that applying to the B system, and the quota available for the country being reduced by at least 1%; or
- (ii) the abolition of the adjustment provisions, as proposed by the Commission.

The Member States would have to inform the Commission before 1 January 1987 which of the alternatives they prefer.

Parliament further notes that, contrary to the original objective, the revenue from the superlevy is no longer sufficient to cover the costs resulting from overproduction. It therefore proposes, in view of the inadequate deterrent effect of the existing superlevy, that this levy be increased appreciably

and adjusted at the beginning of each milk year in direct relation to the costs for storage and marketing arising from the overproduction of milk.

It calls for commensurate compensation to be paid in cases where suspension or reduction of quotas proves necessary, such compensation being graduated according to the volume of production.

Parliament opposes the Commission's proposal for temporarily or totally suspending intervention buying-in of butter and skimmed-milk powder, since such a move could have a detrimental effect on prices and severely affect farmers' incomes. It adds that the suspension of buying-in for skimmed-milk powder combined with an increase in refunds for animal feed would have only a limited financial impact and would not be a real solution to the present problems. It therefore proposes, as the most suitable transitional measure until the milk sector is properly restructured, that maximum intervention quantities be set for butter and skimmed-milk powder. It suggests that a system be devised for a differentiated levy on excess butter and skimmed-milk powder sold by dairies into intervention. This would prompt the dairies to vary production and improve quality in order to find more market outlets for their products.

Parliament endorses the Commission's proposed arrangements concerning the fat content of milk delivered into intervention, provided that the Commission makes no proposals for amending the price ratio of milk fats and proteins for the forthcoming milk year.

Finally, Parliament strongly urges the Commission not only to take measures to limit milk production but also to find more effective measures for reducing stocks and, where stocks are very old, to halt their costly storage.

¹ OJ C 254, 11.10.1986; Bull. EC 9-1986, point 2.1.103 *et seq.*

² OJ C 297, 24.11.1986.

³ OJ C 254, 11.10.1986; Bull. EC 9-1986, point 2.1.108.

⁴ OJ C 254, 11.10.1986; Bull. EC 9-1986, point 2.1.109.

2.1.136. When the additional agreements were concluded between the Community and the EFTA countries following the accession of Spain and Portugal,¹ the Community agreed that, since Switzerland would extend to the Community of Twelve certain agricultural concessions which had hitherto been granted only to the two new Member States,² vacherin mont d'or cheese would be added to the list of Swiss cheeses qualifying for a reduced import levy. On 13 October the Council accordingly adopted the necessary amendments to the legislation in question.³

2.1.137. The scheme for selling intervention butter taken into storage before 1 July 1983 for incorporation in compound feedingstuffs⁴ did not meet with the success which had been hoped for and the Commission therefore made extensive changes in the arrangements, providing for a greater variety of ways in which the butter may be used, in order to meet the requirements of the various feedingstuffs manufacturing processes.⁵

2.1.138. In order to ensure the disposal of a greater quantity of butter, on 16 October the Commission adopted a Regulation further reducing the price of intervention butter intended for direct consumption in the form of concentrated butter⁶ and amending the Regulation of 11 November 1985,⁷ which introduced arrangements for sales at reduced prices, so as to make it easier to apply.

Wine

2.1.139. On 30 October the Commission sent the Council a proposal⁸ for an amendment to the basic Regulation on wine.⁹ In view of the difficulties encountered when the new compulsory distillation arrangements for table wines were first applied, the purpose of the proposed amendment is to reintroduce, for the 1986/87 to 1989/90 wine years inclusive, the transitional arrangements initially planned for the first year of application of the scheme. These arrangements provide that, in the event of difficult-

ies arising in the implementation of the scheme and likely to jeopardize the distillation programme, the Commission may adopt the necessary measures to ensure its effective execution without, however, calling into question the essential elements of the scheme.

The Commission also proposes to state more clearly that the price paid for wine delivered for 'support' distillation is to be fixed on the basis of the same percentage of the guide price as that used for determining the guaranteed minimum price for table wine. This shall give greater emphasis to the essential function of the 'support' distillation scheme, which is to ensure the payment to producers who deliver wine from their own output of the guaranteed minimum price for table wine.

2.1.140. On 27 October the Commission opened the first invitation to tender for the sale of alcohol obtained from compulsory distillation operations.¹⁰ The invitation relates to some 200 000 hl of alcohol obtained from the compulsory distillation of table wines held by the French intervention agency. The alcohol put up for sale must be used in the Community, in either the fuel or the thermal power station sector. The minimum selling price was fixed at 15 ECU per hectolitre of alcohol at 100% vol.

2.1.141. On 1 and 21 October the Commission laid down detailed implementing rules for the preventive distillation operation for table wine¹¹ which it opened on 13 October.¹² The maximum quantities of

¹ Bull. EC 2-1986, point 2.2.10; Bull. EC 7/8-1986, point 2.2.14.

² OJ L 56, 1.3.1986.

³ OJ L 292, 16.10.1986.

⁴ OJ L 208, 31.7.1986; Bull. EC 7/8-1986, point 2.1.142; Bull. EC 6-1986, point 2.1.177.

⁵ OJ L 285, 8.10.1986.

⁶ OJ L 294, 17.10.1986.

⁷ OJ L 298, 12.11.1985; Bull. EC 11-1985, point 2.1.137.

⁸ OJ C 287, 14.11.1986; COM(86) 577 final.

⁹ OJ L 54, 5.3.1979; OJ L 88, 28.3.1985; Bull. EC 2-1985, point 1.1.2.

¹⁰ OJ L 302, 28.10.1986.

¹¹ OJ L 281, 2.10.1986; OJ L 302, 28.10.1986.

¹² OJ L 290, 14.10.1986.

wine which each producer may have distilled under the scheme were fixed at:

- (i) 13 hl/ha for wine-growing zones CI, CII and CIII (with a ceiling of 26% of production in Spain) and for the French part of zone B;
- (ii) 6 hl/ha for wine-growing zone A and the German part of zone B;
- (iii) a certain percentage of their output for certain cooperatives, producer groups and grape buyers.

2.1.142. On 13 October the Commission also introduced the additional measures applicable to holders of long-term storage contracts for certain table wines.¹ The measures relate to a special price support guarantee for the distillation of a given quantity of table wine produced by the interested party and to the possibility of concluding one or more storage contracts for a period of four months for a part or all of the quantity which exceeds the stated percentage.

2.1.143. Also on 13 October the Commission adopted provisions relating to the reduction in the purchase price for wine covered by certain distillation schemes.¹ Account must be taken, where appropriate, of the commercial benefits accruing from the enrichment of wine by the addition of sucrose or grape must in respect of which Community aid has been received. To facilitate management of this scheme, a flat-rate system is to be applied for fixing the purchase price for enriched wine on the basis of a maximum alcoholic strength which reflects the average natural alcoholic strength recorded for each wine-growing zone. The alcoholic strengths adopted are the same as those used for the previous wine year.

2.1.144. On 20 October the Commission amended² the detailed rules for the distillation of the by-products of winemaking³ and for the distillation of wine produced from grapes having a dual classification⁴ so as to alter the period within which the distiller must furnish proof that he has paid

the producer in advance or the whole of the minimum purchase price. The period originally set proved inadequate and was thus altered without weakening the guarantees for the intervention agency. It now runs from the date on which the application for aid is submitted and not, as previously, from the date on which the wine enters the distillery.

2.1.145. On 21 and 27 October the Commission amended⁵ the procedure for submitting evidence providing access to Community distillation measures⁴ in order to take better account of circumstances.

2.1.146. On 27 October it also amended⁶ the way in which the higher alcohol content of alcohol other than neutral spirits is expressed in the descriptive sheet for alcohols put up for sale.⁷

2.1.147. At its first part-session in October,⁸ Parliament approved the proposal for a Regulation to consolidate the existing legislation on wine.⁹

Sugar

2.1.148. On 3 October the Commission adopted a Regulation¹⁰ implementing Article 32a of the basic Regulation on sugar of 30 June 1981,¹¹ introducing an elimination levy to be paid by producers in respect of their production from the 1986/87 marketing year onwards. Given the principle of self-financing in the sugar sector, the purpose of this levy is to eliminate the Community's 400 million ECU deficit recorded following application of the quota arrangements in the period 1981/82 to 1985/86.

¹ OJ L 290, 14.10.1986.

² OJ L 297, 21.10.1986.

³ OJ L 244, 29.8.1986.

⁴ OJ L 246, 30.8.1986.

⁵ OJ L 298, 22.10.1986; OJ L 302, 28.10.1986.

⁶ OJ L 302, 28.10.1986.

⁷ OJ L 165, 21.6.1986; Bull. 6-1986, point 2.1.183.

⁸ OJ C 283, 10.11.1986.

⁹ Bull. EC 7/8-1986, point 2.1.149.

¹⁰ OJ L 283, 4.10.1986.

¹¹ OJ L 177, 1.7.1981; Bull. EC.6-1981, point 2.1.88.

To achieve this, the Regulation provides for the collection of the elimination levy in two instalments by 15 December each year. The first instalment is calculated by multiplying the sum of the A and B quotas for each undertaking by 80% of the amount stipulated in Article 32a. However, a buffer is provided so that all the undertakings in any one region do not pay more than 80% of the final A and B production recorded for that region for the 1984/85 marketing year. The balance of the levy must be paid before 15 December of the following year on the basis of the final A and B production for the undertaking in question adjusted, as necessary, with reference to the regional A and B production for 1984/85.

2.1.149. By a Regulation dated 21 October¹ the Commission acted on the undertaking it had given at the Council meeting on 24 and 25 March to provide compensation for refiners of preferential sugar and sugar from the French overseas departments in the event of the ACP countries accepting the Community's offer to increase the guaranteed prices by 0.15% with effect from 1 April 1986, as had been decided by the Council in the case of the intervention price for raw sugar produced in the Community.² Negotiations with the ACP countries were concluded on this basis and the guaranteed prices for 1985/86 were finally adopted during the week from 15 to 19 September. The system of compensation provides that the monetary compensatory amount of 1 April will be applicable to preferential sugar imported during the period 1 April to 20 April. Since this will effectively increase the MCAs to be paid to refiners, equivalent compensation has been provided for the refining of sugar from the French overseas departments, during the period 1 April to 30 June 1986, so as to create similar price conditions for both types of sugar, pursuant to Article 5 of the Regulation of 15 July 1986.³

Accession-related measures

2.1.150. Supplies for Portuguese refineries must be ensured in accordance with the

undertakings given during the accession negotiations. To meet the estimated requirements of these refineries for 1986/87, the Commission has already decided to authorize Portugal to import 169 000 tonnes from non-Community countries at a reduced levy and to grant certain aids for 85 000 tonnes of raw sugar originating in the French overseas departments so as to equalize price conditions with raw preferential sugar and to enable the French overseas departments' sugar to be refined in Portugal. Since the estimates show that an additional 40 000 tonnes of raw sugar will be required in 1986/87 and that the quantities available in the Community make it possible to supply up to 40 000 tonnes of raw beet sugar, a Commission Regulation of 22 October provides that the same aids should be granted for these quantities as for the sugar from the French overseas departments in order, once again, to equalize price conditions with preferential sugar.⁴

Beef/veal

2.1.151. On 14 October the Commission reduced the export refunds on chilled beef and veal by 9% in response to current conditions on the world market.⁵

Sheepmeat

2.1.152. On 15 October the Commission decided, in view of the serious difficulties on the market in France, to grant private storage aid in France for all sheepmeat products.⁶ Contracts may be concluded between 15 October and 14 November 1986 for a maximum quantity of 4 000 tonnes. The amount of the aid, fixed at a flat rate in advance, depends on the storage period, which may be from two to five months.

¹ OJ L 298, 22.10.1986.

² OJ L 88, 3.4.1986; Bull. EC 3-1986, point 2.1.115.

³ OJ L 194, 17.7.1986.

⁴ OJ L 299, 23.10.1986.

⁵ OJ L 291, 15.10.1986.

⁶ OJ L 292, 16.10.1986.

Eggs and poultrymeat

2.1.153. On 21 October the Council formally adopted, by a qualified majority, Commission proposals¹ for two Regulations altering the values used for calculating the levies and sluicgate prices for eggs and poultrymeat.² These amendments, which take into account recent changes in technical performance and overhead costs in poultry farming, will apply from 1 February 1987 so as not to disturb trade at the end of the year.

2.1.154. The Council also further extended, until 31 March 1987, the suspension of certain MCAs for poultrymeat and eggs (→ point 2.1.133).

*Processed fruit and vegetables***Market situation³**

2.1.155. Aid levels for 1986/87 for the Community of Nine and Greece are mostly between 5% and 25% lower than for 1985/86.

The only exceptions are aid for tomato concentrates, cherries, pears and pineapple in syrup, where increases range from 1.9% (cherries) and 22.4% (pineapple).

The chief cause of the increase in aid for pears and pineapple in syrup was the change in the market situation for these products.

2.1.156. The minimum prices payable to producers for pineapples, cherries, figs and dried grapes have been maintained at last year's levels: the Council raised the guarantee threshold for currants from 65 000 to 70 000 tonnes and this has not been exceeded. Minimum prices for other processed products eligible for processing aid are down by between 3% (prunes) and 10% (peaches).

The system of aid and the minimum price were applied in Spain and Portugal for the first time in 1986/87, according to the criteria laid down in the Act of Accession.

*Fresh fruit and vegetables***Market situation⁴**

2.1.157. The Council decided to maintain basic prices for 1986/87 at the previous year's levels, except in the case of cauliflowers and aubergines, for which the price was increased by 1%. However, since the Council lowered the ratio between the buying-in price and the basic price for a number of products, average withdrawal prices are down by 7.5% for tomatoes and peaches, 4% for apricots and 2.5% for lemons, mandarins and sweet oranges in comparison with 1985/86.

There has been no change in the withdrawal prices for pears, table grapes and apples. In the case of cauliflowers and aubergines, the prices are 1% higher.

2.1.158. The Council also set the following marketing premiums in order to facilitate marketing within the Community:

- (i) 15.38 ECU/100 kg net for oranges of the Moro, Tarocco, Ovale Calabrese, Belladonna, Navel and Valencia late varieties;
- (ii) 13.20 ECU/100 kg net for oranges of the Sanguinello variety;
- (iii) 8.69 ECU/100 kg net for oranges of the Sanguigno and Biondo comune varieties;
- (iv) 12.95 ECU/100 kg net for mandarins;
- (v) 1.97 ECU/100 kg net for lemons.

2.1.159. The 1986/87 levels of processing aid for oranges, provided for in the Regulation of 18 December 1969,⁵ and for lemons, provided for in the Regulation of 17 May 1977,⁶ are as follows:

¹ COM(83) 586 final.

² OJ L 301, 25.10.1986.

³ Cf. Bull. EC 7/8-1985, point 2.1.156 *et seq.*

⁴ Cf. Bull. EC 3-1986, point 2.1.124 *et seq.*

⁵ OJ L 324, 27.12.1969.

⁶ OJ L 125, 19.5.1977.

Table 2 — *Aid for processing oranges*

ECU/100 kg net

Varieties	Minimum prices			Financial compensation		
	Spain	Portugal	Other Member States	Spain	Portugal	Other Member States
Oranges of the Biondo comune variety:						
Class I	9.73	6.98	11.32	4.92	2.17	6.51
Class II						
Class III						
Oranges of Class III or mixed class:						
Moro and Tarocco	15.07	10.81	17.53	10.26	6.00	12.72
Sanguinello	13.99	10.04	16.28	9.18	5.23	11.47
Sanguigno	11.83	8.50	13.78	7.02	3.69	8.97

Table 3 — *Aid for processing lemons*

ECU/100 kg net

	Spain	Portugal	Other Member States
Minimum prices	11.21	11.76	20.03
Financial compensation	2.86	3.41	11.68

Beginning with the current marketing year, Spain and Portugal will now receive both of the abovementioned types of aid (conventional transition arrangements). In the case of Spain, the aid is limited during the first four marketing years to specific quantities stipulated in the Act of Accession.

2.1.160. The latest available estimates for production in 1986 show divergent trends for different products. In the case of tomatoes, for instance, a fall in production of about 10% in the Community of Ten and of 5% in the Community of Twelve is forecast by comparison with the previous marketing year. In the case of peaches and pears, production levels should be similar to those for 1985. The trend for apricots is downwards. For nectarines, the upward trend appears to have continued in 1986. Production of apples appears to be up by about 10% on 1985 figures but has not reached 1984's record levels.

2.1.161. The 1986/87 producer prices recorded up to the end of September on the various representative Community markets are higher than those recorded during the same period of the previous marketing year in the case of tomatoes, aubergines, apricots, peaches, pears and table grapes. The prices recorded for dessert apples at the start of the marketing year in certain Member States, in particular the Netherlands, were relatively low. For this reason, and faced with forecasts of rising production, the Commission has authorized preventive withdrawals of apples. Apple prices are currently low in Germany. Finally, it should be noted that producer prices are fairly low for lemons in Italy and for cauliflowers in France especially.

2.1.162. Reference prices were increased by 3% at the most for the 1986/87 marketing year, except in the case of lemons and clementines. As regards citrus fruit, prices

for oranges and mandarins remained identical with those for the previous marketing year, but the reference prices for lemons and clementines were raised by 7% and 6% respectively, taking into account the degressive timetable established for the marketing premium.

Pursuant to the 1979 Act of Accession, the Community fixed the 1986/87 Community offer prices for peaches and tomatoes originating in Greece. This procedure operates during the seven-year transitional period for these two products.

As regards the application of these reference prices in 1986/87, countervailing charges have been used more frequently than in 1985/86 for products imported from non-Community countries. This is true of all products covered by the system of reference prices.

Tobacco

2.1.163. The Commission has awarded contracts¹ for 2 969 185 of the 5 385 740 kg of raw tobacco from the 1984 harvest held by the Italian intervention agency and offered for sale by tender in August.²

2.1.164. The Commission also issued notices of invitation to tender for the sale of 2 795 123 kg of raw tobacco from the 1984 harvest held by the Italian intervention agency³ and 5 886 452 kg of tobacco from the 1984 harvest held by the Greek intervention agency.³

Legislation

Plant health legislation

2.1.165. On 20 October the Commission adopted a Directive establishing Community tolerances for certain harmful organisms listed in the Council Directive of 21 December 1976 on protective measures against the introduction into the Member States of organisms harmful to plants or plant products.⁴

2.1.166. The Commission also adopted, on 29 October,⁵ three Directives amending the Annexes to the Council Directive of 21 December 1976.⁴ These amendments concern:

(i) two harmful organisms, *Anarsia lineatella* and *Laspeyresia molesta*, which have been shown to present lower risks than was initially thought; protection will now be restricted to certain fruit plants other than fruit, and only for certain Member States where significant production of plants at risk takes place;

(ii) measures to extend the protection of Community woodlands against the introduction or spread of certain harmful organisms;

(iii) the application of existing national plant health prohibitions to imports of certain products originating in non-Community countries; this measure, valid only for a limited period expiring on 31 December 1989, should enable the plant health risks to be assessed at Community level.

2.1.167. On 10 October Parliament passed a resolution on sylvatic rabies (→ point 2.4.19).⁶

Competition

2.1.168. Under the terms of Articles 92 to 94 of the EEC Treaty, the Commission decided not to oppose the introduction of the following proposed schemes which had been duly notified.

Germany

Rhineland-Palatinate

Promotion of marketing programmes — consisting of market research, marketing

¹ OJ C 251, 8.10.1986; OJ C 254, 11.10.1986.

² OJ C 196, 5.8.1986; OJ C 209, 20.8.1986.

³ OJ C 261, 18.10.1986.

⁴ OJ L 26, 31.1.1977.

⁵ OJ L 323, 18.11.1986.

⁶ OJ C 283, 10.11.1986.

strategy development and product development — subject to regional or qualifying conditions.

France

Seven draft decrees concerning the readjustment of interest rates for subsidized loans to farmers, in particular for the purchase of land and the sharing of agricultural equipment in cooperatives.

Measures to assist farmers suffering from the exceptional drought which has affected certain departments in the south of France. This is emergency aid granted temporarily and exceptionally to support the farmers concerned.

Financing of the guarantee fund for agricultural disasters (FF 400 million).

Tax concessions consisting in the deduction of 50% of VAT on domestic fuel oil used by farmers (making VAT on such fuel oil 100% deductible).

Italy

Measures contained in Act No 887 of 22 December 1984 laying down provisions for the composition of the annual State budget (insurance and exchange guarantee, creation of marketing centres outside Italy, implementation of market penetration programmes and participation in trade fairs and exhibitions).

United Kingdom

Measures to improve the marketing conditions for cereals (Home-grown Cereals Authority).

2.1.169. The Commission decided to initiate the Article 93(2) procedure in respect of the provisions of Italian Act No 887 of 22 December 1984 concerning the composition of the annual and multiannual State budget (Finance Act for 1985) which extends to the agri-foodstuffs sector the provisions of Acts Nos 265/62 and 227/72 (reduced-rate discounting of medium-term

and long-term loans contracted in connection with exports to non-Community countries).

2.1.170. The Commission decided to terminate the Article 93(2) procedure in respect of an Italian regional aid scheme (Calabria) for the refinancing for 1985 of Regional Act No 21 of 2 June 1980 on measures to assist agriculture (Section 3),¹ in view of the amendments to this Section introduced by Regional Act No 20 of 8 May 1986.

Forestry

2.1.171. On 23 October Parliament passed a resolution on Community action in the forestry sector (→ point 2.4.24).²

European Agricultural Guidance and Guarantee Fund

EAGGF Guarantee Section

2.1.172. On 23 October Parliament passed a resolution on the management of agricultural stocks under the EAGGF Guarantee Section's common organization of markets (→ point 2.4.24).²

Fisheries

Resources

Internal aspects

Community measures

TACs and quotas

2.1.173. On 21 October the Council, acting on a proposal from the Commission,³

¹ Bull. EC 7/8-1985, point 2.1.161; Bull. EC 2-1986, point 2.1.126.

² OJ C 297, 24.11.1986.

