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WHITE PAPER ON DEVELOPMENTS IN THE EUROPEAN COMMUNITY, JANUARY-JUNE 1984

Note by the Secretary of State for Foreign and Commonwealth Affairs

Members of the Defence and Oversea Policy Committee, Sub-Committee on European Questions, have already seen a draft of the White Paper on Developments in the European Community, January-June 1984.

2. The attached pre-publication version is circulated for the information of the Cabinet. It will be published on 28 September.

G H

Foreign and Commonwealth Office

27 September 1984

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**Developments in the  
European Community  
January—June 1984**

**DEVELOPMENTS IN THE EUROPEAN COMMUNITY  
JANUARY TO JUNE 1984**

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*Note:* Save when stated otherwise European currency units (ecu) have been converted at the 1 June 1984 market rate of 1.69 ecu=£1.

## SECTION I: INTRODUCTION

1.1 This White Paper covers the French Presidency of the Council of Ministers from 1 January to 30 June 1984.

1.2 At the European Councils in Brussels on 19–20 March and at Fontainebleau on 25–26 June agreement was reached on a package of measures covering United Kingdom contributions to the Community budget, the future control of Community expenditure, the level of the Community's own resources and new Community policies.

1.3 In the case of *budget imbalances*, in particular the United Kingdom contributions to the Community budget, the agreement reached at Fontainebleau resolved an issue which had been under negotiation since 1979. The Government had set as its clear objective the establishment of a lasting system which would ensure that the United Kingdom paid no more than a fair share of Community expenditure. At the European Council in Fontainebleau the United Kingdom secured the agreement of the other member states to—

- a refund of about £600 million net for 1984;
- a lasting system, to come into effect from 1985, whereby the United Kingdom will receive a refund each year of 66 per cent of its budgetary burden in the previous year, measured on the basis of the gap between our value added tax (VAT) share and our expenditure share of the Community budget.

Both the refund for 1984 and the refund for subsequent years will be paid by abatement of the United Kingdom's VAT payments in the following year rather than by additional Community expenditure, as has hitherto been the case.

1.4 The agreement will endure as long as the revised own resources decision, also agreed at Fontainebleau, and can therefore only be changed with the agreement of the United Kingdom Government and Parliament.

1.5 On the question of the *control of Community expenditure*, the Fontainebleau European Council endorsed the outline agreement reached by Heads of State and Government at the European Council in Brussels in March—

- (i) to apply the principles of control that govern budgetary affairs in individual member states to the budgetary affairs of the Community as a whole;
- (ii) to ensure that a total amount of money available to the Community is fixed annually so that revenue determines expenditure (not as in the past the other way around);
- (iii) to restrict any future growth in agricultural spending over a three year period to less than the rate of growth of the own resources base.

1.6 Finance Ministers have been asked to agree the measures necessary to guarantee the effective application of this agreement.

1.7 On the level of *the Community's own resources*, the Government agreed at Fontainebleau that the ceiling on own resources should be increased

to 1.4 per cent of VAT. This is an increase of about 24 per cent of the overall budget. As a result of the budget agreement, while the VAT ceiling will be increased to 1.4 per cent for the Community as a whole, the United Kingdom will be contributing substantially less than it is at present liable to contribute under the 1 per cent limit. The Government will be prepared to recommend the increase to Parliament when the arrangements for the control of Community expenditure are in place. There can be no further increase in the ceiling without the consent of all member states and of national parliaments.

1.8 The agreement reached at Fontainebleau opens the way for the Community to pursue a number of *new policy priorities* which were discussed at the Brussels European Council, including—

- (i) measures to break down the remaining barriers to the common market, such as the simplification of trade and customs formalities and harmonisation of standards and products. These will play an important rôle in economic recovery and job creation;
- (ii) the liberalisation of trade and services, notably road transport, air travel and insurance;
- (iii) action on the environment, including a firm date—no later than 1989—for the introduction of unleaded petrol in the Community.

1.9 The conclusions issued following the European Council meeting in Fontainebleau are reprinted at Annex A. These include the establishment of two high level *ad hoc* groups consisting of representatives of Heads of State and Government. The remit of the first group will be to prepare and co-ordinate measures to strengthen and promote the Community identity, while the second group is to make suggestions for the improvement of European co-operation in both the Community field and that of the political, or any other, field.

1.10 Those sections of the conclusions dealing with budgetary imbalances, own resources and enlargement, and the dismantling of positive monetary compensatory amounts in the Federal Republic of Germany were submitted to, and approved by, Heads of State and Government in the European Council. The remainder of the conclusions were issued by the Presidency on its own responsibility. The United Kingdom Permanent Representative to the European Community made clear in the Committee of Permanent Representatives on 27 June that the United Kingdom had reservations about certain of these paragraphs. He subsequently put these reservations in writing in a letter to the Secretary General of the Council, which was circulated to all member states. This is also reprinted at Annex A.

1.11 The Government's own ideas on future developments in Community policy were set out in a paper "Europe—the Future", which was sent to all Community Heads of Government before the Fontainebleau meeting and which has since been made public.

1.12 The agreement on budget imbalances will remove a basic inequity in United Kingdom membership of the Community which has been a constant source of irritation in our relations with other member states. The

agreement on control of Community expenditure will help ensure a proper balance in the Community's policies. The Government's aim over the next six months will be to ensure the implementation of the agreement reached at Fontainebleau including the effective application of budget discipline and to play its full part in decision-making about future programmes and the direction of new Community policies to make the Community more relevant to the lives of its citizens and more competitive in international markets.

1.13 The second *direct elections to the European Parliament* took place from 14 to 17 June. In the United Kingdom polling took place on 14 June; turnout was 32 per cent (but 65 per cent in Northern Ireland). Average turnout in the rest of the European Community was 60 per cent. Turnout in all member states but two was lower than at the first European election in 1979.

1.14 The six month period saw the completion of work and agreement by the Community in a number of areas of importance.

1.15 In the annual *agricultural price-fixing* there was for the first time an overall reduction in the weighted average level of Community common prices of about 0.5 per cent. Agreement was reached on the introduction of a quota/supplementary levy scheme in the milk sector. It was also agreed in principle to introduce guarantee thresholds for products in or likely to be in surplus or incurring rapidly rising expenditure. The United Kingdom welcomed the recognition in the Community of the need to curb over-production and control expenditure on the Common Agricultural Policy.

1.16 The revised *Common Fisheries Policy* agreed in January 1983 has continued to develop. The main results have been timely agreement on 1984 catch quotas, including member states' provisional allocations of North Sea herring, and the full staffing of the Community Inspectorate whose function it is to carry out inspections of member states' enforcement systems.

1.17 The Regulation establishing the revised *Regional Fund* was adopted at the Foreign Affairs Council on 19 June. The new Regulation provides opportunities for the improved administration of the fund and should improve the efficiency and effectiveness of its operations.

1.18 In the field of *research and development* the Community adopted a Programme for Research into Information Technology (ESPRIT) on 28 February in response to the challenge in this sector from developments in the United States and Japan. The main programme builds on the experience gained from the pilot programme by which it was preceded. The United Kingdom is involved in 21 out of the 38 pilot projects and in 11 of those instances provides the lead contractor. This reflects the United Kingdom's considerable strengths in information technology in industry and universities.

1.19 At the informal Industry Council in May the United Kingdom circulated a memorandum stressing the need for the creation of *information technology standards* known as Open Systems Interconnection (OSI) standards. As a result it was agreed to set up a high level group to develop, as

a matter of urgency, a programme of action on these standards to harmonise their implementation and establish mutually recognised product test centres.

1.20 On *the internal market* the April Foreign Affairs Council reached agreement in principle on a new Common Commercial Policy Regulation although it still has to be formally adopted. Disappointingly no real progress was made on the draft non-life insurance services directive.

1.21 On *steel*, it was agreed, in the interest of market stability, to prolong the system of mandatory quotas on production and Community sales by steel producers until 31 December 1985. Most member states submitted detailed restructuring plans to the Commission for their steel industries.

1.22 In the *environmental field* there were several significant developments. First, agreement was reached to adopt a Community-wide system of supervision and control of the transfrontier shipment of hazardous waste which will come into force on 1 October 1985. Second, in response to a United Kingdom initiative, it was agreed that unleaded petrol should be introduced throughout the Community not later than 1989. Third, a framework for a Community-wide policy against air pollution was set up with the adoption of a Directive on the combating of air pollution from industrial plants.