³ COM(86) 542 final.

amended for the fifth time¹ its Regulation of 20 December 1985 fixing, for certain fish stocks and groups of fish stocks, total allowable catches for 1986 and certain conditions under which they may be fished.² The amendment increases the TAC for the Clyde herring stock (West of Scotland).⁵

Technical measures

2.1.174. On 7 October the Council formally adopted a Regulation³ replacing Regulation (EEC) No 171/83 of 25 January 1983 laying down certain technical measures for the conservation of fishery resources.⁴ Agreement had been reached on its content at the Council meeting in September.⁵

Prohibition measures

2.1.175. In response to information from the national authorities that certain quotas were exhausted the Commission prohibited:

- (i) Dutch vessels from fishing for mackerel in ICES divisions IIa (EC zone), IIIa and IIIb, c and d (EC zone), and in ICES subarea IV, on 14 October;⁶
- (ii) all Community vessels from fishing for salmon in the Swedish waters of ICES division III d, on 14 October;⁶
- (iii) United Kingdom and French vessels from fishing for blue ling and for ling in Faeroese waters, on 15 October⁷ and 1 November⁸ respectively;
- (iv) Belgian vessels from fishing for sole in ICES division VIIa and for plaice in ICES divisions VIIa, f and g, on 29 October.⁹

National measures

Protection of local stocks

2.1.176. On 13 October the Commission, acting under Article 19 of Regulation (EEC) No 171/83,¹⁰ approved a fisheries bill of *Land Hamburg* and the relevant draft implementing regulations, the provisions of which apply in part to the North Sea coastal waters falling under the jurisdiction of Hamburg.

Implementation of Community rules

2.1.177. The Commission took note of the following national measures:

- (i) on 16 October, the three draft Irish Orders implementing the provisions of the Council Regulation of 19 December 1984¹¹ until the end of 1985, those of the Council Regulation of 29 June 1982¹² and those of the Commission Regulations of 22 September 1983,¹³ 6 December 1984¹⁴ and 23 July 1984;¹⁵
- (ii) on 17 October a United Kingdom Order (1986) implementing in United Kingdom waters certain provisions of the Regulations of 20 December 1985 on fishing by non-Community (Faeroese, Norwegian and Swedish) vessels;¹⁶
- (iii) on 20 October a United Kingdom Order made under Article 10(2) of the Regulation of 29 June 1982,¹² prohibiting United Kingdom vessels from fishing for saithe from 7 July 1986 in certain specified areas.

External aspects

Bilateral relations

Sao Tome and Principe

2.1.178. On 22 October the Commission sent the Council a proposal for a Decision on the conclusion of an agreement in the

¹ OJ L 300, 24.10.1986.

² OJ L 361, 31.12.1985; OJ L 363, 31.12.1985; Bull. EC 12-1985, point 2.1.182; OJ L 17, 23.1.1986; OJ L 176, 1.7.1986; Bull. EC 6-1986, point 2.1.213; OJ L 206, 30.7.1986; Bull. EC 7/8-1986, point 2.1.194.

³ OJ L 288, 11.10.1986.

⁴ OJ L 24, 27.1.1983.

⁵ Bull. EC 9-1986, point 2.1.130.

⁶ OJ L 290, 14.10.1986.

⁷ OJ L 291, 15.10.1986.

⁸ OJ L 306, 1.11.1986.

⁹ OJ L 303, 29.10.1986.

¹⁰ OJ L 24, 27.1.1983.

¹¹ OJ L 1, 1.1.1985; Bull. EC 12-1984, point 2.1.173.

¹² OJ L 220, 29.7.1982; Bull. EC 6-1982, point 2.1.128.

¹³ OJ L 276, 10.10.1983.

¹⁴ OJ L 318, 7.12.1984; Bull. EC 12-1984, point 2.1.177.

¹⁵ OJ L 194, 24.7.1984; Bull. EC 7/8-1984, point 2.1.148.

¹⁶ OJ L 361, 31.12.1985; Bull. EC 12-1985, points 2.1.192 to 2.1.194.

form of an exchange of letters extending for two months from 31 August 1986 the period of validity of the Protocol to the Agreement between the Community and the Government of Sao Tome and Principe on fishing off Sao Tome and Principe.

The agreement had been initialled on 22 August.¹

Guinea

2.1.179. On 7 October the Commission sent the Council proposals for a Regulation² and a Decision³ on the conclusion of:

- (i) an agreement amending the Agreement between the Community and the Government of Guinea on fishing off the coast of Guinea,⁴ and
- (ii) an agreement in the form of an exchange of letters on provisional application of the amended Agreement.

The amending agreement and the agreement on provisional application had been initialled at Conakry on 12 July.⁵

Equatorial Guinea

2.1.180. On 7 October the Commission sent the Council a proposal for a Regulation⁶ and a Decision⁷ on the conclusion of:

- (i) an agreement amending the Agreement between the Community and the Government of Equatorial Guinea on fishing off the coast of Equatorial Guinea,⁸ and
- (ii) an agreement in the form of an exchange of letters on the provisional application of the amended Agreement.

Both the amending agreement and the agreement on provisional application had been initialled on 25 June.⁹

Guinea-Bissau

2.1.181. In October Parliament approved¹⁰ a proposal for a Regulation¹¹ on the conclusion of an agreement amending for the second time the Agreement between the Community and the Government of

Guinea-Bissau on fishing off the coast of Guinea-Bissau.¹²

Seychelles

2.1.182. The Fisheries Agreement between the Community and Seychelles¹³ being due to expire on 11 January 1987, the first round of negotiations on a new agreement was held on 9 and 10 October in Brussels and the second round is planned for December in Victoria.

Mozambique

2.1.183. The Fisheries Agreement between Spain and Mozambique being due to expire on 31 December 1986, the first round of negotiations on an agreement between the Community and Mozambique was held in Maputo from 13 to 16 October. These negotiations take account of the growing interest of Community fishermen in the Indian Ocean.

Morocco

2.1.184. Discussions between the Moroccan authorities and a Commission delegation were held in Rabat from 20 to 23 October with a view to the preparation of a fisheries agreement between the Community and Morocco.¹⁴ The actual negotiations are expected to begin in the near future.

Multilateral relations

2.1.185. The annual trilateral consultations¹⁵ with Norway and Sweden on fish-

¹ Bull. EC 7/8-1986, point 2.1.191.

² OJ C 294, 20.11.1986; COM(86) 539 final.

³ COM(86) 539 final.

⁴ OJ L 111, 27.4.1983; Bull. EC 3-1983, point 2.1.133.

⁵ Bull. EC 7/8-1986, point 2.1.189.

⁶ OJ C 268, 24.10.1986; COM(86) 543 final.

⁷ COM(86) 543 final.

⁸ OJ L 188, 16.7.1984; Bull. EC 6-1984, point 2.1.120.

⁹ Bull. EC 6-1986, point 2.1.212.

¹⁰ OJ C 283, 10.11.1986.

¹¹ OJ C 197, 6.8.1986; Bull. 7/8-1986, point 2.1.188.

¹² OJ L 84, 30.3.1983; Bull. EC 3-1983, point 2.1.132.

¹³ OJ L 149, 8.6.1985; Bull. EC 6-1986, point 2.1.144.

¹⁴ Bull. EC 7/8-1986, point 2.1.192.

¹⁵ Previous consultations: Bull. EC 10-1985, point 2.1.122.

ing rights and conditions in the Skagerrak and the Kattegat, in this case for 1987, were initiated in Oslo on 27 and 28 October.

2.1.186. The Commission took part in the 18th session of the FAO General Fisheries Council for the Mediterranean, held in Monaco from 6 to 10 October, and in the seventh statutory meeting of the International Council for the Exploration of the Sea, held in Copenhagen from 8 to 17 October.

Markets and structures

Structures

2.1.187. On 29 October the Commission approved¹ the guidance programme for aquaculture submitted by Spain for 1986 under Council Regulation (EEC) No 2908/83 of 4 October 1983 on a common measure for restructuring, modernizing and developing the fishing industry and for developing aquaculture.²

Transport

Infrastructure

2.1.188. The Transport Infrastructure Committee met on 14 October and examined the projects which the Commission felt it could finance from the budget appropriations for 1985.

The Committee also considered certain Member States' transport infrastructure plans and programmes. The Commission consulted the Member States on the project for a fixed link across the Channel.

2.1.189. On 24 October Parliament passed a resolution on the necessity for an *ad hoc* Regulation that would enable the 1985 budget appropriations for infrastructure projects to be committed (→ point 2.4.24).³

Inland transport

Road transport

Technical aspects

2.1.190. The Economic and Social Committee adopted an opinion on 23 October concerning the proposal⁴ to amend the Council Directive on the approximation of laws relating to roadworthiness tests for motor vehicles and their trailers (→ point 2.4.43).

International cooperation

2.1.191. On 10 October Parliament adopted a resolution on the Community's relations with certain non-member countries in the transport sector (→ point 2.4.19).⁵

Energy

Specific problems

Solid fuels

2.1.192. On 29 October the Commission decided,⁶ under its Decision of 25 February 1976,⁷ to approve aid from the United Kingdom to the coalmining industry during 1985/86.

Nuclear energy

2.1.193. The Commission took part in the 30th regular session of the IAEA General Conference, which took place in Vienna from 29 September to 3 October (→ point 2.1.195).

¹ OJ L 313, 8.11.1986.

² OJ L 290, 22.10.1983.

³ OJ C 297, 24.11.1986.

⁴ OJ C 133, 31.5.1986; Bull. EC 4-1986, point 2.1.151.

⁵ OJ C 283, 10.11.1986.

⁶ OJ L 312, 7.11.1986.

⁷ OJ L 63, 11.3.1976.

Nuclear safety

Radiation protection

Disposal of radioactive waste

2.1.194. On 22 October the Commission adopted a formal opinion under Article 37 of the Euratom Treaty on the Cattenom nuclear power station. This was addressed to the French Government, the German and Luxembourg Governments also being notified as the countries directly concerned.

The main points in this opinion are as follows:

(i) According to the plans submitted to the Commission by the French authorities, the disposal of radioactive waste from the Cattenom power station is not under normal operation liable to result in significant radiation contamination of the water, soil and air space of any Member State.

(ii) In the event of a loss of primary coolant — the type of accident judged by experts to be the most serious that could occur within the plant — radioactive exposure would remain below the Euratom dose limits for members of the public.

(iii) The possibility cannot be excluded, however, of an accident requiring counter-measures by the authorities in neighbouring Member States. France has established agreements with Luxembourg and Germany for the exchange of relevant information in the event of such an accident.

(iv) The Commission has recommended that the French authorities should make every effort to arrive at an agreement with neighbouring Member States under which they would be linked to the automatic alarm systems in Cattenom and would be provided automatically and permanently with monitoring data.

(v) The Commission will examine the question whether the minimum six-month delay between receipt of the basic data on nuclear discharges from a nuclear plant and

the entry of that plant into operation is sufficient.

The general data on the disposal of radioactive waste from the Cattenom plant were received by the Commission on 29 April. An opinion had therefore to be given by 29 October. The Article 31 group of experts met twice to prepare and finalize its report for the Commission.

International cooperation

2.1.195. The Commission took part in the 30th regular session of the International Atomic Energy Agency's General Conference, which was held in Vienna from 29 September to 3 October and was attended by delegates from nearly all of the 113 IAEA Member States. The Commission representative, Mr C.J. Audland, who has been appointed special adviser to the Commission on international energy and nuclear questions, made a statement on the safeguarding of nuclear materials in which he referred to the increasingly extensive and close collaboration between the Community and IAEA on nuclear safeguards. He also paid tribute to the international service of the highest order rendered by the safeguards inspectors of the Commission and of IAEA.

2.1.196. On 9 October Parliament adopted a resolution calling for a European conference on safety and the coordination of the peaceful uses of nuclear energy to be arranged at an early date (→ point 2.4.19).¹

*

2.1.197. On 23 October Parliament adopted two resolutions on the sinking of the Soviet nuclear submarine off the coast of the USA and the risk of radioactive contamination of the oceans (→ point 2.4.24).²

¹ OJ C 283, 10.11.1986.

² OJ C 297, 24.11.1986.

2. External relations

New round of multilateral trade negotiations

Organization of proceedings

2.2.1. The Trade Negotiations Committee, which will be responsible for overseeing all the Uruguay Round negotiations, held its first meeting in Geneva on 27 October.¹ Its discussions were limited to general organizational questions (e.g. appointment of chairmen, surveillance, standstill and rollback procedures and agenda matters). The Committee will be chaired by Mr Enrique Iglesias, the Uruguayan Foreign Minister, when it meets at ministerial level, and by the Director-General of GATT, Mr Arthur Dunkel, at official level.

The Group on Negotiations on Goods (GNG) and the Group on Negotiations on Services (GNS) also held their first meetings on 27 October. Informal consultations will continue, in particular to establish the structure of the negotiations (specific negotiating groups to be set up) and designate the appropriate mechanism for surveillance of commitments with regard to measures to counter protectionism (standstill and rollback). The GNG is chaired by Mr Dunkel and the GNS by the Colombian ambassador, Mr Jaramillo.

Renewal of Multifibre Arrangement

2.2.2. On 21 October the Commission sent the Council a proposal for a Decision² concerning the conclusion of the Protocol renewing the MFA.³

Commercial policy⁴

Implementing the common commercial policy

Commercial policy instruments

Easing of restrictive measures

2.2.3. Under the Council Regulation of 14 November 1983,⁵ the Commission decided to open quotas for the following:

Italy — Poland: unwrought aluminium;⁶

Italy — Soviet Union: unwrought aluminium, not alloyed, waste;⁶

Italy — Czechoslovakia: vehicles for the transport of persons, parts and accessories thereof; synthetic organic dyestuffs; N-cyclohexylbenzothiazole-2-sulphenamide; polyvinyl chloride;⁷

Italy — Bulgaria: polypropylene;⁸

Italy — Soviet Union: trinitrotoluene;⁸

Italy — Czechoslovakia: synthetic rubber latex; pre-vulcanized synthetic rubber latex; synthetic rubber; factice derived from oils.⁸

Trade protection

2.2.4. The trade protection measures taken in October are shown in Table 4.

¹ Bull. EC 9-1986, point 1.4.1 *et seq.*

² OJ C 293, 19.11.1986; COM(86) 575 final.

³ Bull. EC 7/8-1986, point 2.2.1.

⁴ For iron and steel products, see points 2.1.29 to 2.1.32.

⁵ OJ L 346, 8.12.1983.

⁶ OJ C 251, 8.10.1986.

⁷ OJ C 261, 18.10.1986.

⁸ OJ C 274, 30.10.1986.

Table 4 — Trade protection measures

Council	Commission
<p>Anti-dumping proceedings</p> <p>Repeal of the Regulation accepting the undertakings given respectively by exporters in Bulgaria, Czechoslovakia, the German Democratic Republic, Poland or Romania in connection with the anti-dumping procedure concerning imports of standardized multiphase electric motors having an output of more than 0.75 kW but no more than 75 kW originating in these countries</p> <p>OJ L 280, 1.10.1986</p> <p>(acceptance of undertakings: OJ L 220, 29.7.1982)</p>	<p>Anti-dumping proceedings</p> <p><i>Provisional anti-dumping duty on imports of:</i></p> <p>Standardized multiphase electric motors having an output of more than 0.75 kW but not more than 75 kW originating in Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, Romania or the USSR</p> <p>OJ L 280, 1.10.1986</p> <p>(initiation of proceeding: OJ C 305, 26.12.1985)</p> <p><i>Notice of initiation of an anti-dumping proceeding concerning imports of:</i></p> <p>Urea originating in Czechoslovakia, the German Democratic Republic, Kuwait, Libya, Saudi Arabia, the USSR, Trinidad and Tobago or Yugoslavia</p> <p>OJ C 254, 11.10.1986</p> <p><i>Acceptance of undertakings given in connection with the proceeding, and termination of the investigation, regarding imports of:</i></p> <p>Silicon carbide originating in the People's Republic of China, Norway, Poland, Czechoslovakia, the USSR or Yugoslavia</p> <p>OJ L 287, 10.10.1986</p> <p>(initiation of proceeding: OJ C 202, 1.8.1984)</p> <p><i>Termination of anti-dumping proceeding concerning imports of:</i></p> <p>Portland cement into the former Community of Ten from Spain</p> <p>OJ L 282, 3.10.1986</p> <p>(initiation of proceeding: OJ C 84, 2.4.1985)</p> <p><i>Expiry of anti-dumping measures concerning imports of:</i></p> <p>Mechanical alarm clocks originating in the German Democratic Republic</p> <p>Phenol originating in the United States of America</p> <p>OJ C 265, 21.10.1986.</p>

2.2.5. On 15 October the Commission laid down guidelines¹ regarding the application of Article 16 of the Council Regulation of 23 July 1984 on the reimbursement of anti-dumping duties.² The purpose of the guidelines, which apply *mutatis mutandis* to Article 16 of the Commission Decision of 27 July 1984 on protection against dumped or subsidized imports from countries not members of the European Coal and Steel Community,² is to inform interested par-

ties and specify the Commission's internal procedure.

2.2.6. On 6 October Parliament adopted a resolution on anti-dumping and anti-subsidy measures and associated foreign trade issues (→ point 2.4.19).³

¹ OJ C 266, 22.10.1986.

² OJ L 201, 30.7.1984.

³ OJ C 283, 10.11.1986.

Import and export arrangements

2.2.7. On 27 October the Council adopted,¹ on a proposal from the Commission,² a Regulation suspending imports of gold coins from South Africa.

2.2.8. Parliament adopted a resolution on counter-trade on 20 October (→ point 2.4.24).³

Export credits

2.2.9. On 13 October the Council extended until 15 April 1987 the validity of its Decision of 4 April 1978 on the application of certain guidelines in the field of officially supported export credits.⁴ The new Decision also provides for the incorporation into Community law of the consolidated text of the OECD Arrangement on export credits, including both the totality of the amendments agreed by the parties since the entry into force of the Arrangement of 4 April 1978⁵ and the texts of the sector understandings (export credits for ships, nuclear power plants and civil aircraft).

Relations with industrialized countries

United States

Dispute over citrus fruit and pasta

2.2.10. On 27 October the Council approved the *ad referendum* agreement on citrus fruit and pasta reached with the United States in August.⁶ This put an end to a conflict that has long cast a shadow over Community/United States relations. Following the Council's decision, detailed implementing measures will now be adopted by both parties. The Commission will monitor the agreement and, where necessary, act to safeguard the interests of Community producers and exporters.

The agreement contains the following provisions, which incorporate a number of significant trade liberalization measures:

(i) official recognition by the United States of the Community's current and renewed agreements with the Mediterranean countries (→ point 2.2.18): the United States authorities have agreed not to challenge them as inconsistent with Article XXIV of the GATT;

(ii) elimination by the United States of the increase in duty imposed on pasta from the Community since 1 November 1985,⁷ and elimination by the Community of the increase in duty on lemons and walnuts from the United States applied since 4 November 1985: these measures took effect on both sides on 21 August;

(iii) reciprocal concessions by the Community and the United States concerning sweet oranges, minneolas, lemons, grapefruit, almonds, groundnuts and orange juice from the United States and imports of anchovies, cheeses, satsuma oranges, olives, capers, cider, paprika and olive oil from the Community: these concessions are to be bound by both sides in GATT;

(iv) agreement by the United States and the Community to continue efforts to find a solution to the dispute over pasta refunds.

Dispute over the effects of enlargement

2.2.11. The Council heard a report from the Commission on the state of negotiations with the United States under Article XXIV(6) of the GATT following the accession of Spain and Portugal.⁸ It expressed its full support for the way the Commission was conducting the negotiations. It

¹ OJ L 305, 31.10.1986.

² Bull. EC 9-1986, point 2.2.5.

³ OJ C 297, 24.11.1986.

⁴ Bull. EC 9-1986, point 2.2.7.

⁵ Bull. EC 4-1978, point 2.2.46.

⁶ Bull. EC 7/8-1986, point 2.2.7.

⁷ Bull. EC 10-1985, point 2.3.11.

⁸ The Council approved a provisional solution to this dispute, valid until 31 December 1986, in July: see Bull. EC 7/8-1986, point 2.2.8.

reiterated its firm commitment to reach a negotiated solution with the United States by the end of the year and agreed to return to this matter at its November meeting.

US-Japan agreement on semiconductors

2.2.12. The Community made a formal request to the United States and Japanese Governments for consultations under Article XXII(1) of the GATT. It is particularly concerned about the effects that the bilateral agreement between the United States and Japan on semiconductors will have on its imports and exports.¹ This agreement contains clauses concerning access to the Japanese semiconductors market and control measures covering the markets of other countries.

The Community has also asked the United States and Japanese governments for consultations under Article 15 of the GATT anti-dumping code since it believes that the US-Japan semiconductors agreement is incompatible with some provisions of the code.

It is expected that these consultations will be held in November.

Canada

2.2.13. At the Council's foreign affairs meeting on 27 October Mr Willy De Clercq, Member of the Commission with special responsibility for external relations and trade policy, expressed the Commission's concern at the growing number of trade disputes between the Community and Canada, particularly Canada's recent imposition of provisional countervailing duties on the Community's pasta exports.²

The Council noted with regret the number of disputes with Canada and urged the Commission to make every effort to settle the points under dispute through bilateral contacts or, where appropriate, in GATT.

The Council deplored the imposition of unjustified countervailing duties on pasta. It called on the Canadian Government to

move with the greatest possible speed to remove these provisional duties and strongly endorsed the action already taken by the Community.

Japan

2.2.14. On 21 October the Commission sent to the Japanese authorities a memorandum reviewing the progress made in opening the Japanese market as regards standards and certification procedures. It asked the Japanese Government to speed up implementation of the action programme in this area and carry out a more radical review of standards and certification procedures for certain products.

At its 27 October meeting the Council focused its attention on the problem of the discrimination affecting imports of alcoholic beverages into Japan.³ It approved the Commission's intention of immediately initiating proceedings under Article XXIII(2) of the GATT with a view to securing rapid removal of discriminatory barriers to imports, using the most expeditious procedures available. It requested the Commission to make proposals for further action if no satisfactory response was forthcoming from the Japanese Government within 30 days of the GATT Council's decision confirming discrimination.

It also asked the Commission to exercise particular vigilance with regard to the conditions under which Japanese products were exported to the Community and, if necessary, to take appropriate measures consistent with the Community's international commitments.

The Council noted the Commission's intention of examining what additional measures might be taken to achieve the Community's

¹ Bull. EC 7/8-1986, point 2.2.10.

² In July the Canadian authorities also decided to apply a definitive countervailing duty on beef and veal imported from the Community: see Bull. EC 7/8-1986, point 2.2.11.

³ Bull. EC 9-1986, point 2.2.14.

objectives and setting up moves to open up the Japanese market in other sectors.

European Free Trade Association¹

2.2.15. In his capacity as Chairman of the EFTA Council for the second half of 1986, the Norwegian Minister for Trade and Shipping, Mr Kurt Mosbakk, met Mr Willy De Clercq on 24 October to discuss the state of Community-EFTA cooperation.

Mr De Clercq and Mr Mosbakk found that considerable progress was being made in many areas specified in the Luxembourg Declaration of April 1984² and confirmed by the Council on 15 September.³

They discussed pragmatic ways in which EFTA could take parallel action as the Community completed its internal market between now and 1992. EFTA is determined to cooperate as much as possible to prevent a widening of the gap between the Community and its European neighbours.

The talks ended with a review of world economic problems.

Mr Mosbakk also met Mr Clinton Davis, Member of the Commission with special responsibility for transport, to discuss further cooperation on shipping policy.

Norway

2.2.16. During an official visit to Oslo by the President of the Commission from 17 to 19 October, representatives of government and parliament and of industry and the trade unions expressed their resolve to step up cooperation with the Community. Norway's economy is closely linked to that of the Community, and it cannot afford to ignore the Community's fresh moves to bring about greater integration by 1992.

The Norwegian authorities were concerned that these moves could further widen the gap between the Community and its European neighbours and expressed determination to cooperate more closely to prevent this happening.

Throughout his stay, Mr Delors explained the internal developments in the Community and emphasized the qualitative importance of European integration in relation to the more restricted possibilities of cooperation.

Sweden

2.2.17. The Swedish Minister of Industry, Mr Thage Peterson, visited the Commission on 13 October. He had talks with Mr Narjes, Commission Vice-President with special responsibility for industrial affairs, on present and future cooperation on research and development.

Relations with other countries and regions

Mediterranean countries⁴

Mediterranean policy of the enlarged Community

Additional directives on trade aspects

2.2.18. At a meeting of Research Ministers on 21 October the Council approved the additions — covering trade aspects — to the directives which it gave the Commission on 25 November 1985 for the negotiations to take account of the Community's enlargement.⁵ As a result of difficulties encountered with the Mediterranean non-member countries, the Commission had asked in March for changes in these directives.

At a foreign affairs meeting on 27 October the Council stressed the political importance it attached to the agreement reached

¹ For financial and technical cooperation with the EFTA countries, see point 2.1.35.

² Bull. EC 4-1984, point 1.2.1 *et seq.*

³ Bull. EC 9-1986, point 2.2.17.

⁴ For financial and technical cooperation with the Mediterranean countries, see point 2.2.49.

⁵ Bull. EC 11-1985, point 2.3.16.

on 21 October and expressed its confidence that these additional directives would enable the Commission to bring the negotiations with the Mediterranean partner countries to a speedy conclusion.

These negotiations on adjustments to the trade arrangements are to be followed by negotiations on cooperation and the renewal of the financial protocols, the Commission having sent the Council a communication on 3 June setting out its policy on financial and technical cooperation with the southern and eastern Mediterranean countries.¹

2.2.19. A symposium on industrial and technological cooperation under the Community's Mediterranean policy took place in Marseilles from 29 to 31 October.

The symposium formed part of the Community's new approach to cooperation with Mediterranean countries and was aimed at promoting thinking on both sides regarding the industrial cooperation envisaged by the Community and its Mediterranean partners.

It was organized by the Marseilles Chamber of Commerce and Industry and the Commission, with the collaboration of the chambers of commerce and industry of Barcelona, Genoa and Piraeus. More than two hundred people took part, including representatives from Algeria, Cyprus, Egypt, Jordan, Lebanon, Malta, Morocco, Tunisia and Turkey.

At the end of the symposium Mr Cheysson, Member of the Commission with special responsibility for Mediterranean policy, looked ahead to increasingly harmonious development of the region and the priorities which should guide future industrial and technological cooperation in the Mediterranean.

Cyprus

2.2.20. On 21 October the Council adopted additional directives for the negotiation of a protocol covering trade arrangements aimed at attenuating the conse-

quences of enlargement² and also the transition to the second stage of the Association Agreement.³

These directives form part of the package of additional directives adopted by the Council for negotiations with the Mediterranean non-member countries (→ point 2.2.18).

Yugoslavia

2.2.21. On 21 October the Council adopted supplementary directives for the negotiation of an additional protocol to the EEC-Yugoslavia Cooperation Agreement⁴ that would establish new trade arrangements, the financial and commercial provisions of the Agreement having expired on 30 June 1985.

These directives too form part of the set of additional directives adopted by the Council for negotiations with Mediterranean non-member countries (→ point 2.2.18).

2.2.22. The working group on EEC-Yugoslavia cooperation held its second meeting in Belgrade on 22 October.⁵

In line with the mandate received from the Cooperation Council on 22 July,⁶ the working group agreed on a programme and timetable of activities for 1986-87. The programme is set out in an attached memorandum.

Asia

Association of South-East Asian Nations

2.2.23. The sixth meeting of Community and Asean Foreign Ministers took place in Jakarta on 20 and 21 October.⁷ The Com-

¹ Bull. EC 6-1986, point 2.2.23.

² Bull. EC 7/8-1985, point 2.3.23.

³ Bull. EC 12-1985, point 2.3.24.

⁴ OJ L 41, 14.2.1983.

⁵ First meeting: Bull. EC 10-1985, point 2.3.18.

⁶ Bull. EC 7/8-1986, point 2.2.20.

⁷ Fifth meeting: Bull. EC 11-1984, point 2.2.28.

munity delegation was led by Sir Geoffrey Howe, President of the Council, while the Commission was represented by the Member with special responsibility for North-South relations, Mr Claude Cheysson. The meeting was chaired by the Foreign Minister of Singapore, Mr S. Dhanabalan, in his capacity as President of the Asean Standing Committee, and by the Indonesian Foreign Minister, Mr Mochtar Kusumaatmadja, in his capacity as representative of the Asean country in charge of the coordination of relations with the Community.

On the international economic issues discussed, it emerged that the two sides held broadly similar views. Emphasis was placed on the importance of getting the Uruguay Round¹ under way, and the parties agreed to continue cooperating closely for the duration of the negotiations.

On the bilateral front, Ministers gave a favourable reception to the report of the EEC-Asean High-level Working Party on Investment² and broadly supported the recommendations designed to boost European investment in the Asean region. More specifically, Ministers decided to set up joint investment committees in each of the Asean capitals, while the Community Ministers for their part undertook to encourage representatives of European financial institutions, including the European Investment Bank, to step up their cooperation in an effort to promote a more sustained flow of European investment.

Thailand

2.2.24. Mr Cheysson paid an official visit to Thailand from 16 to 18 October. He had talks with the Prime Minister, General Prem Tinsulanonda, and the Ministers of Foreign Affairs, Finance and Agriculture. Both sides welcomed the expansion of their bilateral trade and were agreed that for the future a strengthening and diversification of economic and industrial cooperation between European and Thai firms ought to provide a stimulus for sustained growth in trade in goods and services. In this connection Mr Cheysson stressed the importance of effec-

tive protection of intellectual property rights in Thailand.

Laos

2.2.25. Mr Cheysson became the first Member of the Commission to pay an official visit to Laos, from 23 to 25 October. His talks with the Minister of Foreign Affairs and the Chairman of the State Planning Committee centred on the future direction of the development aid programme for Laos. It was agreed that in order to help Laos with its exports to the Community, the country's authorities would be supplied with fuller details of the Community's GSP and Stabex procedures.

South Korea

2.2.26. The first Korean trade and investment mission to the Community got under way in Brussels on 16 October with a 'Community Day' opened by Mr Willy De Clercq and the head of the Korean delegation, Mr Hong Sung Jua, the Deputy Trade and Industry Minister. Some 40 senior representatives from Korea's leading firms and small businesses in the mechanical engineering, electrical, electronics and steel industries met representatives of the main European trade associations concerned.

Mr De Clercq took this opportunity of handing Mr Hong Sung Jua a 'memorandum' listing the Community's main requests on issues of bilateral interest.

Latin America³

Guatemala

2.2.27. The President of Guatemala, Mr Vinicio Cerezo Arévalo, visited the Commission on 9 October. Mr Cerezo was accompanied by his Minister of Foreign

¹ Bull. EC 9-1986, point 1.4.1 *et seq.*

² Bull. EC 3-1986, point 2.2.21.

³ For financial and technical cooperation with Latin America, see point 2.2.50.

Affairs, Mr Quiñónez, the Secretary of State for Planning, Mr Marroquín, the President of the Bank of Guatemala, Mr Linares, and a number of other officials.

President Cerezo had talks with Mr Cheysson, Mr De Clercq and Mr Marín, in the course of which he explained his main objectives on the domestic front (search for national consensus taking in the army and the private sector, and economic stabilization to be followed by expansion) and his regional and international policy aims (observance of the principle of active neutrality based on democratic pluralism, stability throughout the whole of Central America, establishment of a Central American parliament and cooperation with Europe as an important adjunct to intra-American cooperation).

Mr Marín and Mr Cheysson fully endorsed these political objectives, emphasizing the connection between stability in individual countries and in the region as a whole.

A working session at technical level with Mr Marroquín and his officials provided an opportunity to take stock of cooperation activities and look ahead at prospects for their intensification. Priority was given in these discussions to financial and technical assistance, food aid, trade promotion and cooperation with NGOs.

State-trading countries

Council for Mutual Economic Assistance

2.2.28. On 27 October Mr De Clercq reported to the Council on the state of the Community's relations with each of the Eastern bloc countries and with the CMEA. He drew attention to the three guiding principles of Community policy:

(i) normalization: the establishment of contacts and ties with these countries similar to those the Community maintains with countries elsewhere;

(ii) parallelism: parallel development of relations with individual CMEA members and the CMEA itself;

(iii) differentiation: each country to be treated in accordance with its own situation and individual characteristics.

The Council confirmed its support for these principles and the importance it attached to progress in the development of trade and economic links between the Community and the countries concerned.

Hungary

2.2.29. On 29 October the Commission approved a recommendation to the Council concerning negotiating directives for an agreement between the Community and Hungary.

*

2.2.30. On 6 October Parliament adopted a resolution on the setting-up of a European Foundation for East European Studies (→ point 2.4.19).¹

Development

North-South relations

Cooperation in international forums

United Nations Industrial Development Organization

2.2.31. The second meeting² of the Industrial Development Board, the governing body of Unido, was held in Vienna from 13 to 23 October and was chaired by HE Mr Mokhtar Zannad, the Tunisian Ambassador.

The meeting was dominated by Unido's financial crisis. The Executive Director presented a plan for cuts in expenditure on both administration and technical assistance, and this was accepted by the Board.

¹ OJ C 283, 10.11.1986.

² Bull. EC 11-1985, point 2.3.48.

Other decisions taken included one on the study of new concepts and approaches for Unido's future activities.

The second conference for the pledging of voluntary contributions to Unido's Industrial Development Fund was held at the same time. Contributions so far for 1987 total USD 12.7 million.

2.2.32. The Community participated in the Third Unido Consultation of the Agricultural Machinery Industry, which took place in Belgrade from 29 September to 3 October. The meeting, which was attended by representatives from 50 countries, noted the serious crisis affecting the industry worldwide: on the one hand there was productive overcapacity in developed countries, while on the other the lack of financial resources in developing countries inhibited expansion in demand. A number of recommendations to alleviate the problems were drawn up.

ACP-EEC Convention

Implementation of Lomé III

2.2.33. One of the most innovative aspects of the third Lomé Convention¹ concerns the provisions on investment, which are to be found in Part Three, Title IV, Chapter 1 of the Convention. These provisions recognize the importance of private investment for the development of the ACP countries and stress the need to take steps to promote and protect such investment.

At the meeting of the ACP-EEC Committee of Ambassadors on 7 June 1985 it had been decided to set up a joint working party to implement and monitor these provisions.²

The working party held its first meeting in Brussels on 17 September. It adopted its rules of procedure and examined the terms of reference for two studies to be undertaken on investment, one on the scope of and procedures for a joint ACP-EEC investment insurance and guarantee system and the other on measures designed to facilitate

a greater and more stable flow of private capital to the ACP countries.

Lomé III programming

2.2.34. The Community aid programming exercise, through which the Community commits itself to provide specified amounts of financial assistance for specific sectors in each of the ACP States, has almost been completed.³

By the end of October 62 programming missions to establish the indicative programme of Community aid by agreement with each ACP State had taken place.

Commodities and world agreements

Rubber

2.2.35. From 6 to 18 October in Geneva the Community and its Member States took part in the third session of the United Nations conference⁴ convened to renegotiate the 1979 International Natural Rubber Agreement,⁵ which expires on 22 October next year.

The Community and its Member States reiterated their desire to see an economically and financially effective and viable agreement concluded.

Considerable progress was made in the negotiations on the administrative and financial provisions, in particular concerning the volume and transfer of stocks, limitation of the Council's powers and of members' financial responsibility and day-to-day management procedures for the Organization and the Agreement.

¹ Bull. EC 11-1984, point 1.1.2.

² Bull. EC 6-1985, point 2.3.57.

³ Bull. EC 3-1986, point 2.2.31; Bull. EC 4-1986, point 2.2.32.

⁴ Bull. EC 5-1985, point 2.2.44; Bull. EC 5-1986, point 2.2.43.

⁵ Thirteenth General Report, point 513.

However, the conference was unable to narrow the gap sufficiently between the positions of two crucial elements of the Agreement, namely the currency to be used for pricing purposes and essential improvements in the price adjustment procedures. The president consequently proposed that the conference be adjourned. The resolution to that effect adopted in plenary session gave no indication of when talks might resume.

Tin

2.2.36. On 6 October the Commission asked the Governments of the Member States for a mandate to represent the Community at an Unctad preparatory meeting which is to be held with a view to setting up an international study group on tin.

The study group would serve as a forum where producers and consumers could exchange information and views on market trends and would operate like the existing study groups on lead, zinc, rubber and cotton and the one about to be set up for nickel.

Following the failure of the International Tin Agreement, which came into force on 1 July 1982,¹ the Community does not favour an extension or renegotiation of the existing Agreement when it expires on 30 June 1987, nor an extension or renegotiation of the Agreement shorn of its economic provisions.

However, the Community is prepared to consider a framework for cooperation provided that it excludes market intervention and that the main producer and consumer countries are prepared to participate.

Campaign against hunger in the world

Food aid

Reform of food aid policy and management

2.2.37. On 24 October Parliament adopted an opinion² on the Commission's

proposal for a Council Regulation on food aid policy and food aid management.³ It pointed out that food aid is of two basic types: emergency aid and long-term aid. It believed that the starting point of Community policy should be the development of local and regional solutions to food supply problems in developing countries and proposed, therefore, that its ultimate objective should be a progressive reduction in food aid to a position where its use is limited to meeting emergency needs and providing nutritional support to target groups, including children and the poorest sections of the population in food deficit countries. It stressed the need for the foodstuffs made available to the developing countries to match the dietary needs and habits of the recipients. It stressed once again the need to introduce a range of procedures and mechanisms which will enable the Community to react swiftly and efficiently to emergencies, and called in particular for the Community to help with the setting-up of effective nutritional and crop survey early warning systems and food reserves to deal with food crises in 'at-risk' developing countries. It considered that NGOs can play a very useful part in implementing emergency operations, stressed that the transport of food aid is a key element in the Community's policy, and took the view that the present procedure is inadequate. It called on the Commission to set up a food aid administration unit with sole responsibility for all Community food aid operations and coordination with the Member States. Lastly, it believed that the implementation of the new Regulation would allow the Community, by setting up alternative operations in place of food aid, triangular operations and multiannual programmes linked to development policies, to play an effective part in making structural improvements in the food situation in the developing countries.

¹ OJ L 342, 3.12.1982; Sixteenth General Report, point 745.

² OJ C 297, 24.11.1986.

³ OJ C 265, 21.10.1986; Bull. EC 7/8-1986, point 2.2.34.

2.2.38. On 27 October, with the endorsement of the Food Aid Committee, the Com-

mission decided on the following food aid operations:

Table 5 — *Food aid operations*

	<i>tonnes</i>						
	Cereals	Milk powder without added vitamins	Milk powder with added vitamins	Butteroil	Sugar	Vegetable oil	Other
Guinea-Bissau	6 000	300	—	100	—	—	—
Honduras	—	500	300	—	—	—	—
Lesotho	9 000	—	—	—	—	—	—
Kenya	11 000	—	—	—	—	—	—
Sudan	20 000	600	—	200	—	500	—
Sao Tome and Principe	1 250	—	—	—	—	100	—
NGOs	20 000	—	4 000	—	—	—	1 042 ¹
Licross	—	—	370	40	—	—	—
Mozambique	40 000	—	—	—	—	1 000	2 000 (beans)
Total	107 250	1 400	4 670	340	—	1 600	

¹ Tonnes cereal equivalent.

2.2.39. The Commission decided to grant the following emergency food aid: 2 768 tonnes of cereals and 137 tonnes of vegetable oil for Sahraoui refugees in Algeria; 647 tonnes of vegetable oil for Afghan refugees in Pakistan, through the WFP/IEFR; 1 370 tonnes of cereals for Palestinian refugees in Lebanon, through UNRWA; 1 500 tonnes of cereals for victims of Typhon Wayne in Viet Nam, to be distributed by an NGO.

2.2.40. On 23 October Parliament adopted a resolution on the need for a world food conference and three on the granting of emergency food aid to Mozambique and the famine in that country (→ point 2.4.24).¹

Emergency aid

El Salvador

2.2.41. Following the earthquake which devastated the city of San Salvador on 10 October leaving 260 dead, 140 missing, 1 300 injured and several thousand homeless, the Commission decided on 12 October to grant 250 000 ECU in emergency aid to the victims. This money was used to finance a joint operation with the United Kingdom Government to charter a Boeing 707, which left London on 13 October with a cargo of

¹ OJ C 297, 24.11.1986.

tents and medicines. A British Red Cross team flew with the supplies to supervise their distribution.

2.2.42. On 20 October the Commission decided to grant a further 500 000 ECU in emergency aid to the victims of the initial earthquake and of subsequent tremors. This aid will be distributed by humanitarian organizations (Médecins du Monde, League of Red Cross Societies, Trocaire) and will provide temporary shelters, basic essentials and food supplies and also a water supply to the working-class districts.

2.2.43. On 23 October Parliament adopted three resolutions on the granting of aid to the victims of the El Salvador earthquake (→ point 2.4.24).¹

Viet Nam

2.2.44. In the wake of the terrible consequences of Typhoon Wayne, which devastated Viet Nam in September leaving 400 dead, 2 500 injured, 34 missing, half a million homes destroyed or damaged and tens of thousands of hectares of rice fields ruined, the Commission decided on 24 October to grant 435 000 ECU in emergency aid to the victims.

The aid will be used to fund a programme to supply clothing, material for making clothes, mosquito nets, blankets, etc. to be implemented by a number of NGOs (Trocaire, Oxfam Belgium, Secours Populaire Français and Caritas Germanica) in close coordination with the Commission.

2.2.45. On 9 October Parliament adopted a resolution on the consequences of Typhoon Wayne, calling on the Commission to grant emergency aid (→ point 2.4.19).²

Stabex

Advances

2.2.46. On 20 October the Commission decided to make advance payments of 8

million ECU to the Solomon Islands in respect of copra and palm products and 2 million ECU to Western Samoa in respect of copra oil.

Mining cooperation

ACP States

Sysmin

2.2.47. After endorsement by the EDF Committee, on 3 October the Commission declared admissible the Liberian application for Sysmin aid following disturbances in the iron ore (pellets) sector, which accounts for some 15% of the country's exports.

In 1985 Liberia was the Community's fourth-largest supplier of iron ore, supplying 10.2% of the Community's imports, and the Community was the main market for Liberia iron ore, taking 76% of exports.

The Sysmin aid, which will shortly be determined by the Commission in accordance with Article 54 of the second Lomé Convention, should help to set up a rehabilitation programme to save what is an important sector of the Liberian economy.

Financial and technical cooperation

ACP States

2.2.48. In October the Commission allocated fifth and sixth EDF resources totalling 30 550 000 ECU to finance projects, programmes and emergency aid which it administers (see Table 6).

¹ OJ C 297, 24.11.1986.

² OJ C 283, 10.11.1986.

Table 6 — *Financing of fifth and sixth EDF operations*

<i>million ECU</i>			
	Project	Grants	Loans
<i>Economic infrastructure</i>			
Northern corridor States (Rwanda and Uganda)	Road improvements	21.35	3.5
<i>Trade promotion</i>			
Zimbabwe	Export development programme	4.40	
<i>Emergency aid</i>			
Niger	Action against the plague of locusts	0.15	
African ACP States	Locust control	0.65	
Ethiopia	For drought victims	0.50	
	Total	27.05	3.5

Southern and eastern Mediterranean countries

2.2.49. On 7 October the Commission decided to finance projects as follows with funds provided under the Cooperation Agreements with Egypt and Syria:

(i) Egypt: 1 970 000 ECU grant to a training institute for Egyptian labour representatives ('Workers' University');

(ii) Syria: 3 800 000 ECU (1 800 000 ECU grant and 2 000 000 ECU special loan) for a water supply project in the Deir ez Zor region.

Measures to help the Palestinian population in the occupied territories

2.2.49a. On 27 October the Council adopted,¹ on a proposal from the Commission,² measures to help the Palestinians living on the West Bank of the Jordan and in the Gaza Strip. These measures involve financial assistance and trade arrangements.

The financial assistance, which totals some 3 million ECU, is intended primarily for small job-creating projects, training and further training projects and for improving

the operation of local Palestinian institutions.

As regards trade, the Community is to extend to products from these territories preferential arrangements similar to those granted for products from certain Mediterranean non-member countries, i.e. duty-free access to the Community market for industrial products and preferential treatment for certain agricultural products.

Latin American and Asian developing countries

Financing decisions

2.2.50. With the endorsement of the Committee on Aid to Non-associated Developing Countries, on 7 October the Commission decided to finance the following from the appropriation under Article 930 of the Community budget: Haiti: interim emergency programme covering urban sanitation, agricultural development, rural engineering and education (autonomous

¹ OJ L 306, 1.11.1986.

² Bull. EC 9-1986, point 2.2.38.

project—total cost 4.1 million ECU, Community contribution 4.1 million ECU).

Aid guidelines for 1987

2.2.51. On 31 October the Commission sent the Council a proposal for a Decision determining the general guidelines for 1987 concerning financial and technical aid to Latin American and Asian developing countries (non-associated developing countries).¹

Regional cooperation²

International assistance for the development of the Beira Corridor

2.2.52. An international donors' conference, hosted by the Commission and organized by the Mozambique Beira Corridor Authority, was held in Brussels on 23 and 24 October.

The Beira Corridor is the route through central Mozambique linking Zimbabwe, Malawi, Zambia and other landlocked countries with the Indian Ocean without passing through South Africa.