1.23 At the Transport Councils in March and May the United Kingdom continued to stress the importance which the Government attach to increased liberalisation of *Community transport services*, and to removing the remaining obstacles to the movement of goods across frontiers. Two high level working groups were established in May, with the objective of making rapid progress with liberalisation of air transport and of road haulage. The groups are to report to the next Transport Council in December. The Council also agreed on significant measures for transport infrastructure support and for improving the flow of international rail traffic.

1.24 In the *social and employment field* resolutions on youth employment, local employment initiatives, women's unemployment, and a second action programme on health and safety at work were adopted. The United Kingdom was not able to agree the draft recommendation on the reduction and reorganisation of working time, on the grounds that acceptance would impair the Community's competitiveness which was an essential condition for the reduction of unemployment. Revised rules for the European Social Fund have been in force since January 1984; it is expected that the United Kingdom will continue to benefit substantially. The allocation to the United Kingdom in 1983 of £321 million amounted to almost 30 per cent of the funds available, and was the largest allocation to any member state.

1.25 On *energy issues* agreement was reached on funding of the energy demonstration projects scheme for the years 1983-85; on a transfer of funds from the European Economic Community Budget to the European Coal and Steel Community to assist miners affected by structural changes in the coal industry, of which the United Kingdom expects to receive about half; and on an extension of the coking coal scheme. Whilst welcoming these developments the United Kingdom was disappointed at the slow progress towards a decision supporting investment in the economic production of solid fuels.

1.26 On the *enlargement of the Community* the Fontainebleau European Council confirmed that the accession negotiations should be completed by 30 September at the latest. The target is an ambitious one, but there is political determination to make rapid progress. Good progress has already been made and by June the Community was ready to begin what should be the final phase of the accession negotiations with Spain and Portugal: the Community presented substantive declarations on agriculture and fisheries to both candidates, so enabling negotiations to begin on these chapters. The Community and Spain were able to narrow the difference between them on industrial tariff transition.

1.27 On the *external trade* side the Government welcomed confirmation at the Foreign Affairs Council on 14 May that the Community would advance tariff cuts agreed under the Tokyo Round of multilateral trade negotiations. The Community expects similar action by its principal trading partners. In the Community discussions on the proposal for a new round of multilateral trade negotiations, the Government stressed the importance of proper preparation and full consultation among all members of the General Agreement on Tariffs and Trade (GATT). As permitted by GATT rules, the Community increased tariffs and imposed quotas on certain United States goods in response to United States restrictions on Community exports of special steels. The Community also pressed the United States Government to resist domestic protectionist pressures in order not to jeopardise economic recovery. The Community maintained pressure on Japan for more concrete action to encourage imports of both manufactured goods and services. The Community welcomed the latest Japanese import liberalisation packages but is keen to see further specific action to meet European Community concerns.

1.28 The Government supported the extension into 1984 of the Community's *external steel* anti-crisis measures. Voluntary restraint arrangements to cover trade in steel have now been negotiated with 14 countries. Imports from countries which have not concluded voluntary restraint arrangements are subject again to a system of basic import reference prices. The Government will work with the Commission in the operation of these measures to minimise damaging disruption to the Community steel market by imports from third countries.

1.29 Substantive progress was made in the major negotiations with African, Caribbean and Pacific states on the successor to the second *Lomé Convention*, the Community's major contractual relationship with the developing world.

1.30 In the field of *political co-operation* the Ten have continued to seek alignment of their policies on major international issues including East-West relations, the Middle East, the Conference on Disarmament in Europe and international terrorism.

## SECTION II: ECONOMIC, MONETARY AND BUDGETARY QUESTIONS

### **The Post-Stuttgart Negotiation**

#### *Budget Imbalances*

2.1 Following the failure to reach agreement at the European Council in Athens in December 1983, the French government, who took the Presidency in January, conducted the negotiations primarily through a series of bilateral meetings. As a result of these negotiations, the Presidency put forward a proposal at the March European Council on 19-20 March which would have provided a lasting system for resolving the United Kingdom budget problem but agreement on it could not be reached. The major outstanding issues which could not be resolved at the March European Council were establishing a notional figure for United Kingdom reliefs in 1983 which would constrain the parameters of the system and determine how it would work in future years and the date at which the new system would come into effect.

2.2 In the course of discussion, proposals were put forward by other member states for two to five years of further *ad hoc* refunds at the rate of 1,000 mecu net a year. The United Kingdom made clear that it could accept one more year of *ad hoc* reliefs at 1,000 mecu net after which the system must apply. The United Kingdom also made clear that it could not accept the figure of 1,000 mecu for the notional figure establishing the parameters of the scheme.

2.3 Agreement was finally reached at the European Council at Fontainebleau on 25-26 June. The main elements of the proposal discussed at the March European Council were maintained. It was agreed that the United Kingdom would get a refund of 1,000 mecu (about £600 million) for 1984 to be paid in 1985 with the new system coming into effect thereafter; that the refunds, both for 1984 and under the system, would be made on the revenue side so that the United Kingdom's normal VAT contributions would be automatically reduced in the budget year following that in respect of which the correction was made: that the system of budgetary refunds would be legally binding and would be incorporated in a new own resources decision (which would also increase the ceiling on the VAT element in the Community's own resources from 1 per cent to 1.4 per cent); and that the new budget mechanism would be lasting: it could only be changed if the new own resources decision was changed, and that would require the agreement of the United Kingdom. The principal change compared with the Presidency's proposal in March was that the amount of United Kingdom reliefs under the system is set at 66 per cent of the gap between our VAT share and our expenditure share of the EC allocated budget rather than as a notional 1983 figure from which the percentage rate of the United Kingdom's reliefs would have been indirectly derived. This gap is equivalent to our net contribution except that it leaves out of account the extent to which our levy and duty share exceeds our VAT share.

### *Budget Discipline*

2.4 The March European Council at Brussels provisionally agreed to invite the Council of Ministers to consider guidelines for budgetary discipline which can be summarised as—

- (i) fixing a reference framework, at the beginning of the budget procedure, in the form of a maximum level for expenditure for the following year;
- (ii) moderating the rate of expenditure relating to agricultural markets so that on a three yearly basis expenditure will increase less than the rate of growth of own resources;
- (iii) an undertaking to comply with the maximum rate provisions for non-obligatory expenditure;
- (iv) adopting the measures necessary to guarantee the effective application of these principles.

Following the European Council at Brussels it was agreed by Foreign Ministers that follow up work on budget discipline should be remitted to Finance Ministers. A group of senior representatives of Finance Ministers produced a report on budget discipline measures for the June European Council. In the light of this work, the European Council at Fontainebleau endorsed the text on budget discipline agreed in March. This asks the Council of Ministers to adopt the necessary measures to guarantee the effective application of the principles agreed by Heads of State and Government. Discussions are continuing with other member states on the appropriate means of implementing effective budget discipline.

### **Refunds**

2.5 The plenary session of the European Parliament in February failed to adopt an opinion on the proposals for draft regulations necessary for implementing the agreed 1983 refunds to the United Kingdom. The Commission subsequently amended its proposals to incorporate modified versions of the Parliament's amendments to the original proposals. The Parliament's amendments were that the maximum rate of grant should be reduced from 70 per cent to 60 per cent and that support should be granted to projects begun after 1 January 1983. These revised proposals, published on 27 February, were considered by the March Foreign Affairs Council. The Council agreed to non-obligatory classification of the refunds and resolved a number of technical matters. The French and Italians, however, blocked the adoption of the regulations linking the lifting of their reserves to a settlement of the problem of the future financing of the Community which was for consideration in the European Council.

2.6 Following the successful outcome of the European Council at Fontainebleau the Foreign Affairs Council immediately adopted the Regulations to give effect to the 1983 refund agreement. The Commission made formal proposals for the transfer of the refund provision from the reserve chapter of the 1984 budget to budget lines 649—special measures in the field of employment; 707—special measures for energy strategy; and 783—special measures for transport infrastructure. At the end of the period the European Parliament's approval of the proposals was still awaited.

2.7 There had been disagreement between the United Kingdom and the Council over a part of the United Kingdom's 1982 refunds because of a difference of interpretation over the basis of the calculation. This matter was taken into account in coming to an agreement at the European Council in Fontainebleau. Given the satisfactory outcome of that agreement it was decided not to pursue the claim.

### **Budget Questions**

#### *1984 Budget*

2.8 On 17 April, the Commission proposed a Council regulation for measures to cover the Community's budgetary requirements in 1984 given the exhaustion of own resources (document Com(84) 250 final). The document estimates the shortfall between revenue and expenditure at 2,726 mecu (approximately £1,600 million)\* with European Agricultural Guidance and Guarantee Fund guarantee expenditure accounting for 2,131 mecu (approximately £1,250 million)\* of this. The Commission proposed that this shortfall should be financed by 350 mecu (approximately £200 million)\* in expenditure cuts plus 43 mecu (approximately £25 million)\* balance of the 1 per cent VAT ceiling in 1984 and a loan of 2,333 mecu (approximately £1,370 million)\* from member states on the basis of their 1984 VAT shares. The loan plus interest would be repaid in eight equal six monthly payments beginning on 30 June 1986. The United Kingdom reserved its position and argued that a thorough examination of the scope for savings and deferring expenditure was required. Other member states also called for savings and questioned the legality of the Commission's loan proposal.

#### *1985 Preliminary Draft Budget*

2.9 The Commission presented the 1985 preliminary draft budget on 11 June. The budget totalled some 28,104 mecu (£16,067 million)† in payment appropriations and some 30,228 mecu (£17,282 billion)† in commitment appropriations. This represents an increase over 1984 of 10·8 per cent in payment appropriations and 10·4 per cent in commitment appropriations. The proposed payment appropriations exceed the total available own resources under the 1 per cent VAT ceiling by some 1,900 mecu (£1,086 million)†.

### **Finance Council Business**

2.10 Finance Ministers continued their regular reviews of the economic situation in the Community. On 6 February, the Finance Council looked at the prospects for 1984 and had a preparatory discussion of the issues to be examined at the special OECD Ministerial meeting on 12-13 February. A Commission proposal for financing innovation loans for small and medium size firms was also discussed at this Council and at the April and June Councils, but was not adopted.

\* Converted at the exchange rate of 1·7 ecu = £1 as used in the public expenditure survey.

† Converted at the 1 February rate of 1·75 ecu = £1 (the rate used by the Commission in drawing up the 1985 preliminary draft budget).

2.11 At the 12 March Finance Council, Ministers reviewed the first five years of the European Monetary System. There was also discussion of insurance services within the Community and of proposals for fiscal measures intended to encourage cross-border co-operation between companies. Progress on these two subjects was reviewed at the June Council.

2.12 The Finance Council on 2 April prepared the ground for the International Monetary Fund (IMF) Interim and Development Committee meetings held in Washington in April. Ministers also discussed the budget imbalances problem and financial integration in the Community and agreed on the increase of travellers' allowances for certain goods (see paragraph 2.17).

2.13 Finance Ministers met informally on 12-13 May when they discussed a number of issues including the Community Loan Mechanism and budgetary discipline.

2.14 The 4 June Council agreed in principle to an increase in the ceiling for the Community loan mechanism from the present 6 billion ecu (about £3.6 billion) to 8 billion ecu (about £4.7 billion).

### **Court of Auditors and Financial Control**

2.15 The Court of Auditors published its annual report on the 1982 financial year in the Official Journal on 31 December 1983. In March the Council recommended that the European Parliament grant a discharge to the Commission for the implementation of the 1982 Budget. The European Parliament decided to defer this, and so informed the Commission in April.

### **Customs Union**

2.16 Work on harmonisation of customs and VAT legislation continued. The single administrative document for controlling exports, transit and imports of Community goods was accepted in principle by the Internal Market Council on 8 March. Ministers agreed a Presidency paper advocating increased use of computers to assist in the reduction of formalities in Community trade, and the Commission was asked to prepare a plan by the end of 1984.

2.17 A ruling by the European Court on 14 February allows the continuation of the tax-free trade on regular intra-Community air and sea journeys. The Finance Council on 2 April approved an increase in the value limit for goods bought tax paid in the Community and imported by travellers into another member state. The increase is from 210 to 280 ecu (£120 to £163)\* and applies from 1 July 1984.

### **Excise Duties**

2.18 Following the European Court's decision of 12 July 1983 that the United Kingdom's excise duties discriminated against imported table wine in favour of domestically produced beer, duty changes were made in this year's United Kingdom Budget to remove the discrimination. The Chancellor

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\* Converted at 1 October 1983 market rate of 1.73 ecu = £1.

also announced in his Budget Statement that an undertaking had been received from the Italian Government that it would comply with European Court judgments against its discriminatory taxation of spirits, including whisky. The Italian Government has published a Decree Law which is due to be ratified by the Italian Parliament by mid-August.

2.19 The 1984 United Kingdom Budget aligned the duty rates and banding of made-wine with those of wine, reduced the maximum strength limit of cider and perry and significantly increased the duty on cider and perry. This measure was taken in the light of a Reasoned Opinion issued by the Commission in August 1983 which stated that the structure of the United Kingdom's excise duties discriminated against imported wine in favour of United Kingdom-produced made-wine, cider and perry.

2.20 The United Kingdom replied to the Commission's Reasoned Opinion of 9 November 1983, which alleged that the United Kingdom's criteria for granting relief from duty on alcohol used in perfumed spirits and toiletries were in breach of Article 95 of the Treaty of Rome. The United Kingdom refuted the allegation and indicated that the marketing requirements would be retained, although the denaturing requirements would be relaxed.

### SECTION III: AGRICULTURE AND FISHERIES

#### The Common Agricultural Policy Price-Fixing for 1984

3.1 The Commission's proposals for common prices in 1984-85 were published in January 1984. They were revised in March 1984 and a settlement reached at the Agriculture Council on 31 March. Taking account of monetary changes there was an overall reduction in institutional prices of between two and three per cent in real terms across the Community. The other main components of the settlement included the introduction of a quota/supplementary levy scheme in the milk sector, major changes to the agri-monetary arrangements in the Community, and the introduction of new guarantee thresholds for several commodities. The settlement contained an overall reduction of about 0.5 per cent in the weighted average of common prices both for the Community as a whole and for the United Kingdom. While these measures will lead to substantial savings against the expenditure which would otherwise have been incurred, further action may be required to restrain guarantee expenditure under the European Agricultural Guidance and Guarantee Fund (EAGGF) in 1984.

3.2 The target price for *milk* was frozen while the relationship between butter and skimmed milk powder prices was altered through a reduction in the intervention price for butter by 10.7 per cent and a rise in that for skimmed milk powder by 10.9 per cent. Agreement was reached on a supplementary levy scheme to be applied for five years from 1984-85 with a review after three years. The total Community guaranteed quantity for milk production was fixed at 103.62 million tonnes for 1984-85. This was allocated among member states on the basis of their shares of production in

1981 with special provision for Italy, Luxembourg, Ireland, and the United Kingdom in respect of Northern Ireland. A levy will be payable on production in excess of the guaranteed quantity for milk delivered to dairies and for milk, butter, cream and cheese sold directly off farms. It was also agreed that 120 mecu (£71 million) would again be made available in each of the 1984-85 and 1985-86 marketing years for distribution among member states to support the incomes of small producers. The United Kingdom will receive seven mecu (£4 million) in each of these two years. The consumer butter subsidy was reduced from 510 ecu per tonne (£315.50 per tonne)\* to 127.5 ecu per tonne (£78.90 per tonne)\*: the effect on prices in the United Kingdom is expected to be offset by the decrease in the intervention price for butter. It was agreed to provide aid for concentrated skimmed milk for pig feed and in principle to consider the provision of aid on semi-skimmed milk powder fed to calves. It was agreed to extend to the manufacture of other foodstuffs the aid granted on the use of butter in the manufacture of pastry products and ice-cream.