The purpose of the conference was to review the programme's financing situation. About 90% of the almost USD 200 million package has now been secured.

The conference was opened by Mr Dieter Frisch, Director-General for Development at the Commission, and addressed by Mr Herbert Ushewokunze, Zimbabwe's Minister of Transport. It was attended by delegations from 8 member countries of the Southern Africa Development Coordination Conference, 18 cooperating countries and 6 intergovernmental organizations and financing institutions.

During the conference a tribute was paid to Samora Moisés Machel, the late President of the People's Republic of Mozambique.

Cooperation via non-governmental organizations

2.2.53. Between 1 January and 31 October the Commission committed a total of 34.1 million ECU for the cofinancing in developing countries of 244 projects presented by 110 NGOs.

The Commission also contributed a total of 3 693 310 ECU to 68 public awareness campaigns in Europe.

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Visits

2.2.54. The President of the People's Republic of Benin, Mr Mathieu Kerekou, visited the Commission on 6 October. He had talks with Mr Delors and with Mr Natali, Commission Vice-President with special responsibility for cooperation and development. The two sides agreed on the aim of committing 55 million ECU, or 80% of the funds reserved for Benin under its Lomé III indicative programme and managed by the Commission, by July 1987. This would represent a substantial improvement over the previous commitment rate.

During the talks a financing agreement for six million ECU was signed for the construction of bridges on the Parkou-Djougou-Porga section of the north-south road serving the north of Benin, strengthening the link with Burkina Faso.

The Commission expressed its readiness to take part in a meeting of aid donors with a view to agreeing its contribution to the rehabilitation of Benin's road network.

2.2.55. Mr Natali paid an official visit to the People's Republic of the Congo from 21 to 25 October.

He had talks with President Denis Sassou-Nguesso and with other members of the Government. They discussed bilateral coop-

¹ COM(86) 568 final.

² For cooperation with the Asean countries, see point 2.2.23.

eration and African problems in general, Mr Sassou-Nguessi being President of the Organization of African Unity.

2.2.56. Mr Natali paid an official visit to Burkina Faso from 17 to 21 October. He had talks with President Thomas Sankara and co-chaired an interdepartmental meeting on the implementation of Lomé III.

International organizations and conferences

General Agreement on Tariffs and Trade

Committee on Government Procurement

2.2.57. The Committee on Government Procurement met on 15 and 16 October to continue its discussion of improvements to be made to the Code.¹ At the current stage of examination, no decisions have yet been taken.

Committee on Subsidies and Countervailing Duties

2.2.58. At its regular meeting on 27 and 28 October the Committee on Subsidies and Countervailing Duties continued its discussion of the reports by the panels which had examined the disputes between the United States and the Community concerning wheat flour, pasta products² and wine. On account of the divergent views reflected, the Committee was not able to adopt the reports.

The Community initiated a conciliation procedure in respect of the imposition by Canada of countervailing duties on imports of pasta products from Italy (→ point

2.2.13). The Committee set up a panel to examine the Community's complaint concerning the countervailing duties imposed by Canada on imports of Community meat.³ It also continued its examination of the signatories' national laws and their consistency with the provisions of the Code.

Group on Quantitative Restrictions and Other Non-tariff Measures

2.2.59. The Working Group on Quantitative Restrictions and Other Non-tariff Measures met on 24 October in order to adopt its report to be submitted to the Contracting Parties in November. The conclusions of the Group were that the best prospects for achieving progress in the reduction or elimination of quantitative restrictions and other non-tariff measures lie in the implementation of the Ministerial Declaration on the Uruguay Round.⁴ It recommended that the analysis established be used as an input for the forthcoming negotiations.

Conference on Security and Cooperation in Europe

2.2.60. On 9 October Parliament adopted a resolution on the forthcoming meeting of the CSCE (→ point 2.4.19).⁵

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2.2.61. The second meeting of the Industrial Development Board, Unido's principal organ, was held in Vienna from 13 to 23 October (→ point 2.2.31).

¹ Bull. EC 6-1986, point 2.2.58.

² Bull. EC 7/8-1986, point 2.2.7.

³ Bull. EC 7/8-1986, point 2.2.11.

⁴ Bull. EC 9-1986, point 1.4.1 *et seq.*

⁵ OJ C 283, 10.11.1986.

3. Financing Community activities

Budgets

General budget

The Community's budget and financial situation

2.3.1. On 13 October the Council discussed the state of Community spending on agriculture and ways of bringing this expenditure under stricter control, notably by preventing production surpluses and stocks from accumulating.

The conclusions concerning the line to be taken to tighten up the control of agricultural expenditure (→ point 2.1.132) were published under the responsibility of the Presidency, certain Member States having entered reservations.

2.3.2. On 23 October Parliament passed a resolution on the future financing of the Community (→ point 2.4.24).¹

1986 budget

Preliminary draft amending budget No 1/1986

2.3.3. On 24 October Parliament passed a resolution on preliminary draft amending budget No 1/1986² (→ point 2.4.24).

Financial operations

ECSC

Loans raised

2.3.4. In October the Commission made:

- (i) a USD 75 million three-year public issue at 7% with an issue price of 101%;
- (ii) a USD 108 million ten-year public issue at 8¼% with an issue price of 101⅛%;

(iii) a number of private placings in ECU, US dollars, sterling and French francs for the equivalent of 74.18 million ECU.

Loans paid out

2.3.5. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission paid out loans in October for a total of 136.61 million ECU, broken down as follows:

Industrial loans

2.3.6. Industrial loans (Article 54) totalling 130.72 million ECU were made to:

- (i) Italy for the steel sector and the use of Community steel;
- (ii) the Federal Republic of Germany for collieries.

Conversion loans

2.3.7. A conversion loan (Article 56) totalling 1.39 million ECU was paid out to Barclays Bank Ltd as a supraregional loan for small and medium-sized firms in the United Kingdom.

Workers' housing

2.3.8. Loans totalling 4.50 million ECU were made in the Federal Republic of Germany, Ireland and Italy to build housing for coal and steel workers.

Euratom

2.3.9. The Commission made a private placing in US dollars for the equivalent of 78.34 million ECU.

EEC

2.3.10. The Commission made:

- (i) a USD 100 million five-year public issue at 7% with an issue price of 100¼%;

¹ OJ C 297, 24.11.1986.

² Bull. EC 9-1986, point 2.3.2.

(ii) a 50 million ECU five-year public issue on the Luxembourg market at 7 $\frac{3}{8}$ % with an issue price of 100 $\frac{1}{4}$ %.

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Completion of pre-accession aid to Portugal

2.3.11. On 2 October the Commission and the Portuguese Government signed 18 financing agreements for a total of 14.9 million ECU under the agreement of 7 November 1984¹ on specific pre-accession financial aid for improving agricultural and fisheries structures in Portugal.²

The various projects and programmes financed 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, 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 agreement 38 million ECU has now been granted.

¹ OJ L 333, 21.12.1984.

² Bull. EC 12-1985, point 2.2.3; Bull. EC 1-1986, point 2.3.5; Bull. EC 6-1986, point 2.3.3; Bull. EC 9-1986, point 2.3.15.

4. Political and institutional matters

European political cooperation

2.4.1. On 4 October the Presidency issued the following statement on Libyan Arab Airlines:

'The Twelve have noted with serious concern the clear evidence of involvement in terrorist activity by Libyan Arab Airlines which was revealed in the trial and conviction in the UK on 26 September of Mr Rasmi Awad on charges of conspiracy to cause an explosion.

The Twelve recall their decisions of 21 April on the problem of State-supported terrorism, and Libyan involvement in particular.³ The decision of the UK authorities to suspend flights to London by Libyan Arab Airlines is fully consistent with those decisions.

The Twelve are in close touch on the security implications of this case. They support the initiatives which have been taken to enhance security at airports and will be examining what further action may be necessary in accordance with international law.'

2.4.2. On 17 October the Presidency issued the following statement on South Africa:

'The Twelve express their serious concern at the South African Government's announcement of its intention deliberately to stop the employment of Mozambican workers in South Africa and at reports that South Africa might be contemplating military action against Mozambique. The Twelve strongly urge the South African Government to show full respect for the sovereignty, independence and territorial integrity of their neighbours and to do nothing to worsen relations with those neighbours or add to suffering in southern Africa. They draw attention to the existence of machinery for consultations between South Africa and Mozambique under the Nkomati Accord, which provides a means for resolving differences between them.

The Twelve deplore the decision of the South African Government to declare the UDF an Affected Organization. This retrograde step against a leading non-violent group is contrary to the goal

³ Bull. EC 4-1986, point 2.4.4.

of genuine national dialogue for which the Twelve have consistently called. The Twelve reiterate that it is essential that freely chosen representatives of the black population should be in a position to take part in peaceful political activity if a negotiated solution is to be achieved in South Africa. The Twelve urge the South African Government to withdraw without delay their decision to declare the UDF an Affected Organization.'

2.4.3. On 22 October the Presidency, on behalf of the Twelve, issued the following statement on the PLO attack on the Wailing Wall in Jerusalem:

'The Twelve deplore the grenade attack in Jerusalem which took place on 15 October and the renewed air strikes by Israeli forces against targets in Lebanon. They reiterate their view that attacks of this kind only place additional obstacles in the way of progress towards peace. They call on all concerned to exercise restraint and work for the peaceful negotiation of a just, lasting and comprehensive settlement of their differences.'

2.4.4. On the periphery of the Council's foreign affairs meeting in Luxembourg on 27 October Ministers also discussed the Twelve's attitude towards the Hindawi trial in the United Kingdom.

At the end of the meeting Sir Geoffrey Howe told the press that the Twelve had reaffirmed their previous statements on international terrorism.

All the Member States bar one also expressed their readiness to subscribe to the following guidelines:

(i) share sense of outrage that the agencies of a State involved in such an appalling incident; full briefing given by UK;

(ii) understanding and support for UK action taken and support for Community solidarity in such circumstances;

(iii) agreement that those expelled from the UK in connection with Hindawi case will not be accepted as diplomats by any other partner;

(iv) agreement to instruct Ambassadors to present to the Syrian Government the evidence of what had taken place and to report

in time for a meeting of the Political Committee on 6 November in preparation for further discussion at ministerial level on 10 November;

(v) points for further consideration then: arms sales, high-level visits, activities of embassies, security arrangements affecting SAA operations;

(vi) affirmation of importance attached by all Member States to maintenance of a constructive dialogue with the Arab world.'

2.4.5. Following the conclusions adopted by the Foreign Ministers meeting within the framework of political cooperation on 15 and 16 September¹ and the Commission proposal:²

(i) the Council adopted a Regulation suspending imports into the Community of gold coins originating in South Africa and laying down detailed rules for suspension (→ point 2.2.7);

(ii) the Representatives of the Governments of the Member States meeting within the Council adopted a Decision providing for Member States to take the measures necessary to guarantee suspension of new direct investment in South Africa by persons or firms based in the Community and laying down detailed rules for suspension (→ point 2.1.5).

2.4.6. At its two part-sessions in October Parliament adopted several resolutions on political cooperation and the protection of human rights (→ point 2.4.20 and 2.4.25).³

Other intergovernmental cooperation

Informal meeting of Interior Ministers

2.4.7. Community Ministers responsible for immigration, counter-terrorism and

¹ Bull. EC 9-1986, point 2.4.2.

² Bull. EC 9-1986, points 2.2.5 and 2.1.6.

³ OJ C 283, 10.11.1986; OJ C 297, 24.11.1986.

drugs met informally in London on 20 October. The meeting was chaired by Mr Douglas Hurd, the UK Home Secretary. Lord Cockfield, Vice-President of the Commission with special responsibility for the internal market, attended.

On immigration Ministers reiterated their commitment to the objective of abolishing checks at internal frontiers but agreed that as a result there would have to be strict controls at the Community's external frontiers, a sharing of information between the national government departments responsible for these controls and consideration given to the coordination of visa policies and the right of asylum. Ministers decided to set up an *ad hoc* working group, serviced by the Council's General Secretariat, to examine these issues urgently.

Ministers also took note of the progress made in implementing the decisions taken by the Trevi Group¹ on 25 September to strengthen liaison between police forces and experts in counter-terrorism.

Finally, they agreed to step up cooperation, in liaison with the Pompidou group, on the prevention of drug abuse, the rehabilitation of drug addicts, aid to producer countries to combat the cultivation of toxic products, the strengthening of controls at external frontiers and liaison between the departments responsible for controlling drug traffic.

2.4.8. The Commission welcomed the clear link made by Ministers between concern about public order and the Single European Act² and achievement of the area without frontiers by 1992.

It agreed that the abolition of internal frontiers must go hand in hand with stricter controls at external frontiers and that the working group's remit should be coordinated with the measures needed to achieve the area without frontiers.

Conclusions on immigration

2.4.9. Ministers with responsibilities for immigration, counter-terrorism and drugs

and a Vice-President of the Commission meeting in London on 20 October agreed that:

1. It remains an agreed objective to provide for free movement in the Community within the terms of the Single European Act.²

2. Problems over terrorism, drug trafficking, other crime and illegal immigration must not be allowed to deflect the Community from this objective.

3. At the same time, as the European Council meeting in Brussels in March 1985 recognized, the goal of abolishing frontier formalities must remain compatible with the need to combat terrorism and drug trafficking.³

4. It is therefore essential to work towards a system of easing and ultimately abolishing frontier formalities for Community citizens that is not open to abuse; this points to:

(a) strict controls at the Community's external frontiers;

(b) coordination of visa policies;

(c) improved exchange of information between immigration services of Member States;

(d) sharing information on the steps already taken by Member States to prevent passports being issued under false pretences or their abuse if stolen and improved cooperation in future;

(e) consideration of the problems which arise from those seeking asylum.

5. The above considerations have implications for frontier controls operated on the basis of spot checks; there is scope for keeping under close review the operation of such systems in the light of the criteria laid down by heads of government.

6. To set up a high-level *ad hoc* working group of Member States composed of the closest advisers of Ministers in the field of immigration policy and, in so far as there is Community competence, representatives of the Commission; the Council

¹ The Trevi Group was set up in response to the proposal adopted at the Rome European Council in November 1975 that Ministers of the Interior or Justice (depending on each Member State's constitutional arrangements) should meet 'to discuss matters coming within their competence, in particular with regard to law and order': Bull. EC 11-1975, point 1104 (Other business).

² Supplement 2/86 — Bull. EC.

³ Bull. EC 3-1985, point 1.2.7.

Secretariat will assure the secretariat of the group; the group was charged to consider urgently:

- (a) improved checks at external Community frontiers;
 - (b) the contribution which internal checks can make;
 - (c) the role of coordination and possible harmonization of visa policies of Member States in improving controls;
 - (d) the role and effectiveness of frontier controls at internal frontiers in the fight against terrorism, drugs, crime and illegal immigration;
 - (e) exchange of information about the operation of spot check systems;
 - (f) close cooperation to avoid the abuse of passports;
 - (g) measures to achieve a common policy to eliminate the abuse of the right of asylum in consultation with both the Council of Europe and the UN High Commission for Refugees;
 - (h) examination of ways in which the convenience of Community travellers can be improved without adding to the terrorist threat or the risks of illegal immigration, drug trafficking and other crime.
7. The working group should produce urgently a programme of work with dates for completion.
8. The work of the group should be coordinated with the work necessary to realization of the internal market.

Conclusions on drugs

2.4.10. Concerning drugs the following was agreed:

1. Ministers recalled the grave concern expressed by the European Council in The Hague about the serious problem of drug misuse.¹
2. Recognizing the importance of international cooperation in combating the drugs problem, they commended the efforts of those countries which have shown determination to stamp out production of, trafficking in and demand for drugs and welcomed the forthcoming International Conference on Drug Abuse and Illicit Trafficking.
3. They agreed that the Member States, in conjunction with the Community, had an important role to play in the international effort to combat drug production, trafficking and misuse. They

commended both the work done in the Pompidou Group by Council of Europe Member States in the areas of supply and demand for drugs, and the high degree of cooperation in the law enforcement field. They asked Member States and the Commission to examine whether the Community and its Member States could assist the work of the Pompidou Group in the following areas, whilst seeking to avoid the duplication of work being done in other forums:

- (a) measures to reduce demand for drugs especially among young people;
- (b) measures to improve the treatment and rehabilitation services for addicts.

4. They asked the Community and its Member States to consider action to ensure that bilateral and Community aid supports, as appropriate, a recipient country's efforts to combat drug abuse.

5. They also asked the Member States, with the Community where appropriate, to consider action in the following areas:

- (a) ensuring that legislation takes account of the need to maintain effective control over illicit drug trafficking, particularly at the Community's external frontiers;
- (b) mutual enforcement of confiscation orders relating to drug traffickers' assets;
- (c) building on the good cooperation which already exists between law enforcement agencies, by posting drugs liaison officers (DLOs) within the Member States, by Member States posting DLOs to other countries, and by supporting a world-wide directory of contacts for drugs-related messages; to this end Ministers asked Trevi working group III to examine the scope for building on existing arrangements to create a coordinated network of drug liaison officers to monitor developments in producer countries.

6. Ministers noted that cooperation on drugs control had become an increasingly significant element on the international political agenda and welcomed the programme of work which had been initiated by the Member States of the Community meeting in political cooperation.

7. Recognizing the significant contribution made by individual Member States to existing UN activities and international cooperation on drugs, Ministers considered that enhanced activity would help to develop a common approach by the Member States to drugs-related assistance and activities in certain drug producing and transit countries.

¹ Bull. EC 6-1986, point 1.1.16.

8. Ministers urged that Ambassadors of the Twelve accredited to the major drug producing countries be asked to prepare joint assessments of the situation in those countries and recommendations for further action by the Twelve.

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2.4.11. On 9 October Parliament adopted a resolution in which it welcomed the fact that the Interior Ministers had resolved to step up the fight against terrorism by taking joint action (→ point 2.4.19).¹

European policy and relations between the institutions

European policy

Ratification of the Single European Act

2.4.12. The Luxembourg Parliament ratified the Single European Act on 22 October.²

2.4.13. On 23 October Parliament adopted a resolution urging swift ratification of the Single European Act by all the Member States by 31 December 1986 and stressing the need for European Union (→ point 2.4.24).³

Relations between the institutions

2.4.14. During its first October part-session¹ Parliament adopted four resolutions on relations between the institutions (→ point 2.4.19) one on relations between Parliament and the Council, the second on relations between Parliament and the Commission, the third on the position of Parliament in the context of actions for annulment brought before the Court of Justice under Article 173 of the EEC Treaty, and the fourth on initiatives to strengthen cooperation between the institutions in the

examination of petitions submitted to Parliament.

2.4.15. During its second October part-session³ Parliament, on the basis of the Hänsch report, gave its opinion on the proposal for a Council Regulation laying down the procedures for the exercise of implementing powers conferred on the Commission.⁴

Parliament welcomed the Commission's willingness to inform and consult it more fully on draft implementing measures which it was planning to present to committees and hoped to see a binding agreement between Parliament and the Commission on this issue in the near future.

Parliament also welcomed the fact that the Commission was prepared to support its position, urging the Council to give precedence to the 'advisory committee' procedure, especially for implementing powers pursuant to the new Article 100A of the EEC Treaty (Article 18 of the Single European Act), and advocating that where Parliament did not have more extensive rights on the basis of the legislative procedure for cooperation laid down by Article 149 (Article 7 of the Single Act), it should be able to demand the opening of the conciliation procedure with the Council if the Council wished to provide for a committee procedure in a legal act.

Finally, in view of the institutional significance of the proposal and its bearing on Parliament's budgetary powers, in line with the earlier procedures for adoption and amendment of the Financial Regulation Parliament called for the opening of the conciliation procedure with the Council should the Council intend to depart from its amendments.

¹ OJ C 283, 10.11.1986.

² Supplement 2/86 — Bull. EC

³ OJ C 297, 24.11.1986.

⁴ Bull. EC 1-1986, point 2.4.6. Parliament's debate, including extracts from Mr Delors's speech, is reported at point 2.4.22.

Institutions and organs of the Communities

Parliament¹

Strasbourg: 6 to 10 October

2.4.16. Parliament's first October part-session did little in the way of legislative work. The main debates were on the report by the Committee of Inquiry into the drugs problem (→ point 2.4.17), on the South Africa issue following the vote by the US Congress to overrule the President's veto, on terrorism and on institutional affairs.

The Community and the drug problem

2.4.17. Over the next few years the number of drug addicts in the Community could well rise to 10 million; yet drugs were a scourge that had still not been tackled by coordinated action. This view was expressed by Mrs Giannakou (EPP/GR), who chaired the Committee of Inquiry on drugs, as she told the House that the problem must be attacked on a number of fronts: on the production front, where all the efforts employed had failed to stop supply increasing, on the trafficking front and on the consumption front, where demand was constantly rising.

The rapporteur, Sir Jack Stewart-Clark (ED/UK), believed that there was room for Community-wide action and he took heart from the fact that the Hague European Council had recognized the need for it.² Emphasizing that the Community must attack the root of the problem, namely production, Sir Jack reminded the House that nearly all the cocaine on the market was being produced by three developing countries — Peru, Bolivia and Colombia — and that all the heroin was coming from six or seven developing countries. He proposed that a European task force be set up to 'mastermind a central drugs policy' and hoped that at their informal meeting on 20

October the Community Ministers of the Interior would take decisions on the extradition of drug traffickers (→ point 2.4.10). Sir Jack then spoke of the crucial importance of prevention, education and rehabilitation, with a final recommendation that a Community research centre be set up which could 'learn from the best practice of other countries in the Community and so benefit one and all'.

The President of the Council, Mr Mellor, stressed that concerted international action was needed to deal with the problem and he assured the House that the Council would consider carefully any proposals from the Commission.

He also told the House that the Council was considering the recommendation for a decision submitted by the Commission in August on Community participation in the preparations for the International Conference on Drug Abuse and Illicit Trafficking.³

Mr Manuel Marín, Vice-President of the Commission with special responsibility for social affairs, emphasized the seriousness of the drug problem and argued that while steps must be taken to throttle supply, action must also be taken on the demand side by means of effective preventive measures. It was on the health and education aspects that the Community could best act. Mr Marín told the House that the Commission had set up a group of experts to study the various problems involved in the consumption of cocaine. He complained that the budget allocation of 406 000 ECU for health activities was woefully inadequate if the Commission was to act effectively in combating drugs.

¹ The complete texts of the resolutions adopted by Parliament are reproduced in OJ C 283, 10.11.1986, and the report of the proceedings is contained in OJ Annex 2-343. The political groups and nationalities of members speaking in the debates are shown in brackets after their names; the key to the abbreviations can be found in Bull. EC 7/8-1984, points 1.2.5 and 2.4.8 (footnote 1).