3.3 The guide and intervention prices for *beef* were reduced by one per cent. The Suckler Cow Premium Scheme was continued unaltered. The calf premium, funded by EAGGF, payable in Italy, Greece, Ireland and Northern Ireland, was reduced from 32 ecu (£19.80)\* to 13 ecu (£8.00)\* per cow, with Italy being authorised to maintain the previous year's rate with a supplement from national funds. The United Kingdom Beef Variable Premium Scheme was maintained for a further year subject to a reduction in the maximum rate of premium payable from 80 ecu (£49.50)\* to 65 ecu (£40.20)\* per beast of average weight and the application of clawback on exports of beef which have benefited from the premium. The Agriculture Council agreed to the immediate introduction of the carcass classification grid for intervention buying on a three year experimental basis and instructed the Commission to report on its application before the end of the 1984-85 marketing year.

3.4 For *sheepmeat*, support prices were reduced by one per cent and aligned to a common level. The method used to calculate the ewe premium payments was changed to relate them to the average weight of lamb produced per ewe; it was agreed to reduce advance payments of the ewe premium and to restrict them to farmers in the less favoured areas. The seasonal scale of support prices was revised. A minimum flock size of ten ewes (five in Greece) was introduced as a condition of eligibility for the ewe premium. Exports of sheepmeat from Great Britain to third countries will continue to be exempt from the clawback, but the clawback will be extended to uncooked prepared sheepmeat products exported within the Community.

3.5 The *pigmeat* basic price was reduced by one per cent. The calculation of monetary compensatory amounts (MCAs) for pigmeat will be based on the cereal price rather than the pigmeat intervention price from 1 January 1985 for the duration of the new monetary arrangements (see paragraph 3.9 below).

3.6 Support prices for the main *cereal* grains were reduced by one per cent, while those for durum wheat and rye were frozen. It was agreed

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\* Converted at green rate of 1.62 ecu = £1 and rounded to nearest 10p.

that the support price for wheat of minimum breadmaking quality would be reduced by at least 3.4 per cent. The reduction was subsequently set at four per cent. The Commission was given a mandate to open negotiations with the United States under GATT to negotiate stricter arrangements for the import of certain cereal substitutes into the Community.

3.7 The basic *sugar* beet price and the sugar intervention prices were frozen.

3.8 The production target price and the intervention price for *rape seed* were reduced by two per cent. Aid for peas and beans grown for human consumption was retained.

### **Monetary Arrangements**

3.9 On agri-monetary arrangements, the most important change was the introduction of a co-efficient into the calculation of monetary compensatory amounts (MCAs) which had the effect of reducing positive MCAs and increasing negative MCAs. For the next three years, this co-efficient will be adjusted to avoid the creation of any new positive MCAs which would otherwise have resulted from realignments of currencies in the European Monetary System. The Agriculture Council also agreed to devaluations of the representative rates used to convert agricultural support prices to national currencies for Belgium, Denmark, France, Greece, Ireland, Italy and Luxembourg. The Agriculture Council further agreed that the representative rates for Germany and the Netherlands would be revalued on 1 January 1985 and that the authorities in those member states could, in compensation for the reduction in price support which would result, pay certain nationally funded aids to their farmers.

3.10 The Agriculture Council agreed in principle to introduce guarantee thresholds for products already in or likely to enter surplus, and for those on which expenditure is rising rapidly. Concessionary arrangements for imports from third countries will be taken into account when the thresholds are determined. Specific thresholds were agreed for cereals (both durum wheat and other cereals), oilseed rape, currants, sultanas, tomato products and sunflower seeds; similar measures also exist for sugar and cotton; while the quota/supplementary levy scheme represents the application of the guarantee threshold principle in the milk sector.

### **New Zealand Butter**

3.11 The Agriculture Council on 18-19 June agreed in principle special arrangements for the import of New Zealand butter into the United Kingdom for the five years 1984-1988: the quantities of 83 thousand tonnes for 1984, 81 thousand tonnes for 1985 and 79 thousand tonnes for 1986 were those specified in the Commission's original proposal. Final agreement was subject to resolution of certain points of detail. Pending this, interim arrangements had been successively extended to provide for the import of 48,416 tonnes of New Zealand butter during the period 1 January to 31 July 1984.

### **Sheepmeat**

3.12 The Agriculture Council on 31 March agreed a regulation making arrangements for the import of sheep and sheepmeat during the last three quarters of 1984 from third countries which had not concluded voluntary restraint agreements with the Community.

3.13 The Agriculture Council on 8 May agreed a decision authorising exchanges of letter with Austria, Bulgaria, Czechoslovakia, Hungary, Iceland, Poland, Uruguay and Yugoslavia to prolong the arrangements for exports to Community markets considered to be sensitive areas.

### **Processed Fruit and Vegetables**

3.14 The Agriculture Council on 31 March agreed proposals for reform of the processed fruit and vegetables régime. These relate chiefly to guarantee thresholds and to methods of calculating aid for processors. They are expected to produce savings of four mecu (£2.4 million) in 1985 rising progressively to 20 mecu (£12 million) by 1988.

### **Wine**

3.15 Faced with rapidly rising expenditure in the wine sector as a result of increased production and declining consumption, the Commission decided in May to examine ways of improving the management of the wine market. This decision was confirmed by the Agriculture Council on 7-8 May. The European Council at Fontainebleau on 25-26 June endorsed the need to control the quantities of wine produced in view of the intended accession of Spain and Portugal.

### **Less Favoured Areas**

3.16 The Agriculture Council on 28 February agreed to the redefinition of the United Kingdom's Less Favoured Areas (LFAs) so as to include 1.2 million hectares of land which had not previously been granted LFA status. This decision increased the United Kingdom LFAs to 9.8 million hectares, representing approximately 53 per cent of the country's total utilisable agricultural area. The principal effect of the redefinition was that it enabled higher rates of capital grants and headage payments on beef cattle and sheep to be introduced for farmers in the newly designated LFAs.

### **Structural Measures**

3.17 The Agricultural Council on 18-19 June agreed in principle to extend the existing agricultural structures measures to 31 October 1984 to allow further time for consideration of the Commission's new proposals. It also agreed a regulation amending Regulation 355/77 which provides aid for certain marketing and processing investments. The new regulation extends the existing scheme for a further 10 years with amendments designed to improve its efficiency.

### **European Agricultural Guidance and Guarantee Fund (EAGGF)**

3.18 United Kingdom receipts during the period under the Guarantee section of the EAGGF were £616 million, the main areas of benefit being payments for export refunds on cereals, milk products and beef, oilseed

production aids, skimmed milk feed aids, butter subsidies, the storage of milk products, and beef and sheepmeat premiums. United Kingdom receipts from the Guidance section of the EAGGF amounted to £6 million during the period, with £4 million for direct (project type) measures and £2 million for the non-marketing of milk.

### **Animal Health and Meat Hygiene**

3.19 The Agriculture Council on 18-19 June agreed to extend for a second six month period until 31 December 1984 certain existing arrangements for controlling imports of cattle and pigs into Great Britain, and of cattle, pigs and meat into Northern Ireland. These derogations under Council Directives 64/432 and 72/461 protect livestock against foot and mouth disease.

3.20 The same Council also agreed to extend for a six month period until 31 December 1984 the existing derogation from the Poultry Meat Hygiene Directive (71/118) relating to the production of uneviscerated (New York dressed) poultry and the immersion chilling of poultry.

### **Eggs**

3.21 The Agriculture Council on 19 June agreed proposals to amend the Regulations governing the marketing of hen eggs in shell so as to permit more information to be carried on egg packs.

### **Fisheries**

#### **Internal Régime**

3.22 The Fisheries Council on 31 January agreed total allowable catches (TACs) and quotas for 1984 for all stocks other than North Sea herring. Pending receipt of the full scientific advice on North Sea herring, the Council approved interim arrangements, agreed with Norway, under which member states were allocated a total of 54,300 tonnes until 31 July 1984. This was shared out on the basis of the allocation key agreed in December 1983. Norway was also allocated a quota of 15 thousand tonnes to be taken before 31 July 1984. The regulation on 1984 TACs and quotas also includes "conditions for fishing" (that is to say technical conservation measures) which were the same as those included in the 1983 TACs and quotas regulation.

3.23 In March agreement was reached on increased allocations for member states for 1984 of angler fish and megrim, following agreement with Spain on her fishing opportunities for these stocks.

3.24 The Fisheries Council on 24 May decided, in the absence of agreement with Norway on the definitive total allowable catch for 1984, to replace the previously agreed interim quotas of North Sea herring for member states with new provisional quotas totalling 155 thousand tonnes, to be taken in the Community's fishing zone. This quantity was also allocated between member states on the basis of the formula agreed in December. This arrangement is without prejudice to the continuing negotiations with Norway over the definitive 1984 TAC and the respective Community and Norwegian allocations. It was also agreed to amend the technical

conservation Regulation to defer from 1 January 1985 to 1 January 1987 the increase from 80mm to 90mm of the minimum mesh size for fishing in the North Sea.

3.25 The Commission Inspectorate, set up to ensure that control measures are applied equally and fairly in each member state, is now fully staffed and is carrying out inspections of member states' enforcement systems. The results of their findings are being taken up by the Commission with the member states concerned.

### **External Régime**

3.26 Reciprocal fishing agreements for 1984 were concluded with Spain and Sweden, and agreement was reached on the allocation of 1984 catch quotas between member states fishing in Canadian waters. A two year successor agreement with Senegal was finally implemented to replace the previous agreement which had been extended on an interim basis for two months. It was agreed that the third country fishing arrangements in French Guyana waters which expired in March should be prolonged, with some minor amendments, until December 1984. Catch quotas for 1984 for member states fishing in the Regulatory area defined in the North-West Atlantic Fisheries Organisation (NAFO) Convention were established, and a new agreement with the Seychelles was concluded, valid initially for a three year period.

## **SECTION IV : REGIONAL POLICY, THE INTERNAL MARKET AND INDUSTRIAL AFFAIRS**

### **Regional Policy**

4.1 The size of the European Regional Development Fund (ERDF) for 1984 is about £1,222 million of which about £1,157 million has been set aside for the quota section. The first allocation to the United Kingdom from the quota section in 1984 to industrial and infrastructure projects was £67.5 million; further allocations are expected during the year. The United Kingdom also continued to benefit from the first round of non-quota measures for 1981-85, from which this country has been allocated about £32 million. The second round of non-quota measures was approved by the Council in January 1984 and will aid small firms in areas with a predominance of steel, shipbuilding and textile industries. The Government is in the process of submitting programmes to the Commission with proposals for the use of the £89 million to be made available. By the end of May 1984 the United Kingdom had received over £1,317 million from the Fund since it began in 1975.

4.2 A new Regulation governing the operation of the ERDF was formally adopted in the Foreign Affairs Council on 19 June, and will take effect on 1 January 1985. The new Regulation was adopted after lengthy discussions between member states and the Commission following the withdrawal in November 1983 of the Commission's 1981 proposals for an amended regulation. The new Regulation provides the opportunity for

the improved administration of the fund and it is intended that the Regulation will work successfully to improve the efficiency and effectiveness of the fund's operations.

4.3 Member states have yet to agree on the Commission's proposals for Integrated Mediterranean Programmes, which envisage expenditure by the Community of 6,628 mecu over the period 1985-1990 to promote the development of rural areas in Italy, Greece and France. It was agreed at the European Council in March, and endorsed at the June European Council, that Integrated Mediterranean Programmes would be considered in the context of the existing structural funds.

### **Urban Renewal**

4.4 In January an 80 per cent advance, amounting to almost £15 million, was received from the first payment under the regulation providing assistance for urban renewal in Belfast. On 30 May Commissioner Giolitti confirmed that the additionality requirement of Article 5 of the Regulation had been fulfilled in respect of the first payment, and on 20 June the draft decision relating to the second payment, of 33 mecu (nearly £20 million), was approved by the ad hoc committee constituted under Article 7. As before, the draft decision proposes that money will be paid in respect of infrastructure projects contributing to urban renewal.

### **European Investment Bank (EIB) : Loans**

4.5 EIB foreign currency loans to the United Kingdom totalling £258 million were approved over the period. £197 million of this sum went to private industry, mainly to the development of the natural gas field in the United Kingdom sector of the North Sea and to small and medium sized projects in the Assisted Areas. The remaining £61 million went to the public sector for infrastructure and communications projects.

### **Internal Market**

4.6 The Internal Market Council met on 8 March. The Council agreed that the Temporary Use Regulation, which will enable professional effects and in certain circumstances exhibition goods to be imported temporarily into another member state without payment of taxes and without requiring any form of financial guarantee, should be extended to cover commercial samples and an agreed list of samples was adopted at the Economic and Finance Council on 4 June. The Council also set a target date of June 1984 to prepare and agree final proposals for a single administrative document for customs purposes. Work has continued in other fora on the 15 Directives under Article 100 of the European Economic Community (EEC) Treaty blocked by problems over Community certification of products from third countries which have also been linked with the proposal for a new common commercial policy regulation. Following earlier agreement in principle in the Internal Market Council on guidelines for improving European standards-making to reduce technical barriers to trade, a United Kingdom-chaired working group has been established to examine wider reference to standards in Community legislation and is due to report to the Council in the autumn.

## **Industrial Policy and Information Technology Standards**

4.7 An informal meeting of Industry Ministers was held on 18 May. The Ministers discussed advanced manufacturing technology, and broadly endorsed an interim progress report by the Commission on action in the telecommunications sector which referred to standards and the opening of telecommunications equipment markets in the Community.

4.8 At the Council Mr Kenneth Baker MP, Minister for Information Technology, circulated a memorandum stressing the importance of information technology standards. The memorandum identified the need for political leadership and the co-ordination of national efforts in this area.

4.9 An internationally agreed set of appropriate standards is seen as an essential means of protecting the interests of manufacturers and users of computer equipment which is required to interconnect and inter-work effectively, regardless of supplier and across computer systems and networks. Such standards are known as standards of Open Systems Interconnection (OSI), and their development in Europe should help to create a healthy and competitive market for information technology products and remove supplier controlled barriers to trade.

4.10 The Industry Ministers agreed to establish a high level group to develop urgently a programme of action to co-ordinate the activities of member states and the Commission as a means of pressing forward the development of OSI standards. The work programme includes measures to harmonise the implementation of standards and the establishment of mutually recognised product test centres. Similarly, demonstrator projects will be set up to encourage adoption of the standards; the need for specifying standards in public procurement was also stressed. The first meeting of the group took place in Brussels on 12 June.

## **Science and Technology Research**

4.11 The Research Council met on 28 February and 29 June. At the meeting on 28 February agreement was reached on the major European Strategic Programme for Research and Development in Information Technology (ESPRIT) and its related work programme for 1984; extra funding of 7.3 mecu (£4.3 million) was agreed in respect of revision of the Community's programme on environmental protection and climatology; an interim solution relating to extension of the data processing programme was agreed; the establishment of a Board of Governors to the Joint Research Centre (JRC) was agreed in principle. A timetable was agreed for further consideration of the proposal on new structures and procedures for the management and co-ordination of Community research, development and demonstration activities. Discussion continued on proposals relating to biotechnology and the stimulation of European co-operation on scientific and technical interchange.

4.12 At the meeting on 29 June establishment of the Board of Governors to the JRC was agreed as was the proposal for new structures and procedures. There was an exchange of views on Community research priorities and discussion continued on the proposals relating to stimulation, biotechnology, non-nuclear energy, basic research in industrial technologies (BRITE) and radiation protection.

### **Data Processing**

4.13 The second part of the multi-annual programme for 1979-83 on promotional measures in the field of data processing was extended by a Council Decision of 28 February. The programme has been extended for two years from 15 April 1984, with a funding of up to 15 mecu (£8.9 million).

### **Steel**

4.14 On 26 January the Steel Council agreed to prolong the mandatory quota arrangements under European Coal and Steel Community (ECSC) Article 58 until the end of 1985. The quotas and other short term measures, agreed by the Council at the end of 1983, have contributed to a restoration of market stability after the collapse in prices in the summer and autumn of that year.

4.15 In accordance with the Commission's Decision of 29 June 1983 on aids and restructuring, most member states have submitted detailed restructuring plans to the Commission. In May, Commissioner Andriessen announced that he expected the resulting cuts in steel-making capacity to reach close to 30 million tonnes, compared with the 26.7 million tonnes minimum envisaged in the June 1983 Decisions.

### **Shipbuilding**

4.16 In March the Commission proposed an extension until 31 December 1986 of the fifth Directive on aid to shipbuilding. The extension was proposed because no recovery in the shipbuilding market is foreseen before then so restructuring will need to be continued and aids to shipbuilding will continue to be required.