² Bull. EC 6-1986, point 1.1.16.

³ Bull. EC 7/8-1986, point 2.1.113.

The ensuing debate revealed a division between members that tended to reflect the different approaches to the problem that had emerged between the majority and minority views in the Committee of Inquiry. Seven members, belonging to the EPP, ED, Liberal, EDA and ER Groups, declared they were opposed to the legalization of any drugs, believing that to legalize them was tantamount to liberalizing the use of drugs, and that to legalize soft drugs would simply make it easier to switch to hard ones and thus create more and more addicts.

A number of members thus contended that substitution crops should be financed in the producer countries; Mr Pearce (*ED/UK*) attacked the Netherlands for legalizing certain drugs, while Mrs Lehideux (*ER/F*) called for the death penalty for traffickers and deportation for foreigners — traffickers and consumers alike.

The other end of the political spectrum, reflecting the minority view in the Committee, voiced different feelings and recommended a more liberal approach concerned with rehabilitation. Pointing out that the minority had never called for the legalization of drugs, but for a study and appraisal of their effects, Mrs Squarcialupi (*Com/I*) regretted that the Committee's report had underestimated the role played in the producer countries by criminal organizations not only in drug trafficking but also in the arms traffic and terrorism.

Mrs Brigitte Heinrich (*Rainbow/D*) observed that Europe was declaring war on drugs but was incapable of helping people whose lives had been ruined by drugs, and she regretted that nothing was being done about alcohol and mind-altering drugs, both of which were no less dangerous.

Mr Marco Pannella (*NA/I*) claimed that the Right, in wanting to ban drugs, was serving the interests of the Mafia; it was prohibition that had enabled Al Capone to become an international power in crime.

Mrs Marcelle Lentz-Cornette (*EPP/L*) believed that there was indeed a Europe without frontiers but it was a Europe of

drug traffickers, terrorists, gangsters and crooks. She appealed for a ruthless campaign against drugs!

Mr Gijs de Vries (*Lib/NL*) set great store on the conclusion of an international agreement on confiscating drug traffickers' assets. Mrs Hedy d'Ancona (*Soc/NL*) was one of a number of members who regretted that Parliament was divided on so serious an issue and sought to distinguish between legalization, which they rejected, and normalization, which they advocated. She would have nothing to do with all the talk of offenders and punishment coming from the Right.

Mr Vincenzo Mattina (*Soc/I*) made an eloquent appeal for the establishment of a European legal area and scouted the idea of crop-conversion in drug-producing countries as Utopian.

The House was nevertheless of one mind in demanding forceful preventive measures and insisting that dissuasion should start in school.

A compromise motion secured 261 votes, with 3 against and 6 abstentions. The resolution passed by Parliament was accompanied by a draft for a Council resolution and took account of certain suggestions already made, some by the majority and others by the minority.

In this resolution Parliament urged the Council to: take any steps required to halt the spread of drug abuse; study the effects on health and social life; convert crops; impose strict controls on Community exports and imports of chemicals with known similar effects; establish practical guidelines for the sentencing of drug traffickers and the confiscation of their assets; combat criminal organizations; introduce effective measures for dealing with money-laundering by drug traffickers; facilitate the seizure of drugs at frontiers and tighten customs cooperation to that end; establish a central drugs intelligence agency; provide preventive education at all levels of society and ensure the rehabilitation and treatment of addicts; participate fully in and contrib-

ute to the activities of international organizations engaged in the fight against drug trafficking and drug addiction.

2.4.18. Parliament gave opinions on the following Commission proposals:

- (i) a Directive imposing a standstill on VAT and excise duties (→ point 2.1.78);
- (ii) a Directive amending the Directive of 28 March 1983 determining the scope of Article 14(1) (d) of the sixth VAT Directive as regards exemption from VAT on the final importation of certain goods, and another amending the Directive of 19 July 1968 on the standardization of provisions regarding the duty-free admission of fuel contained in the fuel tanks of commercial motor vehicles (→ point 2.1.79);
- (iii) a Directive on the sulphur content of certain liquid fuels (→ point 2.1.120);
- (iv) a Regulation on the common organization of the market in wine (→ point 2.1.147);
- (v) a Regulation on the conclusion of the Agreement between the European Economic Community and the Republic of Guinea-Bissau on fishing off the coast of Guinea-Bissau (→ point 2.1.181).

2.4.19. Resolutions were passed on the following subjects.

Community policy on migration. In its first resolution Parliament stressed the need to establish fully the right to freedom of movement for Community citizens and considered that recognition of the right to vote in local elections for Community citizens residing in another Member State was an essential factor in the creation of a people's Europe. The House therefore called upon the Commission to apply and publicize more widely the current regulations on migration, to promote the integration of Community workers into the country where they have come to work and to adapt the Community rules on social security. The Commission should make proposals on the

exercise of the right to vote in local elections for these workers and to guarantee Community citizens access to employment in the public administration of other Member States where they were residing. In a second resolution Parliament asked the Commission to draw up a report on more effective action against the resurgence of racism and xenophobia, the exercise of civil and political rights, especially the right to vote in local elections for migrant workers, and social security and social welfare.

Establishment of an EEC marine research institute. Aware of the importance of protecting and exploiting the oceans, which meant having a better understanding of them, Parliament recommended that the Commission take a series of specific measures under the second framework programme for research and development.

Border controls to combat terrorism. Parliament recommended that the Ministers of Justice be included in the joint action deployed by the Ministers of the Interior (→ point 2.4.7 *et seq.*) in order to step up the fight against this scourge. The House pointed out that controls at intra-Community borders were not the appropriate means and called instead for closer cooperation between the authorities concerned, better arrangements for administrative and judicial assistance and simpler rules for 'hot pursuit' across internal borders. Parliament urged the governments of the Member States to work gradually over the next four years towards the harmonization of their laws on asylum, firearms and external frontier controls.

The disastrous whirlwind in the Bitburg/Prüm region of Germany. Parliament called for emergency aid of 500 000 ECU.

The earthquake in the Kalamata region of Greece. Parliament called for emergency aid and other forms of financial assistance for Greece.

Recent devastation caused by storms and floods in Crete. Parliament urged the Com-

mission to assist in compensating producers in the devastated areas and called for financial support to carry out land improvement, drainage and anti-flood projects.

The serious losses sustained by cattle breeders and farmers as a result of the drought in certain regions of Spain. The House called for a new reduced-price cereal quota to be set and for emergency financial aid to supplement national measures.

The disastrous floods in the Bordeaux region. Parliament called for urgent financial aid for the immediate relief of the 15 000 victims and also for repairs to the damaged road links.

Community relations with certain non-member (transit) countries (Switzerland, Austria and Yugoslavia) in the transport sector. In view of the large volume of Community traffic that passes through those countries, Parliament believed that the Community should accept a share of responsibility for the maintenance of road and rail networks. For the carriage of goods the House felt that priority must be given to rail and to encouraging alternative solutions such as combined transport systems (roll-on/roll-off) and containers. The railway networks of Germany, Italy and Greece should therefore be adapted in line with the plans of the three non-member countries concerned. A joint system of user charges would have to be developed so as to remove tax barriers and other distortions of competition. Agreements on rail charges should be negotiated, and in the negotiations with Yugoslavia it would be to the Community's advantage to grant interest-rate subsidies for the planned EIB loans for transit route development — including sections still missing from the transit motorway route — and for double-tracking and electrification of railways.

European conference on nuclear safety. Parliament stressed the urgent need for a conference to be organized on the peaceful use of nuclear energy so that the Community

could determine more clearly and step up its role in the world context.

Anti-dumping and anti-subsidy measures and associated foreign trade issues. In its determination to eliminate material injury caused to Community producers by certain foreign exporters pricing their products on European markets at levels below the costs of production, Parliament called for anti-dumping proceedings to be speeded up and, if need be, anti-dumping duties imposed on component parts of finished products turned out by assembly facilities within the Community. The procedure for filing complaints must be simplified. The House suggested various solutions for improving the situation, one of which was to increase the staff and resources of the Commission's anti-dumping department.

Establishment of a European Foundation for East European Studies. Believing that increased knowledge and better mutual understanding of history, economics and other aspects of life would open the way for diplomatic dialogue and also have a positive effect on relations between people, Parliament proposed that the Member States' governments set up a working party with the task of drawing up a charter for the foundation and that — in its early stages — at least the foundation be subsidized from the Community budget.

The effect of Typhoon Wayne. Parliament called on the Commission to make available to the Vietnamese authorities emergency help in the form of food aid and medical supplies for the five ravaged coastal provinces.

The next CSCE meeting. Parliament called on the governments of the Community countries to demand specific measures from the governments of Central and Eastern Europe (including the USSR) with regard to respect for human rights, the right of peoples to self-determination, freedom of religion, together with political, economic and cultural guarantees. The House considered that unification of the continent

with respect for individual freedoms, political pluralism, trade union rights and the freedom of economic initiative was the common aspiration of all the peoples of Europe.

Relations between Parliament and the Council. Regretting the fact that the Single European Act¹ did not really constitute a valid response to what was needed to ensure the democratic and efficient operation of the European Communities, Parliament decided to make every use of its powers under the Treaties to exploit to the very limit the possibilities offered by the Single Act in order to exert some influence in a limited number of areas of Community legislation. The House called upon the Council to improve its internal working methods so as to ensure a greater degree of continuity and consistency between successive presidencies. Parliament also made a number of other proposals to the Council that would extend its own powers and pointed out that recent judgments by the Court of Justice had only served to underline the need for improved cooperation between Council and Parliament to ensure that the Community's political objectives could be attained. The House further noted that Article 30 of the Single Act contained provisions concerning the close relations between European political cooperation and the Community institutions. Parliament therefore called on the presidency of political cooperation and of the European Council to report in writing after each official meeting on the way in which Parliament's views had been considered in the deliberations.

Relations between Parliament and the Commission in the institutional context of the Treaties. Convinced that close cooperation between itself and the Commission constituted the foundation for the Community's revival, the prerequisite for European Union, Parliament stressed the need to resume negotiations with the Commission for the adoption of a joint declaration. It presented a text to serve as the basis for this.

Initiatives to strengthen cooperation between the institutions in the examination of petitions submitted to Parliament. Aware of the prime importance attached by the institutions to the protection of fundamental rights and recalling the approval given by the Milan European Council in June 1985 to the conclusion of an interinstitutional agreement to strengthen the citizen's right of petition,² Parliament affirmed its determination to strengthen this right and instructed its Committee on the Rules of Procedure and Petitions to submit appropriate proposals. It also called on the Commission to draw up by 1 June 1987 a proposal for effective and binding Community legislation to implement the decisions of the Milan European Council. The Council was urged to guarantee cooperation from the Member States' authorities.

The position of Parliament in the context of actions for annulment brought before the Court of Justice under Article 173. Parliament welcomed the Court's statement that the Community is a Community governed by the rule of law, so that neither its Member States nor its institutions can avoid a review of whether or not their acts are in conformity with its basic constitutional document, the Treaty. It noted that the Court had declared admissible an action for annulment brought against acts of Parliament intended to have legal force with regard to third parties. It observed that the Court's findings implied that Parliament also had the right to bring such action and so created the necessary balance in relations between the institutions.

2.4.20. In the fields of political cooperation and human rights, Parliament passed the following resolutions.

The Reykjavik Summit. Parliament welcomed the forthcoming meeting that might represent an important turning point in

¹ Supplement 2/86 — Bull. EC.

² Bull. EC 6-1985, point 1.2.3.

international relations. It hoped to see a real political will to work towards *détente*, dialogue and peaceful negotiations so as to solve the problems and crises confronting the international community.

The closing document of the Stockholm Conference on Confidence-building Measures and Disarmament in Europe, the forthcoming summit meeting in Reykjavik and the CSCE follow-up conference in Vienna. Parliament called on the Foreign Ministers meeting in political cooperation to use the climate that had been created to reach significant, binding and verifiable agreements in other forums where matters relating to security in Europe were discussed; to examine the proceedings of the forthcoming summit to see to what extent European views on the political and economic aspects of security, as expressed in the European Single Act, were taken into account by the superpowers; to resolutely develop European consultation mechanisms on the political and economic aspects of European security.

The absence of Europe from summit meetings. Parliament regretted the fact that the European Community was not in a position to take part in an international conference which would give priority to discussing matters relating to its own security. It called on the Foreign Ministers meeting in political cooperation to convene an emergency meeting to adopt a common position on the subjects that would be on the agenda of the proposed summit to follow Reykjavik.

Introduction of a visa requirement in France. Parliament considered that this measure affecting all citizens (except the Swiss) not belonging to the Community constituted a discrimination and called on the French Government to abolish it.

The wave of terrorist attacks in Paris. Parliament expressed its sympathy with families of the victims, reiterated the need not to give in to blackmail, believed that the Member States must draw the appropriate conclusions if non-member countries were

proved to be involved in the preparation and perpetration of these acts of terrorism, and called for the early ratification, by those Member States which had not yet done so, of the Council of Europe Convention on the Suppression of Terrorism.

Hostages in Lebanon. Deeply distressed by the plight of the 13 Community citizens detained as hostages in Lebanon, Parliament urged the Twelve to work together within the Trevi Group,¹ and elsewhere for a solution of the problem of hostages and to approach the governments of Libya, Syria, Iran and Lebanon to remind them of their responsibilities in the protection of innocent life.

The situation in Chile. Parliament condemned yet again Pinochet's fascist regime that for 13 years had subjected the people of Chile to cruel repression. It criticized the recent introduction of martial law and the suppression of freedom and declared its solidarity with the people of Chile, demanding the immediate restoration of democracy and calling on the 12 Member States to adopt effective measures for the political, diplomatic, economic and military isolation of the Chilean dictatorship.

The execution of political prisoners in Indonesia after 20 years' imprisonment. Parliament condemned this manner of proceeding, which constituted a flagrant breach of human rights, and appealed again to the Indonesian authorities henceforth to observe the fundamental principles of humanity.

Human rights in certain countries in Central and South America. Parliament called on the Foreign Ministers meeting in political cooperation to ask the governments of

¹ The Trevi Group was set up in response to the proposal adopted at the Rome European Council in November 1975 that Ministers of the Interior or Justice (depending on each Member State's constitutional arrangements) should meet 'to discuss matters coming within their competence, in particular with regard to law and order': Bull. EC 11-1975, point 1104 (Other business).

Chile, Colombia, Guatemala, El Salvador and Peru to investigate and clear up the 15 cases referred to and to take whatever further steps might be necessary.

The increase in human rights violations in Guatemala. In view of the large number of political murders and kidnappings perpetrated by the army, the security forces and the death squads, as well as the death threats to the President and members of the Grupo de Apoyo Mutuo, the only human rights organization operating in the country, and with President Vinicio Cerezo due to visit Brussels on 10 October to negotiate with the Commission (→ point 2.2.27), Parliament urged the Commission to promise support only if it had no bearing on the anti-insurgency programme and was aimed at real improvement in the living conditions of the people, and to speak out against any compulsory repatriation of Guatemalan refugees.

*Strasbourg: 20 to 24 October*¹

2.4.21. Parliament's second part-session this month was devoted to a great many important subjects, some of which were added during the week in response to requests from the Council and the Commission for treatment under the urgent procedure. This was the case with the Hänsch report on committee procedures (→ point 2.4.22), the Campinos report on food aid management, and the Woltjer report on the common organization of the milk market. The Chouraqui report on Community family policy was held over for a later part-session, in view of the number of amendments tabled. Finally, the House failed to reach conclusions on two entirely different subjects, but both of undoubted political significance: arms control and the harmonization of national provisions concerning speed limits for private cars.

Parliament opposed to regulatory committees

2.4.22. Parliament returned to the report by Mr Klaus Hänsch (*Soc/D*), rapporteur

for the Political Affairs Committee, on the role of the various types of committee in the Community, which had been referred back to the committee at the July part-session.

This matter is of crucial importance for institutional balance. On 29 January the Commission put to the Council a Regulation laying down procedures for the exercise of implementing powers conferred on the Commission.² The Commission proposed three types of committee: advisory, management and regulatory. The gist of the amendments proposed in the report was to drop the 'regulatory committee' formula, whereby the Commission will adopt its planned measures only if they are in accordance with the committee's opinion. In contrast, it was accepted that the Commission could apply the advisory and management committee procedures, with a preference for advisory committees, since they left intact the full implementing powers to which the Commission was entitled under the Treaties. The Political Affairs Committee welcomed the Commission's intention of informing and consulting Parliament more fully concerning draft implementing measures it was planning to present to committees.

Mr Hänsch, however, did not concur with the Political Affairs Committee. He himself accepted the regulatory committees, his own feeling — shared with a majority of the Socialist Group — being that the absence of regulatory committees would not really strengthen the Commission's position. He was sure that the national administrations would long have to go on executing and applying Community law, for while the Commission adopted regulations, it had neither the staff nor the structures to determine how they should be applied on the spot. Mr Hänsch conceded that the Federal Republic was perhaps not a good example; but in Germany administrative powers lay with the *Länder*. He went on to stress the importance of the Commission proposal,

¹ OJ C 297, 24.11.1986; OJ Annex 2-344.

² Bull. EC 1-1986, point 2.4.6.

which was the first material transposition of the Single European Act,¹ and he argued that those members wishing to do away with regulatory committees were being idealistic.

The House was therefore divided on how best to exert pressure on the Council.

The opinions by Mr Josep Verde i Aldea (*Soc/E*) for the Committee on Legal Affairs and Civil Rights and Mr Christopher Jackson (*ED/UK*) for the Committee on Institutional Affairs both came out against regulatory committees.

Mr Lambert Croux (*EPP/B*), Mr Derek Prag (*ED/UK*) and Mr Hans Nord (*Lib/NL*) successively supported the call to do away with the regulatory committees. The regulatory committees, the management committees and the advisory committees, said Mr Croux, already went far enough, and if things went any further, implementing powers would no longer be exercised by the Commission but would remain in the hands of the Council. To which Mr Prag, on behalf of the European Democrats, added: 'it involves both effectiveness and democracy in the way the Community is run'. As Mr Prag saw it the regulatory committees entailed 'a clear transfer of executive power from the Commission to the Council', which meant also a loss of Parliament's Treaty-based right of democratic supervision (for though it had rights of control over the Commission, it had none over the Council).

Mr Nord said that if he were the Commission, he too would probably take the view that regulatory committees should be retained, because in any case the Council would not agree to their disappearance and because the present proposal was better than the existing state of affairs. But then he added that Parliament was not the Commission and it had to uphold its principles.

An altogether different view came from Mr Bonde (*Rainbow/DK*), who said he would rather see legislative power remain in the hands of the national parliaments where majorities could change when the electors

were dissatisfied. The Commission, on the other hand, was not elected by the people and the democratic process was diluted whenever more power was given to the Commission.

Mr Herman (*EPP/B*), speaking on behalf of the Committee on Institutional Affairs, exclaimed: 'Must we accept the type of committee represented by the regulatory committee? No, a thousand times no!' Mr Herman attacked the wrong extrapolations from national systems made by certain members. Turning to Mr Hänsch, he declared: 'I could, at a pinch, go along with you, if we were the Bundestag and we had its powers. If Mr Delors was Federal Chancellor, if the Commission were a real government, then I would go along with you'.

Mr Delors declared that the underlying issue at this debate was whether the 12 Governments that had signed the Single Act really meant to put it into effect.

'... You may think this strange, since you feel the Single Act is a barely acceptable minimum. Well, let me tell you, in the months ahead the Twelve will try *not* to carry it out. We have already had an example, at the disappointing Council meeting of Research Ministers two days ago, when the Commission was treated as if it were haggling over a carpet at the Istanbul bazaar, asking a hundred francs in the hope of getting fifty. What do they think we are? In the 22 months we have been there we have shown a pragmatism and realism some of you consider pusillanimous, but for all that the States are coolly calling the Single Act in question! ... The Commission's thinking was that we should try to show the Council of Ministers that we are reasonable people, that we are not, repeat not, asking a hundred in the hope of getting fifty, and that when we propose three committees, including the regulatory committee, we are trying to allow for and show understanding of the misgivings of some countries.

Over against that is Parliament's thinking, which is, with some reason, mistrustful. I am sadly afraid that it is going to be proved right, and that, unhappily, your mistrust was to some extent justified...

I may well withdraw the proposal if confidence is not reposed in the realism, pragmatism and

¹ Supplement 2/86 — Bull. EC.

professionalism of the Commission. If we are pressed too far, there will be no proposal on the table any more. And then it will be seen that if Europe is making no headway it is the fault of the Council, and indeed of Coreper. That is something that has got to be seen, and seen clearly...

The Single Act in its institutional dimension sets out to enable Europe to take decisions better and faster and implement them more efficiently and to bring Parliament more fully into the legislative process. For that, three conditions have to be fulfilled. The first is that the Council should amend its rules of procedure, and that if Parliament is set deadlines the Council should also set itself deadlines for putting matters to the vote...

Condition two, the application of the cooperation procedure. I hear on all hands that the cooperation procedure is too red-tape-ridden and too long-drawn-out and as a result will perish of its own accord. Some members indeed do not believe in it at all, because it does not give Parliament enough powers. Do, I implore you, through Mr Prout's report, pay careful attention to the cooperation procedure — it is a big opportunity for Parliament to contribute to the work of legislation. It needs simplicity and skill, though. I shall hope to be able to discuss it with you some other time. And condition three, indissociable from the other two, is the committee procedure. I will tell you briefly what this is about.

What have we got now? We have at least 300 committees, with national civil servants who do not even execute their Ministers' decisions, and prevent them from being implemented. So, for a start, there should be not 300 committees but three.

Next, we have to combine efficiency and simplicity. And lastly, we have to have separation of functions. The Commission's function is to propose and execute; Parliament, as co-legislator, cannot have a part in execution. This is the reason for my stance up to now on your suggestion of bringing Parliament into the committee procedure. These three preconditions for the implementation of the Single Act are interlinked. I would like you to bear them all three in mind. What is done in the weeks ahead on the subject of committees, the Council rules of procedure and the cooperation procedure will determine the prospects, institutionally, for the Single Act. Everything else is a matter of goals...

To sum up my reaction to Mr Hänsch's report, now before you, the Commission will fight to the bitter end for its proposal, a realistic one in particular in that it accepts the regulatory committee. If the proposal is not passed by the Council, I see no reason why, for instance, I should oppose

Mr Dankert's five amendments. I see no reason why I should not draft a new proposal based on those amendments! If the Council doesn't want something simple, then it will have to reckon with Parliament every time before it takes decisions, as with the budget debate.