### **Industrial Aids**

4.17 On 1 March the Commission gave formal approval to three aids to industry in Northern Ireland which had been notified to the Commission in April 1983: a corporation tax relief grant, full industrial derating, and an energy conservation grant. In reaching its decision, the Commission took account of the special circumstances which exist in Northern Ireland, namely the Province's difficulties in maintaining existing employment and in arresting the decline in economic activity.

### **Company and Securities Law**

4.18 Negotiations continued on the draft fifth directive on the structure of public limited companies, on the proposed regulation to establish the European Economic Interest Grouping, on the draft European Bankruptcy Convention and on the draft directive on collective investment funds (unit trusts). On 14 March the Commission issued a revision of its proposal for a directive on the accounts of banks and other financial institutions, which were excepted from the fourth Directive of 1978 on company accounts. Discussions of this proposal have commenced.

4.19 The United Kingdom has continued to press for further progress in the creation of a true common market in financial and other services in accordance with the principles and economic requirements of the Community. On 10 April the Council adopted the Eighth Company Law Directive on the qualifications of auditors. This paves the way for renewed discussion of Commission proposals for liberalising the Community market for accountancy services.

#### **Insurance**

4.20 Although a considerable amount of work was done on the draft non-life insurance services directive by a high level official working group and the Finance Council discussed the draft directive in March and June, no agreement was possible. Good progress was made on a draft directive on tourist assistance.

#### **Patents and Trade Marks**

4.21 Work on the arrangements needed to implement the Community Patent Convention has resulted in a draft protocol on the settlement of litigation concerning the infringement and validity of Community patents. In connection with the proposed regulation to establish a Community trade mark system and the Council directive to approximate trade mark law of member states, the Council Working Group on Intellectual Property (Trade Marks) met five times to continue its discussions on the technical content of the proposals.

## **SECTION V: ENVIRONMENT AND TRANSPORT**

#### **Environmental Issues**

5.1 The Environment Council met on 1 March and 28 June. Agreement was reached on a regulation to permit Community financial support of environmental action in member states; a directive on combating air pollution from industrial plants; and a directive to introduce, as from 1 October 1985, a Community-wide system of supervision and control of the transfrontier shipment of hazardous waste. The Council agreed that unleaded petrol should be introduced throughout the Community not later than 1989 and that it should seek to reach decisions by the end of 1984 on a number of related questions such as the octane rating or ratings of unleaded petrol. The Council discussed a range of other air pollution issues, including vehicle emissions, and proposed directives on the control of emissions from large combustion plants and on air quality standards for nitrogen dioxide in the atmosphere. In the water pollution field agreement was reached on a directive to control discharges of hexachlorocyclohexane, in particular lindane (a pesticide). This follows the model of previous directives to regulate water pollution. The Council adopted two resolutions concerning co-operation with developing countries on environmental matters and also adopted a Decision revising the Third Environment Research Programme on environmental protection and climatology for 1981-85 to permit the carrying out of additional research work on acid deposition and toxic wastes.

## **Transport Issues**

5.2 A special meeting of the Transport Council took place on 22 March, an informal meeting on 2 April and a full meeting on 10 May. The special meeting, called in the light of the French road haulage strike, agreed on early implementation of the Frontier Facilitation Directive, and discussed delays at borders caused by customs duty on fuel, tolls and taxes on vehicles, and inadequate transport infrastructure.

5.3 At the informal meeting of Transport Ministers on 2 April, objectives were considered for the May Transport Council, including liberalisation of road haulage; the draft directive on weights and dimensions; and transport infrastructure support.

5.4 The 10 May Council continued discussion on these three inland transport issues, and also considered civil aviation within the Community. Agreement in principle was reached on the allocation of transport infrastructure funds from the 1983 and 1984 Budgets, and on increasing Community quotas for the carriage of goods by road. A recommendation strengthening co-operation between member states' national railway companies was also agreed in principle, as were Council conclusions on vehicle weights and dimensions, the establishment of high level groups on road transport and civil aviation, resolutions on road safety, and on reviewing the social regulation governing drivers' hours.

## **SECTION VI: SOCIAL AFFAIRS**

### **Employment**

6.1 Employment Ministers met informally on 2 February to consider the Commission's communication on technological change and social adjustment, proposals for improving the social dialogue at Community level, and the French Presidency's proposals for a Community medium-term social action programme. A further informal meeting was held on 8 March, devoted exclusively to women's issues and covering action to combat women's unemployment and promote equal opportunities for women in employment.

6.2 The Standing Employment Committee, a four-sided group consisting of Employment Ministers, the Commission, and representatives of employers' organisations and trade unions, met on 10 May and discussed the Commission's communication on technological change and social adjustment.

6.3 On 7 June the Labour and Social Affairs Council adopted two resolutions designed to combat unemployment and promote job opportunities in the Community. The resolution on local employment initiatives provides for a Community contribution to the creation of jobs through local enterprise, with the assistance of the European Social Fund. The second resolution encourages action to give women equal access to and training for a wider range of jobs which they have not traditionally filled, particularly in sectors affected by the introduction of new technology. Conclusions on technological change and social adjustment were also adopted; these recognise the value of new technologies to competitiveness, economic growth, employment prospects, and working conditions.

6.4 The United Kingdom was not able to agree the draft recommendation on the reduction and reorganisation of working-time. The Council also discussed the draft "Vredeling" directive on informing and consulting employees.

6.5 Following discussion of the draft conclusions on the medium-term social action programme at the June Labour and Social Affairs Council, the conclusions were adopted at the Council of Culture Ministers on 22 June. The programme involves the social aspects of new technologies and training, social protection and population trends, and dialogue with the social partners. It was endorsed by the European Council on 25-26 June, as were the June Council's conclusions on technological change and social adjustment, and the Commission were asked to proceed with the work arising from them.

### **European Social Fund**

6.6 The European Social Fund rules have been substantially revised, as agreed by the Labour and Social Affairs Council on 2 June 1983. The Commission published its new guidelines for the management of the fund on 10 January, and applications for 1984 were submitted by 13 March. The Commission was due to make its decisions on these applications by 13 July.

### **Social Security**

6.7 Social Security Ministers met informally in Paris on 5 April to discuss matters of common interest to member states in the field of social security. Discussions centred on two main themes—demographic problems and family policy and the problems of financing social protection measures. The Commission agreed to undertake research and studies on the effects of population trends and to complete its further study of social security expenditure. Member states were asked to submit their views on possible areas for further discussion and study.

### **The Anti-Poverty Programme**

6.8 The United Kingdom has been participating in a series of seminars on themes proposed by the Commission for action-research projects under a possible second anti-poverty programme. The Commission is about to put general proposals for a second programme to the Council and will be elaborating on these in a further Communication to the Council in the autumn.

### **Consumer Affairs**

6.9 Two Consumer Affairs Councils were held on 2 March and 5 June. Progress towards agreement was made on the proposed directive on misleading advertising and subsequent Community work has resolved the main outstanding problems of substance on the directive. Both Councils considered draft directives on product liability and doorstep selling. All outstanding problems were resolved on the doorstep selling directive, only one member state now maintains a general reserve on this issue.

6.10 A system for the rapid exchange of information on dangers arising from the use of consumer products was formally adopted at the March Consumer Affairs Council and the Commission presented a statement on consumer policy. In June the Council took note of interim reports from the Committee of Permanent Representatives on proposals for directives on the price indications of foodstuffs and non-foodstuffs.

### **Frontier Formalities**

6.11 A resolution aimed at easing travel for EC nationals across the Community's internal frontiers was approved at the Labour and Social Affairs Council on 7 June. It suggests measures, such as spot checks and special channels for arriving passengers, designed to reduce waiting time at immigration control. In the United Kingdom special channels for EC nationals are already in operation at major ports. The resolution should reduce delays for British travellers moving within the Community.

### **Tourism**

6.12 The Foreign Affairs Council adopted on 10 April a resolution which recognised the importance of tourism within the Community and took note of initial guidelines for a Community policy on tourism produced by the Commission. The resolution invited the Commission to present proposals in the field of tourism emphasising the need to consult member states, and to recognise the peculiarities of member states' national policies and international commitments when formulating such proposals.

### **Education**

6.13 Community Education Ministers met in Luxembourg on 4 June 1984. They had a broad exchange of views on the response of education systems to changing social and economic conditions and demographic change. They also adopted conclusions in five areas: technological change and social adjustment; teaching of foreign languages; education of migrant workers' children; illiteracy; and the integration of handicapped children in the school system.

## **SECTION VII: ENERGY**

7.1 An informal meeting of Energy Ministers took place on 14 February. Proposals on coking coal and energy demonstration projects were discussed but no conclusions were reached.

7.2 The Foreign Affairs Council on 12-13 March agreed to the extension of the scheme to promote intra-Community trade in coking coal. A global figure of 265 mecu (£157 million) was agreed for demonstration projects for 1983-85. Its allocation between member states was to be settled later. The transfer of funds from the European Economic Community (EEC) budget to the European Coal and Steel Community (ECSC) budget for coal social measures was agreed in principle.

7.3 The Energy Council of 22 May reached agreement on the division of funds for demonstration projects; 50 mecu (£30 million) to go to coal liquefaction and gasification projects with flexibility to increase this by four mecu (£2 million). The Council also agreed a transfer of 60 mecu (£36 million) to the ECSC budget for coal social measures of which the United Kingdom expects to receive about half. The Council set in motion the preparation of the final texts for both these proposals.

7.4 Ministers also considered papers on natural gas, and reviewing member states' energy policies and energy saving programmes. Further work is to be undertaken on these papers. On solid fuels investment no agreement was reached but the Council reaffirmed the importance of the subject; the Presidency and the Commission pledged to continue work towards a decision.

7.5 The Community's Joint European Torus (JET) Project sited at Culham in Oxfordshire was opened by Her Majesty The Queen on 9 April, at a ceremony attended by, among others, President Mitterrand and M Gaston Thorn, President of the Commission.

### **Receipts from the Community**

7.6 The United Kingdom received from the ECSC £3.0 million in grants for coal, research and development and £5.2 million for readaption aid for miners. The European Regional Development Fund paid grants totalling £4.6 million for electricity and gas projects in the United Kingdom. The United Kingdom Atomic Energy Authority expects to receive sums in the order of £15-20 million in a full year in respect of JET and the Authority's own fusion research programme. Payments continued to United Kingdom researchers towards research, development and demonstration work on alternative energy sources and energy saving projects and for technological projects in the hydrocarbons sector being undertaken under contract to the Commission.

## **SECTION VIII: ENLARGEMENT, EXTERNAL RELATIONS, TRADE AND AID**

### **Enlargement**

8.1 The European Council at Fontainebleau confirmed that the accession negotiations should be completed by 30 September at the latest. The Community presented substantive declarations on fisheries and agriculture both to Portugal and to Spain; negotiations continue on both. The Community and Spain reached agreement on the patents chapter and on some minor points in the external relations chapter. The two sides were able to narrow the differences between them on the duration of the industrial tariff transition, and agreed that a solution should be found to the problem of the highest Spanish tariffs. The Community and Portugal reached agreement on 50 mecu (£30 million) pre-enlargement aid to help Portugal develop her agricultural infrastructure and finally resolved outstanding points in the taxation and rights of establishment chapters.

## **Greenland**

8.2 At the Foreign Affairs Council on 12-13 March, Community Ministers signed the treaty amendment providing for Greenland's withdrawal from the Community; the amendment is linked to agreements on fisheries which balance the development of Greenland's own fisheries with the needs of the Community. The Treaty, which is subject to ratification by member states, is intended to enter into force on 1 January 1985. If all member states have not ratified by that date, the Treaty will enter into force on the first day of the month following ratification by the last member state to take this step.

## **International Trade**

8.3 The Foreign Affairs Council on 14 May adopted declarations on the rollback of protectionism and on a new GATT round in preparation for the 1984 Organisation for Economic Co-operation and Development (OECD) Ministerial Meeting and the London Economic Summit. This opened the way for agreement at the OECD Ministerial Meeting that member countries would, subject to completion of domestic procedures, advance the GATT Tokyo Round tariff cuts planned for 1986 to a date early in 1985. In the light of continuing forecasts of economic growth of more than two per cent in the Community, the Council confirmed its decision of 19 December 1983 in favour of similar action by the Community provided that its major trading partners also participate. The Council noted the proposal for a new GATT round of multilateral trade negotiations and favoured consultations among all GATT members on the objectives, participation and timing of a new round. The Council considered a first priority must be to resist protectionist pressures, roll back restrictive actions and execute the current GATT work programme. The Community's position on a new GATT round was reflected in the communiqués issued at both the OECD Ministerial Meeting and the London Summit.

## **European Free Trade Association (EFTA)**

8.4 The Community held meetings with Austria, Switzerland, Finland and Iceland on a wide range of trade issues under the terms of its free trade agreements with these countries. Following the establishment on 1 January of full free trade in industrial goods between the Community and the countries of EFTA, Ministers of the Community and EFTA met in Luxembourg on 9 April. They discussed matters of mutual interest and issued a joint declaration underlining the importance both sides attached to increasing co-operation both within and outside the free trade agreements.

## **EC-Mediterranean Countries**

8.5 In the context of its co-operation agreements with Mediterranean third countries the Community held Co-operation Councils with Israel (20 February), Egypt (9 April) and Yugoslavia (18 June). At each Council the Community and the partner government reviewed the operation of the relevant Co-operation Agreement and discussed issues of particular concern in the field of economic and commercial co-operation.

### **EC-Yemen Arab Republic**

8.6 On 22 May the Commission initialled the text of a non-preferential co-operation agreement with the Yemen Arab Republic.

### **EC-United States of America**

8.7 Following the United States Government failure to offer adequate compensation for the restrictions imposed in 1983 on Community exports of special steels, it was agreed to raise tariffs and impose quotas on a range of United States goods so as to have an effect equivalent to the United States measures. The Council agreed a mandate authorising the Commission to open negotiations with the United States under Article XXVIII of the GATT with a view to a partial and temporary suspension of the bound EC tariff on maize gluten feed and certain other maize by-products. A first round of discussions with the United States took place in June; there will be further talks in the autumn.

### **EC-Japan**

8.8 The Community continued to press Japan to take further steps to encourage the import of manufactured goods and to liberalise its financial markets. The Japanese government responded with two packages of measures, in April and May, that went some way towards meeting the Community's requests and included tariff reductions, improvements of standards and the drawing up of a scheme to create a yen-denominated banker's acceptance market. On 15 May the Community agreed a Japanese proposal for the establishment of a Trade Expansion Committee. The Committee has been initially created for one year with the aim of expanding trade between Japan and the Community on a broader and more balanced basis.

### **Textiles**

8.9 The discussions which began at the end of 1983 to renew the EC-China textiles agreement were successfully concluded in March. A supplementary protocol was initialled, which extends the agreement until 31 December 1988 and brings the arrangements for Chinese textile imports broadly into line with those for other low-cost suppliers under the Multi-Fibre Arrangement. In the continued absence of a comprehensive voluntary restraint arrangement for imports for Turkish textiles and clothing, the Community took further action in May to stem the very high flow of certain of these imports.

### **Steel**

8.10 The Community concluded voluntary restraint arrangements on steel imports with Austria, Finland, Norway, Sweden, Australia, Japan, South Africa, South Korea, Spain, Bulgaria, Czechoslovakia, Hungary, Poland and Romania and with Brazil on pig-iron.

## **Newsprint**

8.11 Following the extension of duty free status to newsprint imports from the EFTA countries from 1 January, the Community has been negotiating with Canada, the only other major supplier, for the reduction of the Community's annual GATT bound duty free quota for newsprint imports of 1.5 million tonnes. The negotiations have, however, proved difficult and Canada has referred the issue to a GATT Dispute Settlement Panel. In the meantime, the Community has opened an interim quota of 500 thousand tonnes. As this will be inadequate for the Community's full needs for the year, the Commission has proposed a supplementary quota of 135 thousand tonnes, which is now being considered by member states.

## **International Tropical Timber Agreement**

8.12 This international commodity agreement, which is scheduled to enter into force on 1 October 1984 was signed by the Community and its member states on 29 June, though it has still to be ratified. The Agreement, negotiated under the aegis of the United Nations Conference on Trade and Development (UNCTAD) Integrated Programme for Commodities, contains no economic measures; its intention is to provide a focus for co-operation between tropical timber producing and consuming countries and to promote development through expansion and diversification of trade in tropical timber.