If people like us — working away quietly and without fuss — cannot gain a hearing, then we shall have to turn up the volume, and when that happens I hope you will be altogether on the Commission's side.'

After this very committed speech by the President of the Commission, who reminded the governments of the Member States of their responsibility for faithfully applying the European Single Act, his statement that he might well withdraw the proposal if the Council could not give the Commission its confidence did much to relieve the strained atmosphere in the House.

The House adopted the report by 235 votes to 36. This vote was very much in keeping with the stance it had taken in July, with the addition of an amendment calling for Parliament to be kept regularly informed on further developments.

2.4.23. Parliament gave opinions on the following Commission proposals:

- (i) a Directive on enlarging the Community obligations of liberalizing capital movements (→ point 2.1.3);
- (ii) two Regulations for better control of milk production (→ point 2.1.135);
- (iii) a Directive on the adoption of common technical specifications of the MAC/packet family of standards for direct satellite television broadcasting (→ point 2.1.46);
- (iv) a Regulation on food aid policy and food aid management (→ point 2.2.37);
- (v) a Regulation laying down the procedures for the exercise of implementing powers conferred on the Commission (→ point 2.4.15).

2.4.24. Resolutions were passed on the following subjects.

Internal market. In two resolutions Parliament estimated the cost of 'non-Europe' and expressed its concern that the internal market programme had fallen behind schedule. The House believed it was essential for the establishment of the internal market that the Single European Act should come into force beforehand. It asked that full account be taken of the impact on the smaller economies within the Community of the proposals contained in the Commission's White Paper. Parliament stressed the close interdependence between the creation of the internal market, the increased use of the ECU for public and private transactions (because of its non-inflationary nature) and the gradual liberalization of capital movements. The House considered that national public contracts should be opened up to small and medium-sized firms, which were often very competitive and were always a source of jobs. Finally, it believed that completion of the internal market must make full allowance for the special situation of the less-favoured regions.

Worsening of the situation in the European iron and steel industry and the liberalization measures which the Commission intends to introduce in the steel sector. Parliament maintained that the Community steel industry was and must continue to be a modern and profitable sector and it therefore strongly opposed the plans to liberalize new steel products. It urged the Council and the Commission to extend the present Community system to combat the steel crisis beyond 31 December 1986, to check by all the means at their disposal the steep rise in steel imports from non-member countries and to strengthen anti-dumping procedures designed to stop low-priced steel imports.

Encouraging teacher mobility. Parliament regarded the ban on discrimination as a fundamental principle of the Treaty of Rome which guaranteed for all Community citizens and types of profession identical conditions for preparing for and acceding to a profession.

The violent storms and floods in the south of France and in the autonomous regions

of Valencia and Murcia in south-east Spain. In three resolutions Parliament called for emergency aid to supplement national aid.

The sinking of the Soviet submarine off the coast of North America and the risk of radioactive contamination of the ocean. In two resolutions Parliament urged the Commission to press for the establishment of a comprehensive monitoring system to measure radioactivity in seawater.

The need for a World Food Conference. Parliament called for concerted international action to bring about the coordinated liberalization of domestic agricultural and trade policies throughout the world; it instructed the Commission to help convene a World Food Conference during 1987.

Community action in the forestry sector. Parliament considered that before seeking to increase woodland area by reafforestation of land at present used for agriculture, special aids should be introduced to improve and increase the productivity of existing areas of treeless or thinly covered woodland. The House criticized the Commission's proposals¹ on the grounds that they made no reference to the exploitation of existing woodland areas, whereas if such exploitation were better organized, they would make an important contribution to reducing the Community's dependence on imports of timber. The House strongly condemned the Council, which refused to approve the proposal for a regulation on protecting forests from fires and acid rain.² The proposal had been under discussion for three consecutive years, while the destruction of Community forests by fires and acid rain had been mounting. Parliament therefore asked the Commission to consider the possibility of setting up a multiannual Community Forestry Fund with a view to financing essential works to renew and expand woodland assets; the House also called for

¹ Bull. EC 12-1985, points 2.1.171 and 2.1.172; Bull. EC 2-1986, point 2.1.128 *et seq.*

² OJ L 187, 13.7.1983; OJ C 208, 8.8.1984.

the introduction of an *ad hoc* budget chapter to finance research in this field.

The necessity of an ad hoc regulation in the transport infrastructure field. Parliament urged the Commission to present without delay a proposal for an *ad hoc* Council regulation to enable the Commission to commit the appropriation entered in the 1985 budget for the financing of infrastructure projects.

Counter-trade. Parliament asked the Commission urgently to investigate the nature and extent of intra-Community counter-trade and to ascertain whether this trade had resulted in breaches of the Treaties, because of the possible lack of transparency in pricing and possible breaches of Community rules on competition and State aids.

The famine in Mozambique. In three resolutions Parliament urged the Commission to grant emergency food aid to Mozambique as a follow-up to the food aid first supplied in April.¹

The granting of aid to the victims of the earthquake in El Salvador. In four resolutions Parliament called on the Commission to increase by 1 million ECU the 250 000 ECU of emergency relief aid already granted.

The future financing of the European Community. Parliament urged the Council to begin new financial negotiations as soon as possible. It deplored the present unbalanced structure of expenditure on the agricultural guarantee policy and advocated a reform of the policy, in order to introduce direct support for small farmers' incomes while safeguarding competition. The House strongly criticized the Council for not having the courage to take the appropriate decisions to bring markets in surplus back into balance and condemned both the Commission and the Council for not having introduced a proper policy of stock depreciation. Reducing the present imbalance demanded a substantial increase in the structural Funds and also the adoption

of special multiannual programmes, with due regard for the principle that such assistance be additional to national contributions and that its Community nature be gradually strengthened. The Commission was also asked to consider increasing the Community's own resources by transferring certain national excise duties to the Community. Finally, the House considered that the Treaties must be revised in order to increase Parliament's fiscal powers and to consolidate financial autonomy.

The ratification procedures for the Single European Act in national Parliaments and the attainment of European Union. Parliament repeated its call for the national governments, by having the Single Act ratified by 31 December 1986, to act on the undertakings to which they themselves subscribed, particularly as regards the amendment of the Council's Rules of Procedure, the Commission's executive powers and the adoption of the measures required for the completion of the internal market.

2.4.25. In the fields of political cooperation and human rights, Parliament passed the following resolutions.

The situation in South Africa and southern Africa. In four resolutions Parliament, condemning South Africa's military aggression against neighbouring States, reaffirmed its belief that equitable and lasting solutions could only be achieved by peaceful means and dialogue and urged the governments of the Twelve to reconsider their position forthwith by adding further measures to those adopted on 16 September against South Africa by the Foreign Ministers meeting in political cooperation.²

The East-West Summit in Reykjavik and the need for a genuine European security policy. In four resolutions Parliament urged the United States and the Soviet Union to continue their negotiations with a view to an agreement on arms control and disarmament.

¹ Bull. EC 4-1986, point 2.2.36.

² Bull. EC 9-1986, point 2.4.1.

ment and called on the Foreign Ministers meeting in political cooperation to define a genuine European disarmament policy so that Europe's interests could be taken into account during forthcoming negotiations.

The appeal for the establishment of democracy in Eastern Europe. Parliament called on the Commission, the Council and, in particular, the governments of the Member States to demonstrate their support for the principles enshrined in the declaration by citizens of certain East European countries calling for the establishment of a free democracy within their countries and the peaceful reunification of Europe.

The forthcoming conference for peace in Sri Lanka. Parliament urged the Foreign Ministers meeting in political cooperation to express their support for a negotiated settlement to the present situation in Sri Lanka.

The forced labour of Estonians at Chernobyl. Seriously perturbed by information from a number of different sources, Parliament requested the Commission to question the Soviet Government on its use of a press-ganged workforce to decontaminate the Chernobyl power station.

The arbitrary detention of Italian workers in Libya. Parliament demanded that the Libyan Government immediately authorize Italian workers to leave the country and urged the Commission to take all possible measures forthwith to help the workers detained in Libya and their families.

The arrest of the Communist leader, Rodolfo Salas, in the Philippines. Urging

the Aquino Government to do its utmost to promote the development of democracy in the Philippines, Parliament called for the release of Rodolfo Salas.

The recent spate of political arrests in Uganda. Parliament called earnestly on the Ugandan Government to safeguard human rights and fundamental freedoms and asked the Commission to provide the relevant committees of Parliament with information on the implementation of the third Lomé Convention in Uganda.

The disturbing state of health of a number of imprisoned opposition leaders in Zaire. Parliament called on the Zairean Government to release the leaders of the UDPS, a peaceful and democratic opposition party in Zaire, from internal exile and imprisonment without delay.

The situation in Chile. Parliament called on the Council and the Foreign Ministers meeting in political cooperation to take all possible steps to bring about the lifting of the state of siege, respect for fundamental freedoms and restoration of democracy as soon as possible.

Council

2.4.26. The Council held seven meetings in October. 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 7 — Council meetings in October

Number, place and date of meeting	Subject	President	Commission	Main items of business
1106th Luxembourg 7 October	Internal market	Mr Clark	Lord Cockfield	Rolling action programme for achievement of internal market: progress report Airborne noise emitted by household appliances ¹ Pharmaceutical products Narrow-track tractors

Number, place and date of meeting	Subject	President	Commission	Main items of business
1107th Luxembourg 13 October	Economic and financial affairs	Mr Lawson	Mr Delors Mr Christophersen Mr Matutes	Budgetary situation: agricultural expenditure ² NCI IV: financing of investments of small business
1108th Luxembourg 13 and 14 October	Agriculture	Mr Jopling	Mr Andriessen	Monetary compensatory amounts for eggs and poultry ² Levy and sluice-gate price for eggs and poultrymeat ² Olive oil ² Emergency action in milk sector ² Cut-price butter for those on social assistance ² Adjustments to common organization of market in beef and veal
1109th Luxembourg 20 October	Industry	Mr Shaw	Mr Narjes Mr Sutherland Mr Matutes	Action programme for small and medium-sized enterprises ³ Application of code on aid to steel industry ⁴ Organization of steel market in 1987 ⁴ Aid strategy for shipbuilding after 1986 ⁵ Specific programme for development of Portuguese industry ⁶
1110th Luxembourg 21 October	Research	Mr Pattie	Mr Narjes	Framework programme of Community activities in the field of research and technological development (1987-91) ⁷ Machine translation system ⁷
1111th Luxembourg 27 October	Foreign affairs	Sir Geoffrey Howe	Mr Delors Mr Cheysson Mr De Clercq	Relations with Japan ⁸ Relations with United States: ⁸ (i) Agreement on Mediterranean preferences, citrus fruit and pasta (ii) Negotiations under GATT Article XXIV(6) Relations between Community and CMEA and its individual member countries ⁹ Canada: countervailing duties on Community pasta exports ⁸ Measures to assist Palestinian population of West Bank and Gaza Strip ¹⁰ Mediterranean policy of enlarged Community ⁹

Commission

Number, place and date of meeting	Subject	President	Commission	Main items of business
1112th Luxembourg 29 October	Consumer protection and information	Mr Howard	Mr Varfis	Financing of Community—increase in own resources Community's generalized preferences scheme for 1987 South Africa ¹¹ Commodities policy GATT: Uruguay Round—draft Council statement on rollback and standstill ¹² Transport infrastructure Community regional development programmes (Star and Valoren) ¹³ Consumer credit ¹ Integration of consumer policy in other common policies ¹ Indication of prices for foodstuffs and non-food products ¹ System for rapid exchange of information on dangers arising from use of consumer products ¹

¹ Environment and consumer protection.

² Agriculture.

³ Point 1.3.1 *et seq.*

⁴ Steel.

⁵ Point 1.2.1 *et seq.*

⁶ Coordination of structural instruments. Relations with industrialized countries.

⁷ Research and technology, industrial innovation and the information market.

⁸ Relations with industrialized countries.

⁹ Relations with other countries and regions.

¹⁰ Development.

¹¹ European political cooperation.

¹² New round of multilateral trade negotiations.

¹³ Regional policy.

Commission

Activities

Decisions, communications and proposals

2.4.27. The Commission sent the Council its annual economic report 1986-87 (→ point 1.1.1 *et seq.*). The report confirms the importance in the present climate of the effective implementation of the cooperative growth strategy for more employment, which was proposed by the Commission in October 1985 and has already been endorsed, in principle, by the Governments of the Member States.

A proposal for a sixth Directive tightening up the rules on aid to shipbuilding in an attempt to bring about a fundamental structural change in the shipyards was sent to the Council, together with a communication on the industrial, regional and social aspects of the proposed measures (→ point 1.2.1 *et seq.*).

The Commission approved action to codify the rules it intends to apply for the recovery of State aids granted illegally with a view to making the procedure stricter and more systematic. At the same time it adopted internal arrangements to speed up the processing of aid cases in the stages prior to its final positive or negative decision (→ point 2.1.66).

In the field of the approximation of legislation the Commission adopted a proposal for a Directive concerning the safety of toys (→ point 2.1.128).

Three technological research and development programmes were presented to the Council: telecommunications technologies (RACE), medical and health research, and development (→ points 2.1.44, 2.1.49 and 2.1.50).

The Commission decided to limit deliveries to Spain of two steel products (wire rod and galvanized sheets) from the other Member States until the end of the year (→ point 2.1.26).

Finally, a communication on special Community assistance for Greek disaster areas following the Kalamata earthquake was sent to the budgetary authority (→ point 2.1.114).

Appointment of a Director-General

2.4.28. The Commission appointed Mr Constantinos S. Maniatopoulos Director-General for Energy to replace Mr Christopher Audland.¹

Constantinos S. Maniatopoulos

Born at Patras in 1941. Married, one child.

- 1965: Production engineer (mechanical and electrical engineering), Technical University of Athens
- 1967: Business administration studies, Graduate School of Economics and Business Sciences
- 1970: Operations research and statistics, CIRO, Institut de Statistique de l'Université de Paris (ISUP)
- 1971-78: Lecturer, Technical University of Athens (Industrial Organization Section)
- 1973-78: Professor, Postgraduate Centre for Operations Research, Technical University of Athens
Professor of scientific seminars

of various Greek organizations such as EEEE (Hellenic Society for Operations Research), Elkepa (Hellenic Centre for Productivity), TEE (Technical Chamber of Greece)

1970-82: General Secretary and (from 1975) Member of Management Committee, TEE (Technical Chamber of Greece)

1978-82: Secretary, Greek Committee of the World Energy Conference

1982-84: Chairman, OSK (Organization for School Buildings)

Relations with workers' and employer's organizations

2.4.29. The third meeting of the working party on new technologies and social dialogue, set up following the meeting between the Commission and representatives of the European workers' and employers' organizations at Val Duchesse in November 1985,² was held on 7 October with Mr Manuel Marín, Vice-President of the Commission with special responsibility for employment, social affairs and education, in the chair. After a brief discussion, the working party reached broad agreement on the paper on the training and motivation of workers in the new technologies already discussed at its second meeting.³ Two other topics were discussed: information and consultation, and the new technologies and their impact on the organization of work and the adaptability of the labour market. Substantial progress was made on the issue of information and consultation and it was decided that draft joint conclusions should be prepared for the next meeting. In view of the fact that the situation in the individual Member States as regards the adaptability of the labour market and the organization of work following the introduction of the new technologies was found to be very different, the working party decided to draw up a

¹ Bull. EC 4-1981, point 2.3.31.

² Bull. EC 11-1985, point 2.5.15.

³ Bull. EC 6-1986, point 2.4.14.

comparative table indicating the laws and conventions applicable in each of the Member States, if possible broken down by industry, to enable a number of guidelines to be drawn up for the Community as a whole.

Court of Justice

Analysis of judgments delivered between 1 July and 30 September 1986

Competition (State aids)

2.4.30. In two judgments delivered on the same day¹ the Court clarified the application of Article 92 of the EEC Treaty to the acquisition of public holdings as a rescue measure, and developed its case law on the procedure for negative decisions under Article 93(2).

The firms assisted, the food industry equipment manufacturer Meura and the ceramic sanitary ware and crockery manufacturer Boch, had both been making continuous losses and could not have obtained the sums they needed to survive on the private capital markets; neither could they achieve viability within any reasonable time. They were operating on markets suffering from overcapacity, where there was substantial trade between Member States.

The Court confirmed a previous finding² when it held that an injection of capital into an undertaking, even a public undertaking, constituted aid within the meaning of Article 92 if a private shareholder, acting on the basis of the foreseeable possibilities of making a profit and leaving aside all considerations of a social nature, of regional policy or of policy in regard to that economic sector, would not have subscribed the capital in question.

It is clear from these judgments that rescue aid will not qualify for one of the derogations in Article 92 where it does not help to restore the firm to health, that is to say where the firm cannot be expected to the operating on a viable basis without further

assistance in a reasonable time, particularly where there is excess production capacity in the industry in the Community.

The Court amplified its existing case law on questions of procedure.³ The statement of reasons for a decision adversely affecting an undertaking must be such as to allow the Court to review its legality and to provide the undertaking concerned with the information necessary to enable it to ascertain whether or not the decision is well founded. The Commission could not in its decision rely on documents which could not be disclosed because of the obligation to respect business secrets which was imposed by Article 214 of the Treaty.

To enable the Commission to act, Member States had to cooperate actively at the scrutiny stage of the Article 93(2) procedure. If they failed in that duty the Commission could then adopt a decision on the basis of the information available to it at the time: negligence on the part of the Member States should not be allowed to prevent the Commission from discharging its institutional responsibilities.

Free movement of workers

2.4.31. By its judgment in *Lawrie-Blum v Land Baden-Württemberg*,⁴ replying to a number of questions put by the German Federal Administrative Court, the Court of Justice confirmed its previous findings⁵ concerning Article 48(4), which exempts posts in the public service from the principle of freedom of movement for workers. The Court held that the exception did not cover the post of trainee secondary school teacher (*Studienreferendar*) in Germany, such a traineeship being a necessary preliminary to

¹ Case 234/84 *Belgium v Commission* and Case 40/85 *Belgium v Commission*.

² Case 323/82 *Inter Mills v Commission* [1984] ECR 3809.

³ Case 323/82 *Inter Mills v Commission* [1984] ECR 3809; Joined Case 296 and 318/82 *Netherlands and Leuwarder Papierwarenfabriek v Commission*.

⁴ Case 66/85.

⁵ Case 149/79 *Commission v Belgium* [1980] ECR 3881 and [1982] ECR 1845.

appointment as a teacher in the State schools.

A trainee receives payment from the regional authorities and performs duties laid down by law; rejecting the view of the regional authorities, the Court held that the post did satisfy the tests of an employment relationship caught by Article 48 of the Treaty and did not qualify for the exemption for posts in the public service.

A British candidate possessing the necessary German qualifications could not be refused a traineeship on the sole ground that she was not a German national.

Although the judgment was expressly concerned only with the post of trainee teacher, it would appear to be relevant to the appointment of fully qualified teachers in State schools too.

Equal treatment of men and women

2.4.32. In *Rummler v Dato-Druck*¹ the Court had before it a number of questions concerning the interpretation of Council Directive 75/117/EEC on the approximation of the laws of the Member States relating to the application of the principle of equal pay for men and women.² The national court sought to ascertain in essence whether it followed from the Directive that job classification systems could not draw distinctions on the basis of:

- (i) the criteria of muscle demand or muscular effort, and
- (ii) whether the employment involved heavy physical work.

On the question of principle raised here, the Court concluded that the Directive did not prohibit the use, in a job classification system for the purpose of determining rates of pay, of the criterion of muscle demand or muscular effort or that of the heaviness of the work if, in view of the nature of the tasks involved, the work to be performed did require a certain level of physical exertion, so long as the system as a whole, by taking into account other criteria, precluded any discrimination on grounds of sex.

Clarifying the scope of this principle, the Court said that it followed from the Directive that:

'The criteria governing pay rate classification must ensure that the same work, viewed objectively, attracts the same rate of pay whether it is performed by a man or woman;

the use of values reflecting the average capacity of workers of one sex as a basis of determining the extent to which work makes demands or requires effort or whether it is heavy constitutes a form of discrimination on grounds of sex, contrary to the directive;

in order for a system of job classification not to be discriminatory as a whole, it must, in so far as the nature of the tasks carried out in the undertaking permits, take into account criteria for which workers of each sex may show particular aptitude.'

Common agricultural policy

2.4.33. Case 116/82 *Commission v Germany* concerned the question whether the Member States had the power to authorize the making of 'quality wines produced in specified regions' (quality wines p.s.r.) in whatever area outside the regions concerned.

The Community rules (formerly Council Regulation No 817/70,³ and currently Council Regulation No 338/79⁴) determine that quality wines p.s.r. must be prepared within the specified region from grapes harvested within that region. There are two exceptions, one for wines 'produced according to traditional practices', and the other allowing the Member States to make rules providing otherwise, provided production is supervised.

The first question at issue was the nature of these exceptions, in particular whether the Commission in implementing the Council Regulation was entitled to restrict the Member States' power to allow exceptions outside the immediate proximity of the specified region, as it had purported to

¹ Case 237/85.

² OJ L 45, 19.2.1975.

³ OJ L 99, 5.5.1970.

⁴ OJ L 54, 5.3.1979.

do in Commission Regulation No 1698/70.¹ The Court found first of all that the reference to 'traditional practices' in the second subparagraph of Article 5(1)(a) of Regulation No 817/70 related only to the varieties to be used, and not to the region in which the grapes were to be harvested. Considering the second exception, the Court referred to the stated purpose of Regulation No 817/70: 'whereas the development of a policy of encouraging quality production ... in winegrowing is bound to contribute to the improvement of conditions on the market ...', and held that the power to make implementing rules which was conferred on the Commission by Article 5(3) of the same Regulation was a broad one. In making detailed rules the Commission was entitled to delimit the areas outside the specified regions in which Member States could at their discretion authorize the preparation of quality wines p.s.r.

On a claim that fundamental rights were being violated the judgment was extremely brief. Without distinguishing between authorizations granted before and after the Community rules came into force, the Court found that the rules did not threaten the existence of firms preparing quality wines p.s.r. outside the immediate proximity of the specified regions. Commission Regulation No 1698/70 did not encroach on the substance of the free choice of an occupation. It did restrict the operations of certain firms, but the restrictions formed part of a policy in regard to the quality of wine and were justified by an objective of general interest pursued by the Community.

Institutional questions

2.4.34. In *Wybot v Faure and Others*² the Court delivered a preliminary ruling concerning the immunity of members of the European Parliament under Article 10 of the Protocol on the Privileges and Immunities of the European Communities.

The Paris Court of Appeal, which referred the question, had before it an action for defamation brought against Mr Edgar

Faure by Mr Wybot, former director of the French counter-espionage department, the DST, concerning certain passages in the first volume of Mr Faure's memoirs, published by Librairie Plon in November 1982. Mr Faure objected that the action was inadmissible because he was a member of the European Parliament. The question of Community law which arose was whether or not Article 10 of the Protocol protected members of Parliament against legal proceedings throughout the entire annual session, regardless of whether Parliament was actually sitting. As the annual sessions in practice follow one another without interruption, a broad interpretation of the word 'sessions' in Article 10 would in reality mean that immunity would extend to the whole duration of the member's term of office.

The Court confirmed the broad position it had taken in a previous judgment,³ after finding that there was nothing in the legislation or in parliamentary practice to justify a different interpretation. Mr Faure had thus been right in claiming that his membership of the European Parliament was a bar to the legal proceedings against him. The Court pointed out that immunity interpreted in this way did not prevent legal proceedings from being brought, provided that Parliament was asked to waive the member's immunity.

General

2.4.35. Case 235/84 *Commission v Italy* concerned the full transposition into Italian law of Council Directive 77/187/EEC on the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of businesses.⁴ Italy had not adopted specific rules implementing the directive, and the arguments put by the parties—and the Court's own findings—were confined to the question whether existing Italian law was in fact interpreted

¹ OJ L 190, 26.8.1970.

² Case 149/85.

³ Case 101/63 *Wagner v Fohrmann* [1964] ECR 195.

⁴ OJ L 61, 5.3.1977.

broadly so as to satisfy the obligations arising from the Directive.

The Court said that the mere fact that a precise and detailed provision in a directive differed from a very vague and general provision of national law was not sufficient to show that the directive had been transposed incorrectly. Where the Member State claimed, as Italy had done in this case, that the national legislation could be interpreted in a way that conformed to the directive, the Commission had to cite 'case-law to support its views' or, in regard to the particular Community provision at issue, refer to a 'specific instance in which employees' rights have not been fully safeguarded to the extent prescribed by the directive' (grounds 14 and 15).

Recalling its judgment in Case 143/83 *Commission v Denmark*, the Court confirmed that 'Member States may leave the implementation of the social policy objectives pursued by a directive in this area in the first instance to management and labour' (ground 20). Thus a Member State could transpose a directive by means of collective agreements, on condition that 'the State guarantee' covered all cases where the protection required by the directive was not provided by collective agreements.

Composition of the Chambers and appointment of Presidents of the Chambers¹

2.4.36. On 3 October the Court made the following appointments for a period of one year from 7 October 1986:²

Judge F.A. Schockweiler as President of the First Chamber,

Judge T.F. O'Higgins as President of the Second Chamber,

Judge Y. Galmot as President of the Third Chamber,

Judge C.N. Kakouris as President of the Fourth Chamber,

Judge Y. Galmot as President of the Fifth Chamber,

Judge C.N. Kakouris as President of the Sixth Chamber.

The composition of the Chambers was determined as follows:

First Chamber

F.A. Schockweiler, President
G. Bosco and R. Joliet, Judges.

Second Chamber

T.F. O'Higgins, President
O. Due and K. Bahlmann, Judges.

Third Chamber

Y. Galmot, President
U. Everling and J.C. Moitinho de Almeida, Judges.

Fourth Chamber

C.N. Kakouris, President
T. Koopmans and G.C. Rodríguez Iglesias, Judges.

Fifth Chamber

Y. Galmot, President
F.A. Schockweiler, G. Bosco, U. Everling, R. Joliet and J.C. Moitinho de Almeida, Judges.

Sixth Chamber

C.N. Kakouris, President
T.F. O'Higgins, T. Koopmans, O. Due, K. Bahlmann and G.C. Rodríguez Iglesias, Judges.

Appointment of First Advocate-General

2.4.37. On 3 October the Court appointed Mr C.O. Lenz First Advocate-General for one year from 7 October.²

¹ For the election of the President of the Court, see OJ C 277, 29.10.1985, and Bull. EC 10-1985, point 2.5.45.

² OJ C 286, 13.11.1986.

2.4.38. New cases

Case	Subject	Basis
Taxation		
252/86 Bergandi v Directeur Général des Impôts (Direction des Services Fiscaux de La Manche) ¹	Is the central government tax on automatic amusement machines incompatible with the sixth VAT Directive, once the operation of automatic amusement machines is subject to VAT, or with Article 95 or 30 EEC?	Article 177 EEC
Competition		
247/86 Alsatel v Novasam	Interpretation of Article 86 EEC with regard to clauses of a contract for the rental of telephone installations. The duration of the contract, an exclusive supply clause and a price indexation clause are considered by the applicant to represent abuses	Article 177 EEC
Free movement of workers		
256/86 Frascogna v Caisse des Dépôts et Consignations	Does the special old-age allowance come within the substantive and personal scope of Council Regulation No 1612/68?	Article 177 EEC
Agriculture		
250/86 RAR — Refinarias de Açúcar Reunidas v Council ²	Annulment of Article 3 of Council Regulation No 2225/86 laying down measures for the marketing of sugar produced in the French overseas departments and for the equalization of the price conditions with preferential raw sugar	Article 173 EEC
253/86 Sociedade Agro-Pecuária Vicente Nobre v Council	Annulment of Council Regulation No 2239/86 on a specific common measure to improve vine-growing structures in Portugal, in so far as it is contrary to Community law; in the alternative, an order to the Community to make good the damage suffered by the applicant as a result of the non-application to it of Council Regulation No 777/85	Articles 173 and 215 EEC
Fisheries		
264/86 France v Commission	Annulment of Commission Regulation No 2469/86 laying down detailed rules for the granting of compensation to producers of tuna for the canning industry, and of Commission Regulation No 2470/86 determining the maximum amount of the compensation for tuna supplied to the canning industry for the period 1 January to 31 March 1986	Article 173 EEC

Case	Subject	Basis
Transport		
241/86 Openbaar Ministerie v Bodin and Minguet & Thomas	Is a maximum height of four metres imposed on all vehicles and trailers in the territory of a Member State contrary to the rules regarding the free movement of goods and the freedom to provide services and the provisions relating to transport laid down in the EEC Treaty where such a maximum height does not exist in other Member States?	Article 177 EEC
Infringements		
255/86 Commission v Belgium ²	Belgian rules on the marketing of fruit and vegetables contrary to the rules concerning the common organization of the market in that sector	Article 169 EEC
257/86 Commission v Italy ³	Article 95 EEC and sixth VAT Directive — discriminatory taxation on free samples of low value	Article 169 EEC
260/86 Commission v Belgium ⁴	Failure to fulfil obligations under the second paragraph of Article 13 and Article 14 of the Protocol on the Privileges and Immunities of the European Communities and Article 7 of the EEC Treaty, by abolishing the benefit of a reduction in the tax on income from immovable assets on a dwelling occupied by a tenant or leaseholder exempt from the tax on natural persons by virtue of international conventions, and by failing to take measures to allow the reimbursement of the reductions not granted in previous years	Article 169 EEC
261/86 Commission v Germany ⁵	Failure by the Federal Republic of Germany to fulfil its obligations under Articles 15 and 19 of the Protocol on the Privileges and Immunities of the European Communities and Article 72 of the Staff Regulations, by requiring persons in receipt of Community pensions to contribute to German sickness funds without giving such persons the possibility of opting out of German sickness insurance	Article 169 EEC

Disputes between the Community and its staff

v Commission

251/86 Van der Stijl¹

258/86 Van der Stijl⁴

259/86 Cullington⁴

262/86 Van der Stijl⁵

266/86 Van der Stijl

¹ OJ C 274, 30.10.1986.

² OJ C 280, 6.11.1986.

³ OJ C 285, 12.11.1986.

⁴ OJ C 288, 15.11.1986.

⁵ OJ C 300, 25.11.1986.

2.4.39. Judgments

Date and case	Held
<p>Free movement of goods</p> <p>23.10.1986: 355/85 Driancourt v Cognet</p>	<p>Neither Article 7 of the EEC Treaty nor any other provision or principle laid down in that Treaty applies to a difference of treatment operated under a law which provides that the retail selling price of books is to be fixed by the publisher or the importer of a book and is binding on all retailers where, as a result of that difference of treatment, there is no restriction on the price of books published and printed in the Member State concerned where the books are reimported after having first been exported to another Member State, whereas the price is fixed by the publishers where the books have not crossed a border within the Community in the course of the marketing process.</p>
<p>Customs union</p> <p>8.10.1986: 385/85 S.R. Industries v Administration des Douanes¹</p>	<p>Consideration of the question referred to the Court has disclosed no factor of such a kind as to affect the validity of Commission Regulation No 3749/83 in regard to sails imported from Hong Kong coming under CCT heading No 62.04.</p>
<p>Competition</p> <p>22.10.1986: 75/84 Metro SB-Grossmärkte v Commission</p> <p>3.10.1986: 115/86 Northern Ireland Coal Importers' Association v Commission²</p>	<p>Application dismissed (annulment of Commission Decision 83/672/EEC relating to a proceeding under Article 85 EEC — Case IV/29.598 — SABA's EEC distribution system).</p> <p>Ordered removed from the Court Register (application seeking annulment of Commission Decision No 86/152/ECSC of 21 March 1986 authorizing agreements in relation to the activities of the Nicia)</p>
<p>Social security</p> <p>23.10.1986: 300/84 Van Roosmalen v Bestuur van de Bedrijfsvereniging voor de Gezondheid, Geestelijke en Maatschappelijke Belangen³</p>	<p>1. The expression 'self-employed person' within the meaning of Article 1(a) (iv) of Regulation No 1408/71, as amended by Regulation No 1390/81, applies to persons who are pursuing or have pursued, other than under a contract of employment, in the exercise of an independent profession or by the independent operation of an undertaking, a professional or trade activity in respect of which they have received income permitting them to meet all or some of their needs, even if that income is supplied by third parties having the benefit of the services of a missionary priest</p>

Date and case	Held
	<p>2. National social security rules which apply to persons pursuing, or who have pursued, activities either wholly or partly outside the Community must be regarded as 'legislation' within the meaning of Article 2 of Regulation No 1408/71</p> <p>3. Article 2(4) of Regulation No 1390/81 applies to a refusal by a social security institution to award an invalidity benefit on the ground that the claimant has not previously resided continuously in the Member State concerned for a specified period. However, the claimant may have the benefit of that provision only with effect from 1 July 1982.</p>
Agriculture	
8.10.1986: 9/85 Nordbutter v Germany ¹	<p>1. The expression 'maximum number of calves less than four months old which will be kept on the farm during the quarter in question', contained in Article 4(1) (c) of Commission Regulation No 2793/77 refers to the highest number of calves kept on the farm concerned on any given day in that quarter</p> <p>2. The loss of the full amount of the special aid where the declarations made concerning the number of calves kept on a mixed farm are incorrect or where the period laid down in Article 4 of Regulation No 2793/77 is exceeded by more than 10 days is not contrary to the principle of proportionality</p> <p>3. The partial repayment of the special aid referred to in Article 5(3) (b) of Regulation No 2793/77 concerns cases where the application for aid submitted by the dairy covers undertakings entered into by several farmers, of whom only some have abided by their undertakings</p>
8.10.1986: 143/85 Nicolas Corman et Fils v Office Belge de l'Economie et de l'Agriculture (OBEA) ¹	The third indent of Article 5(1) of Commission Regulation No 649/78 must be interpreted as meaning that the presentation of concentrated butter in plastic packs of 250g with a transparent plastic lid through the upper surface of which it is possible to see the statements required by the regulation printed on a sheet of paper placed inside the pack on the butter itself is lawful
8.10.1986: 234/85 Staatsanwalt Freiburg v Keller ¹	Consideration of the question raised has disclosed no factors of such a kind as to affect the validity either of Article 2(2) (h) of Council Regulation No 355/79 or of Article 13(6) of Commission Regulation No 997/81
8.10.1986: 320/85 Ministère Public v Maniglier ²	The purchase of fruit by a trader direct from producers and the transportation of such fruit to the trader's premises located outside the area of production but within the same Member State constitute acts of delivery or marketing requiring compliance with the obligation to observe the

Date and case	Held
<p>Budget</p> <p>16.10.1986: 221/86 R⁴ Group of the European Right and National Front Party v Parliament</p>	<p>common quality standards referred to in Article 3(1) of Regulation No 1035/72, unless those operations fall within any of the situations provided for in paragraphs 2 and 3 of that Article</p> <p>1. The application is dismissed (suspension of the decision of the enlarged Bureau of the European Parliament dated 10 July 1986 on the allocation of the appropriations entered under Item 3708 of the general budget of the Communities)</p> <p>2. The order annuls and replaces that of 18 September 1986</p>
<p>Environment</p> <p>3.10.1986: 78/79 BTP Tioxide v Commission²</p>	<p>Ordered removed from the Court Register (application seeking annulment of the Commission Decision of 19 February 1979 concerning BTP's Grimsby works)</p>
<p>Infringements</p> <p>15.10.1986: 168/85 Commission v Italy⁵</p> <p>3.10.1986: 291/83 Commission v France²</p> <p>3.10.1986: 388/85 Commission v Belgium²</p> <p>3.10.1986: 400/85 Commission v France²</p> <p>3.10.1986: 423/85 Commission v Italy²</p>	<p>1. By maintaining in force provisions which</p> <p>(i) make reciprocity a condition for the treatment of foreign nationals in the same manner as Italian nationals in regard to certain occupations in the field of tourism,</p> <p>(ii) make Italian nationality a condition for registration as a trainee journalist or as a regular contributor to publications and make reciprocity a condition for the inclusion of professional journalists who are nationals of other Member States on the special register of foreign journalists, and</p> <p>(iii) permit only Italian nationals to take part in competitions for the award of licences to operate pharmacies,</p> <p>Italy has failed to fulfil its obligations under Articles 48, 52 and 59 of the EEC Treaty</p> <p>Ordered removed from the Court Register (Articles 5 and 30 EEC — export price guarantees)</p> <p>Ordered removed from the Court Register (Council Directives 80/154/EEC and 80/155/EEC on midwives)</p> <p>Ordered removed from the Court Register (Article 30 EEC — Administrative decisions suspending and subsequently withdrawing approval of the welded wire mesh imported by ILRO)</p> <p>Ordered removed from the Court Register (Council Directive 81/1057/EEC on acquired rights — freedom of establishment)</p>

Date and case	Held
3.10.1986: 75/86 Commission v Belgium ²	Ordered removed from the Court Register (Article 48 EEC and Regulation No 1612/68 — eligibility for employment with the Caisse Générale d'Epargne et de Retraite)
3.10.1986: 83/86 Commission v France ²	Ordered removed from the Court Register (Council Regulation No 1035/72 and Commission Regulation No 1641/71 — marketing and sizing of pears)
15.10.1986: 156/86 Commission v Belgium ³	Ordered removed from the Court Register (Commission Directive 81/916/EEC and Council Directive 83/265/EEC — paints, varnishes, printing inks, adhesives and similar products)
3.10.1986: 138/85 Commission v Greece	Ordered removed from the Court Register (levying of a charge for checking the prices of imported products originating in and coming from other Member States of the Community)

Disputes between the Community and its staff

v Commission

2.10.1986: 75/85 Raganelli:⁶ The application is dismissed

8.10.1986: 169/83 and 136/84 Leussinck and Others:¹ The Commission is ordered to pay Mr Leussinck the sum of BFR 2 million, together with interest at 8% per annum from 23 May 1984. The applications presented by Mrs Leussinck née Brummelhuis and her children are dismissed

8.10.1986: 91/85 Christ (née Clemen) and Others:² The salary statements of the applicants Olga Priplata-Schneider and Elizabeth McDonnell for the months of May to December 1984 and of the applicant Anne-Marie Christ-Clemen for the months July to December 1984 are annulled to the extent to which the salary paid to the said applicants was lower than that paid to members of the temporary staff in Categories C and D in the same position

21.10.1986: 269/84 Fabbro:⁴ the application is dismissed as inadmissible

21.10.1986: 292/84 Scharf:⁴ The Commission's Decisions of 30 November 1984 appointing Mr Teerlink, an official in the Language Service, to the Category A post declared vacant by Vacancy Notice No COM/1207/84 and rejecting the applicant's candidature for that post are annulled

23.10.1986: 26/85 Vaysse:⁷ The application is dismissed

23.10.1986: 132/86 Papetti: Ordered removed from the Court Register

¹ OJ C 274, 30.10.1986.

² OJ C 280, 6.11.1986.

³ OJ C 288, 15.11.1986.

⁴ OJ C 293, 19.11.1986.

⁵ OJ C 286, 13.11.1986.

⁶ OJ C 272, 28.10.1986.

⁷ OJ C 294, 20.11.1986.

Court of Auditors

2.4.40. On 15 October the Court of Auditors re-elected Mr Marcel Mart President with effect from 18 October in accordance with the Treaty of 22 July 1975.

Economic and Social Committee

240th plenary session

2.4.41. The Economic and Social Committee held the inaugural session of its new term on 21, 22 and 23 October. Most of the session was taken up with procedural questions relating to membership of the groups and sections and election of the Bureau. The Committee elected Mr Fons Margot (Belgium — various interests) to replace Mr Muhr as Chairman.

Discussions proper were confined to the Commission's Fifteenth Report on Competition Policy and the proposed amendment of the Directive on roadworthiness tests for motor vehicles.

Fifteenth Report on Competition Policy

2.4.42. The Committee adopted *nem. con.*, with four abstentions, an opinion on the Commission's Fifteenth Report on Competition Policy.¹

In its opinion the Committee expresses the view that 'an active and realistic competition policy will have to take account of two factors currently of particular importance: the advent of worldwide markets, and innovation ... Against a world economic backdrop of rapid change, the Committee endorses the Commission's conviction that "the promotion of dynamic, innovative competition will continue to be a key yardstick in applying Articles 85 and 86 to restrictions of competition"...

Against this backdrop of major change, the creation of a single market, as gradually as may be necessary, is a vital and urgently needed tool for the new Community strat-

egy in which competition has a key part to play ...'

Cooperation between companies. 'Removal of internal barriers is the prerequisite for development of the Community's domestic market ... The smallest possible geographical yardstick is now the Community ...'

Innovation. 'A strategy to develop Community industry must hinge on the promotion of innovation: the ability to create and incorporate innovation is today the key factor determining a company's competitive success on the world market ...'

State aids. 'The Committee realizes how difficult it is for the Commission to implement an aids strategy as part of a coherent competition policy ...'

Public undertakings. 'The Committee is alive to the difficulties caused for the Commission by the reticence of the Member States, but hopes that it will nevertheless be possible to achieve satisfactory results, especially if the Commission ensures that the responsibility of the member governments in this matter becomes public knowledge. The difficulties posed by the national monopolies, especially the fiscal monopolies, are still more serious ... Support should nevertheless be given to the Commission's endeavours to at least reduce the impact of these State monopolies on trade ...'

Air and sea transport. 'The steps taken by the Commission to ensure compliance with the rules of open competition have already had positive results and should be encouraged ...'

Co-relation with other common policies. 'Competition policy must develop in accordance with the Treaty, like the other policies — social, trade, tax, transport, and the overall policy on consumer protection. Competition policy, which should be dynamic and innovative, is seriously constrained by the lack of harmonization and coordination ...'

¹ Bull. EC 6-1986, point 2.1.79.

Legal procedure; certainty in legal relations. 'The Committee notes the substantial procedural improvement (speed, guarantees for adversary parties). [It] also welcomes the increased use by the Commission ... of communications and guidelines to notify companies and Member States of its approach, thus providing them with a benchmark which will help to clarify the law and make for certainty in legal relations ...'

Relations with international organizations. The Committee also mentions 'the increasing importance of active participation by the Community in the work of the international organizations, particularly on matters covered by Community policies.'

Roadworthiness tests for motor vehicles and their trailers

2.4.43. The Committee adopted unanimously an opinion on the proposal¹ for a Council Directive amending the Directive of 29 December 1976 on the approximation of the laws of the Member States relating to roadworthiness tests for motor vehicles and their trailers.² The Committee welcomed the objectives of the proposal, which is aimed primarily at increasing road safety and could have an impact on environmental protection and on fuel savings. The proposal will also help to eliminate differences between Member States and eventually to bring the Community together in the area of road safety.

ECSC Consultative Committee

259th meeting

2.4.44. The ECSC Consultative Committee held its 259th meeting — an extraordinary meeting — on 17 October with Mr Roy Evans in the chair. The Commission was represented by Mr Karl-Heinz Narjes, Vice-President with special responsibility for industrial affairs. The Committee delivered an opinion, pursuant to Article 55 of the ECSC Treaty, on the organization of

the steel market in 1987 (→ point 2.4.45), discussed the Community action programme to assist steel restructuring areas,³ and adopted a resolution on the establishment of the ECSC operating budget for 1987.

Organization of the steel market in 1987

2.4.45. The Committee delivered an opinion on the organization of the steel market in 1987.

Mr Narjes explained the Commission's proposals for further liberalization of the Community steel market in 1987.⁴ The Commission plans to remove a further 20% of steel production from the quota arrangements from 1 January 1987 in addition to the 20% liberalized in 1986.

With the broad support of the Committee Mr Castegnaro (workers, Luxembourg) moved a draft resolution stating that further liberalization was premature as restructuring was not yet complete. The consumers (but not the stockholders) and, to a lesser extent, the Dutch steel producers opposed the resolution.

Several minor amendments were made and a point was added asking the Council to transfer the appropriations needed to finance the social measures proposed by the Commission⁵ from the general budget to the ECSC budget in order to cushion the effects of the restructuring of the steel and coal industries. The general discussion included an examination of the Community action programme to assist steel restructuring areas.³

By 56 votes to 8, with four abstentions, the Committee adopted a resolution in which it noted that the 20 million tonne annual surplus of hot-rolled steel products was too high, that the restructuring of the Com-

¹ OJ C 133, 31.5.1986; Bull. EC 4-1986, point 2.1.151.

² OJ L 47, 18.2.1977.

³ Bull. EC 7/8-1986, point 2.1.29.

⁴ Bull. EC 9-1986, point 1.2.1 *et seq.*

⁵ Bull. EC 4-1983, point 2.3.7; Bull. EC 7/8-1985, point 2.1.85; Bull. EC 6-1985, point 2.1.33.

munity steel industry was not yet complete and that moves to continue the liberalization set in motion on 1 January 1986 were premature; it recorded the disturbing trend in the foreign trade balance in steel products and feared a further serious crisis in the Community industry. It accordingly called on the Commission, the governments of the Member States and the Council to suspend the liberalization process forthwith, to devise a crisis management plan, to curb the increase in steel imports, to prepare for and introduce the second phase of restructuring in parallel with further liberalization of the Community steel market and, lastly, to adopt a decision to transfer from the general budget to the ECSC budget the 122.5 million ECU needed to finance the social measures until the end of the year and to continue to fund them thereafter.

European Investment Bank

Operations in October

2.4.46. Loans totalling 507.6 million ECU¹ for investments within the Community were announced by the EIB in October — 296.1 million in France, 103.8 million in Greece, 71.1 million in Germany, 21.8 million in the United Kingdom and 14.8 million in the Netherlands. Of this total, 58.4 million ECU was lent from the resources of the New Community Instrument (NCI).² Outside the Community the Bank lent 3 million ECU to Burundi under the third Lomé Convention.

Community

France

2.4.47. The Bank lent more than FF 2 000 million in France, mainly for investments in infrastructure and industry.

FF 1 600 million was for road, motorway and railway projects and small and medium-scale infrastructure projects. Seven projects designed to open up the south-west received FF 500 million: the A54 motorway

between Tarbes and Soumoulou, rerouting of the RN20 in Haute Vienne, the Montauban southern bypass, the Périgueux bypass, and widening of the RN9 in Aveyron and the RN20 south of Cahors, Lot. The loan will also be used to part-finance the 11.2 km Knuthange-Hayange section of the A30 in Moselle and the dualling of the 8.9 km spur of the A55 north of Marseilles. Most of these projects are also receiving assistance from the European Regional Development Fund (ERDF).

A global loan (line of credit) of FF 500 million will be onlent by the Caisse d'aide à l'équipement des collectivités locales (CAECL) for small and medium-scale public infrastructure projects implemented by local authorities (region, departments and municipalities), chambers of commerce and autonomous ports in areas eligible for regional development aid. Since 1980, in addition to this loan, the EIB has channelled FF 3 300 million to CAECL for such projects, mainly to improve the departmental road network, port infrastructure and the rural electric grid.

A loan of FF 300 million was made to the Société nationale des chemins de fer français (SNCF) for the high-speed train (TGV) Atlantique. The proceeds will go towards the laying of 273 km of double-track line designed to carry trains at 300 km per hour: the 124 km from Paris to Courtalain will serve both the west and the south-west and there will be branches to Le Mans (50 km) and Tours (99 km). The new line will connect up with the network already serving Brittany and the south-west. New trains will also be purchased and stations and workshops improved. The TGV Atlantique is the SNCF's major investment project for the coming years and will reduce and rationalize energy consumption in the transport sector, mainly by attracting a large number

¹ The conversion rates at 30 September 1986 used by the EIB in statistics for the final quarter were 1 ECU = BFR 43.35, DKR 7.89, DM 2.09, DR 139.10, ESC 151.35, FF 6.85, HFL 2.36, IRL 0.76, LFR 43.35, LIT 1 445, PTA 137.55, UKL 0.71, USD 1.03.

² OJ L 298, 20.10.1978; Bull. EC 10-1979, point 2.1.10.

of passengers who would otherwise have used their own cars.

The CAECL will onlend FF 88 million to regional authorities in Brittany and the Loire region and in the departments of Loire-Atlantique, Côtes-du-Nord, Finistère, Ille-et-Vilaine and Morbihan for the modernization of major road routes important for trade and tourist traffic between the north (Roscoff, St Brieuc and St Malo) and the south (Quimper, Lorient and Vannes) and between these peripheral areas and the rest of the country (the A11 motorway between Rennes and Nantes and between St Malo and Fougères). The projects will help open up some of the more remote inland areas (Pontivy and Loudéac in particular) and improve routes to the ports of Roscoff, St Malo, Douarnenez and south-west Brittany.

The region of Lorraine will receive FF 30 million for bypasses on the RN4 (Paris-Nancy-Strasbourg) and the RN 59 and RN 66 (textile areas in the Vosges), completion of the A31 motorway to Thionville and a bypass at Longwy, involving 72.4 km of new carriageway including three viaducts (two at Longwy and one at Thionville). The works will involve the Charmes-Vincy, Arches-Pouxieux, Remiremont, Lunéville west, Saint Dié and Lunéville east bypasses, the sections north-west and south-west of Longwy, and the extension of the motorway to Thionville. The ERDF will also provide financial assistance for some of these links.

A further FF 559 million was lent for investments in industry. Of this total, FF 499 million is in the form of two global loans to the Crédit d'équipement des PME, the main financing body for small businesses in France: FF 400 million from the NCI to finance investment by small businesses in industry and local services in areas not eligible for regional development aid; and FF 99 million from the EIB's own resources for similar investments in areas eligible for such aid. European Silicon Structures SA (ES2) received a loan of FF 60 million to build an integrated circuits factory. This plant is the fruit of cooperation between a number of industrial firms in the Community and is part of the Eureka programme for European

technological cooperation. The factory will be given over entirely to the production of applications-specific integrated circuits. It will use the technology of direct writing on silicon wafers, as yet not applied in Europe. ES2, whose shareholders include British Aerospace, Brown, Boveri, Bull, Olivetti, Philips, Saab Scania, Telefónica, Telfin, and venture capital corporations, will be the first company in the Community to bring the design and manufacture of this type of product under one roof.

A loan of FF 50 million was granted for a hydroelectric project on the upper Rhône, 60 km north of Lyons. This project, to be carried out by the Compagnie Nationale du Rhône (CNR), includes a dam and a 45 MW hydroelectric power station. Using a renewable energy source, it will save some 54 000 tonnes oil equivalent per year, in line with Community objectives.

Greece

2.4.48. Loans totalling DRA 14 500 million were made to Greece, including DRA 14 000 million for the modernization and conversion of Hellenic Aspropyrgos's oil refinery near Eleusis in Greater Athens. The factory is to be redesigned to produce lighter oil distillates for the manufacture of fuel with lower lead and sulphate contents. The EIB will also help finance plant and equipment to reduce air and water pollution, thereby improving the quality of the environment, of particular importance in the Athens area.

A further DRA 450 million will be used for infrastructure work to improve conditions at Athens airport, especially at the east terminal. The project, which will improve both capacity and security, involves extending the charter terminal and the arrival area and includes a number of service facilities and eight security towers.

Germany

2.4.49. A loan of DM 150 million was granted to help finance the construction or

adaptation of thermal power stations with a view to improving energy supplies and reducing dependence on imported oil and bringing existing production capacity into line with new national legislation on the environment.

Of this sum, DM 100 million will part-finance the construction of a coal-fired electricity- and heat-generating station near Hanover to replace three units which do not meet the new legal requirements. It will be fitted with the latest flue-gas-treatment equipment, thereby substantially reducing atmospheric pollution in the area. The plant will comprise two coal-fired steam generators producing a total of 415 MW of heat and 218 MW of electricity.

The remaining DM 50 million will go towards installing a fluidized-bed system in the Wuppertal-Elberfeld coal-fired power station. This is the cleanest process available at present and will replace three co-generators by a single two-boiler unit with a total capacity of about 300 MW/th. This project will substantially improve the quality of the air in this densely populated region and bring emissions within the new legal requirements.

United Kingdom

2.4.50. Loans totalling UKL 15 million were granted in the United Kingdom. UKL 10 million will go towards protecting the environment in the south-west by installing drainage networks in the counties of Avon, Somerset and Dorset, thereby improving the quality of the River Avon near Bristol and reducing coastal pollution at the resorts of Minehead and Weymouth. The remaining UKL 5 million will help finance the expansion of an aircraft engine overhaul factory in Scotland. The loan will enable Caledonian Airmotive Ltd, based at Prestwick International Airport near Glasgow, to install

equipment for the repair and overhaul of a large range of jet engines and components, including undercarriages and auxiliary power units. The investment will help create 270 jobs in a development area which has suffered job losses in mining, shipbuilding and traditional manufacturing industries.

Netherlands

2.4.51. In the Netherlands a loan of HFL 35 million was granted to help finance the construction of a factory in Geleen for the manufacture of aspartame, an artificial sweetener not currently produced in Europe. This product, which is low in calories and tastes like sugar, will be manufactured using a new inexpensive enzyme-based process not previously used in the Community. Directly and indirectly the project will create some 140 jobs in southern Limburg, a former coalmining area with a very high unemployment rate.

Outside the Community

ACP States

2.4.52. The EIB lent 3 million ECU under the third Lomé Convention to help finance small businesses in the industrial, agro-industrial and tourism sectors in Burundi. This global loan has been made to the Banque Nationale pour le Développement Economique (BNDE) from risk capital resources provided for under the Convention and managed by the EIB. The interest rate and term will vary according to the use actually made of the funds: up to 10 years and 2% for the financing of feasibility studies; up to 25 years and 2% in the case of equity participations in individual firms designed to bolster their capital base and facilitate their start-up or expansion; up to 15 years and 3% for conditional loans to firms. BNDE was established in 1966 and is Burundi's leading development bank; its main shareholder is the State.



PART THREE
DOCUMENTATION

1. ECU

Values in national currencies of one ECU

31 October 1986 ¹	
Belgian franc and Luxembourg franc (convertible)	43.3557
Belgian franc and Luxembourg franc (financial)	43.6588
Danish krone	7.85828
German mark	2.08796
Greek drachma	141.424
Portuguese escudo	153.074
French franc	6.81506
Dutch guilder	2.35875
Irish pound	0.765734
Italian lira	1 444.35
Spanish peseta	140.242
Pound sterling	0.720932
United States dollar	1.01039
Swiss franc	1.73382
Swedish krona	7.11817
Norwegian krone	7.62084
Canadian dollar	1.40565
Austrian schilling	14.7062
Finnish mark	5.07669
Japanese yen	165.552
Australian dollar	1.57627
New Zealand dollar	1.99091

¹ OJ C 276, 1.11.1986.

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

October 1986	
National currency	Value in national currency of one ECU
Belgian franc and Luxembourg franc	47.3310 ¹
	46.8712 ²
Danish krone	8.58163 ¹
	8.54064 ²
German mark	2.41047 ³
	2.39792 ⁴
	2.38516 ⁵
Greek drachma	116.673
Portuguese escudo	153.283 ⁶
	151.812 ²
French franc	7.31248 ³
	7.54546 ⁷
	7.20771 ⁸
	7.20131 ¹
Dutch guilder	7.09967 ²
	2.71620 ³
	2.70178 ⁴
Irish pound	2.68749 ⁵
	0.817756 ¹
Italian lira	0.782478 ²
	1 539.00 ⁹
Spanish peseta	1 554.00 ⁵
	147.208 ¹
Pound sterling	145.796 ²
	0.654044 ³
	0.635626 ¹
	0.626994 ²

1 For livestock products.

2 For crop products.

3 For milk and milk products.

4 For cereals.

5 For other products.

6 For sheepmeat and goatmeat.

7 For pigmeat.

8 For wine.

9 For cereals and oilseeds.

2. Additional references in the Official Journal

3.2.1. This section lists the titles of legal instruments and notices of Community institutions or organs which have appeared in the Official Journal since the last Bulletin was published but relating to items appearing in earlier issues of the Bulletin; the references were not available when the Bulletin went to press.

The number of the Bulletin and the point to which this additional information refers is followed by the title shown on the cover of the Official Journal, the number of the issue and the date of publication.

Bull. EC 4-1986

Points 1.3.1 to 1.3.8

Proposal for a Council Regulation amending Regulations (EEC) No 797/85, (EEC) No 270/79, (EEC) No 1360/78 and (EEC) No 355/77 as regards agricultural structures, the adjustment of agriculture to the new market situation and the preservation of the countryside

Proposal for a Council Decision amending Decision 83/641/EEC adopting joint research programmes and programmes for coordinating agricultural research

OJ No C 273, 29.10.1986

Bull. EC 5-1986

Point 2.1.54

Commission Decision of 21 May 1986 on aid granted by the Federal Republic of Germany and the Land of Bavaria to a producer of polyamide and polyester yarn situated in Deggendorf

OJ No L 300, 24.10.1986

Bull. EC 6-1986

Point 2.1.152

Proposal for a Council Decision concerning the conclusion, on behalf of the Community, of the Convention for the protection, management and development of the marine and coastal environment of the eastern African region and the two Protocols annexed thereto

OJ No C 253, 10.10.1986

Bull. EC 7/8-1986

Points 1.2.1 to 1.2.6

Proposal for a Council Regulation concerning the framework programme of Community activities in the field of research and technological development (1987 to 1991)

OJ No C 275, 31.10.1986

Point 2.1.10

Commission Decision of 16 July 1986 authorizing Spain to adopt protective measures in respect of urea imports

OJ No L 303, 29.10.1986

Point 2.1.89

Proposal for a Council Directive amending Directive 77/388/EEC on the harmonization of the laws of the Member States relating to turnover taxes in respect of the common value-added tax scheme applicable to small and medium-sized businesses

OJ No C 272, 28.10.1986

Point 2.1.130

Commission Decision of 20 August 1986 approving an integrated Mediterranean programme for the island of Crete (Greece)

OJ No L 282, 3.10.1986

Point 2.2.34

Proposal for a Council Regulation on food-aid policy and food-aid management

OJ No C 265, 21.10.1986

Point 2.4.34

Special report No 2/86 on the ERDF's specific Community regional development measures (non-quota measures) accompanied by the Commission's replies

OJ No C 262, 20.10.1986

Points 2.4.36 to 2.4.47

Opinions adopted by the Economic and Social Committee during its session of 2 and 3 July 1986

OJ No C 263, 20.10.1986

Bull. EC 9-1986

Point 2.1.97

Proposal for a Council Directive on the approximation of the laws of the Member States concerning products which, appearing to be other than they are, endanger the health or safety of consumers

OJ No C 272, 28.10.1986

Point 2.1.114

Amended proposal for a Council Regulation (EEC) laying down general rules on the definition, description and presentation of spirituous beverages

Amended proposal for a Council Regulation (EEC) laying down general rules on the definition, description and presentation of vermouths and other wines of fresh grapes flavoured with plants or other aromatic substances

OJ No C 269, 25.10.1986

3. Infringement procedures

Initiation of proceedings for failure to implement directives

3.3.1. In October the Commission sent letters of formal notice for failure to incorporate directives into national law (the Commission not having been informed of national implementing measures) in the following cases:

Internal market and industrial affairs

Council Directive of 13 December 1983¹ amending for the second time the Council Directive of 18 December 1975 on the approximation of the laws of the Member States relating to certain partly or wholly dehydrated preserved milk for human consumption² (Belgium, Denmark, Germany, Greece, France, Ireland, Italy, Luxembourg, Netherlands, United Kingdom).

Council Directive of 31 March 1982 on the approximation of the laws of the Member States relating to methods of testing the biodegradability of non-ionic surfactants³ and amending the Council Directive of 22 November 1973⁴ (Greece).

Council Directive of 31 March 1982³ amending the Council Directive of 22 November 1973 on the approximation of the laws of the Member States relating to methods of testing the biodegradability of anionic surfactants⁴ (Greece).

Council Directive of 19 September 1983⁵ amending for the fifth time (asbestos) 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 preparations⁶ (Belgium, Germany, Ireland, Italy).

Commission Directive of 18 April 1984⁷ adapting the Council Directive of 26 June 1978 on the approximation of the laws of the Member States relating to the classification, packaging and labelling of dangerous preparations (pesticides)⁸ (Greece).

Transport

Council Directive of 26 October 1983⁹ amending the Council Directive of 13 May 1965 concerning the standardization of certain rules relating to authorizations for the carriage of goods by road between Member States¹⁰ and the first Council Directive of 23 July 1962 on the establishment of common rules for certain types of carriage of goods by road between Member States¹¹ (Greece).

¹ OJ L 357, 21.12.1983.

² OJ L 24, 30.1.1976.

³ OJ L 109, 22.4.1982.

⁴ OJ L 347, 17.12.1973.

⁵ OJ L 263, 24.9.1983.

⁶ OJ L 262, 27.9.1976.

⁷ OJ L 144, 30.5.1984.

⁸ OJ L 206, 29.7.1978.

⁹ OJ L 332, 28.11.1983.

¹⁰ OJ 88, 24.5.1965.

¹¹ OJ 70, 6.8.1962.

Environment and consumer protection

Council Directive of 8 March 1984 on limit values and quality objectives for mercury discharges by sectors other than the chloralkali electrolysis industry¹ (Greece).

Council Directive of 6 December 1984 on the supervision and control within the European Community of the transfrontier shipment of hazardous waste² (Greece).

Council Directive of 20 March 1985 on the approximation of the laws of the Member States concerning the lead content of petrol³ (Greece).

Reasoned opinions

3.3.2. The Commission delivered reasoned opinions in the following cases of failure to inform it of national measures to give effect to directives:

Internal market and industrial affairs

Commission Directive of 5 October 1981⁴ 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 products⁵ (Germany).

Agriculture

Commission Directive of 7 June 1984⁶ 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 swine⁷ (Greece).

Council Directive of 11 December 1984⁸ amending the Council Directives of 26 June 1964⁹ and of 12 December 1972¹⁰ as regards certain measures relating to foot-and-mouth disease and swine vesicular disease (Greece).

Financial institutions and company law

First Council Directive of 9 March 1968 on coordination of safeguards which, for the protection of

the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty, with a view to making such safeguards equivalent throughout the Community¹¹ (Greece).

Second Council Directive of 13 December 1976 on coordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Article 58 of the Treaty, in respect of the formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent¹² (Greece).

Fourth Council Directive of 25 July 1978 based on Article 54(3)(g) of the Treaty on the annual accounts of certain types of companies¹³ (Greece).

3.3.3. The Commission delivered two reasoned opinions in the following cases of failure to incorporate directives correctly into national law:

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 conditions¹⁴ (United Kingdom).

Council Directive of 15 July 1980 on air quality limit values and guide values for sulphur dioxide and suspended particulates¹⁵ (Luxembourg).

3.3.4. The Commission delivered reasoned opinions in the following cases:

Condition of French nationality for registering as chartered surveyor (France).

Quality standards applied to deep-frozen imported meat (Greece).

Interest on delayed payments of agricultural levies (staggered reimbursement) (Italy).

¹ OJ L 74, 17.3.1984.

² OJ L 326, 13.12.1984.

³ OJ L 96, 3.4.1985.

⁴ OJ L 342, 28.11.1981.

⁵ OJ L 303, 28.11.1977.

⁶ OJ L 167, 27.6.1984.

⁷ OJ L 26, 31.1.1977.

⁸ OJ L 339, 27.12.1984.

⁹ OJ L 121, 29.7.1964.

¹⁰ OJ L 302, 31.12.1972.

¹¹ OJ L 65, 14.3.1968.

¹² OJ L 26, 31.1.1977.

¹³ OJ L 222, 14.8.1978.

¹⁴ OJ L 39, 14.2.1976.

¹⁵ OJ L 229, 30.8.1980.

Grants for research into European integration, 1987-88

In order to encourage university research in the field of European integration, the Commission of the European Communities will award, in July 1987,

20 RESEARCH GRANTS OF A MAXIMUM OF 4 500 ECU¹

CONDITIONS:

1. The awards will be given to young university teaching staff at the start of their career who, individually or as a team, are doing research work on European integration.
2. Application forms are available from the Press and Information Offices of the European Communities given below.² The application must be submitted in duplicate and should contain:
an application form;
a 5-10 page typed description of the research project;
a curriculum vitae;
a certificate from the institution, confirming the position currently held by the applicant;
an estimate of the costs involved.
3. Applicants should not be over 40 years of age.
4. Awards are not renewable.
5. The maximum award of 4 500 ECU is paid in two instalments, at the beginning and at the end of the research.
6. Award holders who do not complete their research must reimburse the grant.
7. Employees of the institutions of the European Communities as well as their spouses and children are not eligible to apply.
8. The manuscript of the research should amount to a minimum of 40 000 words.
Languages admitted: Danish, Dutch, English, French, German, Greek, Italian, Portuguese, Spanish.
Final type-written text to be submitted in duplicate.
Deadline for submission of the research: 1 October 1988.
9. The Commission of the European Communities may assist with the costs of publishing the work.
10. The awards will be made by 15 July 1987 at the latest.
11. Applications must be submitted by 31 March 1987 to:

Commission of the European Communities
Directorate-General Information, Communication, Culture
University Information
200 rue de la Loi
B-1049 Brussels (Tel. 235 45 83 or 235 25 85)

¹ 4 500 ECU = circa BFR/LFR 200 000, DKR 35 000, DM 10 000, DR 620 000, ESC 680 000, FF 30 000, HFL 11 000, IRL 3 500, LIT 6 500 000, PTA 620 000, UKL 3 200.

² Application forms can be obtained from the above address or from the Press and Information Offices of the European Communities listed below:

ATHENS: 2, Vassilissis Sofias, T.K. 1602, Athinai 134.

BONN: Zitelmannstraße 22, D-5300 Bonn.

BRUSSELS: Rue Archimède 73, B-1040 Bruxelles.

COPENHAGEN: Højbrohus, Østergade 61, Postbox 144, DK-1004 København-K.

DUBLIN: 39 Molesworth Street, Dublin 2

THE HAGUE: Lange Voorhout 29, Den Haag.

LISBON: 35, rua do Sacramento à Lapa, 1200 Lisboa.

LONDON: 8 Storey's Gate, London SW1 P3AT.

LUXEMBOURG: Bâtiment Jean Monnet, Luxembourg-Kirchberg.

MADRID: Calle de Serrano 41, 5a planta, Madrid 28001.

PARIS: 61, rue des Belles Feuilles, F-75782 Paris Cedex 16.

ROME: Via Polh, 29, I-00187 ROMA.

ANKARA: Kuleli Sokak 15, Gazi Osman Paça, Ankara.

BANGKOK: Thai Military Bank Bld., 9th & 10th Flrs, 34, Phya Thai Road, Bangkok.

CANBERRA: Capitol centre, Franklin Street, PO Box 609, Manuka ACT 2603 Canberra.

CARACAS: Valle Arriba, Calle Colibri, Carretera de Barruta, Caracas.

GENEVA: rue de Vermont, 37-39, CH-1211 Genève 20.

OTTAWA: Office Tower (Suite 1110), 350 Spraks Street, Ottawa Ont. K1R 758.

TOKYO: Kowa 25 Building 8-7 Sanbancho Chiyoda-Ku, Tokyo 102.

WASHINGTON: 2100 M Street N.W (Suite 707) Washington DC 20037, USA.