## **Lomé Convention**

8.13 Three Ministerial Negotiating Conferences on the successor to the current (second) Lomé Convention were held with the African, Caribbean and Pacific (ACP) states: on 9-10 February (in Brussels); on 3-5 May (in Suva); and on 28-30 June (in Luxembourg). There were also numerous meetings held with the ACP states at working level. Useful progress was made. Agreement was reached with the ACP states on the basic articles of the next Convention, on institutions, agricultural co-operation, arrangements for beef imports, energy, drought and desertification (spread of the desert), and the bulk of the articles on financial and technical co-operation. Agreement is close on socio-cultural co-operation, regional co-operation, industrial co-operation, tourism, and arrangements for banana and rice imports. The major issues which remain to be settled are arrangements for the programming of Community aid, the scheme for stabilising export earnings from tropical agricultural products, the scheme to remedy declining capacity of ACP mineral products, fisheries, access for ACP agricultural products, rules of origin, arrangements for rum imports, investment matters, transport and communications. The Community has also yet to take a decision on the size of the next European Development Fund. It is expected that the negotiations will be concluded at a further Ministerial meeting in October. The new Convention is likely to be signed, again in Lomé, in December 1984, in good time before Lomé II expires on 28 February 1985.

### **Export Credit**

8.14 A Council Decision of 23 January extended the application of the OECD Understanding on export credit for ships for an unlimited time period. Previously the original Council Decision with respect to the Understanding has been renewed every six months.

### **Food Aid**

8.15 The Community food aid programme for 1984 was agreed at the Agriculture Council on 7 May. On 5 June the Development Council agreed a draft regulation enabling food aid actions to be substituted by other forms of assistance for food security programmes.

### **EC-United Nations Relief and Works Agency (UNRWA) Convention**

8.16 On 28 June the Council agreed a new three-year convention between the Community and UNRWA for food aid and assistance with the UNRWA education programme.

### **Trade Promotion**

8.17 The Development Council on 5 June agreed policy guidelines on Community aid for the promotion of developing countries' trade. These guidelines stressed that a suitable trading policy was essential for effective trade promotion.

### **Co-ordination of Development Co-operation Policies and Operations within the Community**

8.18 The Development Council on 5 June agreed a resolution aimed at improving co-ordination between Community and member states' aid. Amongst other measures the resolution calls for a better exchange of information and more on-the-spot co-ordination between member states' and Commission representatives in developing countries.

## **SECTION IX: POLITICAL CO-OPERATION**

### **Conference on Disarmament in Europe**

9.1 The Ten have been working closely together at the Conference on Disarmament in Europe which convened in Stockholm in January. They have made clear their determination to make every effort to achieve progress at the Conference, where they consider positive results can be attained.

### **East-West Relations**

9.2 The Ten noted with regret the continued strains in East-West relations. In March the Ministers of the Ten declared their firm intention to maintain and intensify their contribution to the improvement of relations between East and West and appealed to the Governments of the Eastern bloc to work with them towards this end. They made clear their desire to see the success of arms control and disarmament negotiations, and the

establishment of a state of peace and security in Europe. In the Soviet Union itself, the Ten made representations to the authorities in connection with a number of specific abuses of human rights. In particular President Mitterrand raised with President Chernenko the plight of Dr Sakharov and his wife Mrs Yelena Bonner.

### **Afghanistan**

9.3 Following the large-scale Soviet offensive in the Panjshir, the Ten once again called on the Soviet Union to withdraw its forces from Afghanistan and restore the right of the Afghan people to self-determination. They expressed concern that the intensified methods being used in this offensive would lead to an increase in suffering and destruction without bringing any nearer an end to the conflict.

### **Arab-Israel**

9.4 The Ten have continued to follow closely developments in the Middle East. In March the Ministers of the Ten called upon all parties involved in the Arab-Israel dispute to renounce the use or threat of force and undertook to support any constructive steps towards a negotiated settlement. They emphasised that such a settlement must take into account the issue of self-determination for the Palestinian people, and the right to existence and security of all states in the region, including Israel. They called upon the Government of Israel to put an end to its policy of establishing settlements in the Occupied Territories.

### **Lebanon**

9.5 In statements issued in February and March, Foreign Ministers of the Ten reaffirmed their hope for progress towards reconciliation in Lebanon and their support for the early withdrawal of foreign forces from Lebanese territory. They stressed the fundamental importance of re-establishing Lebanon's independence, sovereignty, unity and territorial integrity, and undertook to participate actively at the appropriate time in the reconstruction of the country.

### **Iran-Iraq**

9.6 The Ten noted with concern the continuing conflict between Iran and Iraq which they saw as having serious implications not only for the Gulf region, but for the whole Middle East and for international peace and stability. They condemned the use of chemical weapons in the conflict and agreed on controls on the export of chemicals usable in the manufacture of such weapons. They appealed to the two parties to look for a peaceful solution acceptable and honourable for both sides. They also made known to the authorities in Tehran and Baghdad their concern at the attacks on neutral shipping in the Gulf, underlining the importance they attach to freedom of navigation.

### **Central America**

9.7 The Ten continued to follow closely developments in Central America. They reaffirmed their support, already expressed in the Stuttgart declaration of June 1983 and at the United Nations (UN) General Assembly in September, for the continuing efforts of the Contadora group (which brings together Colombia, Venezuela, Panama and Mexico in work to solve Central American problems) to find a peaceful solution to the problems of the region.

### **South America**

9.8 The Ten affirmed their desire to maintain and develop their historical relations with South America. They welcomed the restoration of democracy in Argentina following the elections in October 1983 and expressed the hope that this would encourage a similar move in other South American countries where human rights continue to be violated. In March, the French Presidency, speaking on behalf of the Ten, made clear to the Uruguayan authorities the Ten's continued interest in seeing the Government's timetable for elections implemented.

### **Chile**

9.9 The situation in Chile has remained a source of concern to the Ten. Following the suppression on 27 March of a popular demonstration in support of democracy and human rights, the Ten issued a statement deploring the actions of the authorities which had resulted in the deaths of at least five civilians. The Ten expressed their regret at the increasing level of repression and violence in Chile and called for early restoration of civil liberties and democracy. The Ten have also made their views known to the Chilean authorities concerning the use of war tribunals, and the return of exiles to Chile.

### **Southern Africa**

9.10 In a statement on 27 February, Foreign Ministers welcomed the recent understanding between Mozambique and South Africa, and expressed their satisfaction at the agreement reached in Lusaka on strengthening and monitoring the military disengagement in Southern Angola. The Ten hoped that these developments would contribute to the climate of mutual confidence and to increased stability in the region. The Ten furthermore reaffirmed their support of all parties, including the UN Secretary-General, involved in finding a just and peaceful solution to the Namibia problem.

### **Malawi**

9.11 In February, the Ten expressed their concern at the sentencing to death of Orton and Vera Chirwa by the Regional Traditional Court in Blantyre, and appealed to President Banda for clemency on humanitarian grounds.

## Cyprus

9.12 The Ten reiterated their statement of November 1983 rejecting the purported declaration of independence by the Turkish community of Northern Cyprus. They expressed their regret that the Turkish Government had chosen to recognise the so-called independent state and called for the restoration of the territorial integrity and unity of Cyprus in accordance with Security Council Resolution 541/83.

## Terrorism

9.13 Following the incident outside the Libyan People's Bureau in London on 17 April, in which a woman police officer was killed, the Ten agreed to examine the whole issue of terrorism and diplomatic privilege. The aim of this discussion is to establish concrete proposals for combatting international terrorism.

## SECTION X: THE EUROPEAN PARLIAMENT

10.1 The European Parliament adopted resolutions on many aspects of both Community and political co-operation matters. Two resolutions were of particular note: a resolution adopted in February incorporating the draft treaty establishing European Union; and a resolution adopted in May endorsing the Haagerup Report on Northern Ireland. The resolution based on the Haagerup Report acknowledged that the European Parliament has no right to discuss the internal affairs of a member state. It condemned violence and concentrated on economic and social issues within Northern Ireland. The Commission responded to the resolution on 10 June with an undertaking to produce a detailed report for the Parliament on the impact of structural funds in Northern Ireland and to pursue the possibility of an integrated development programme for the whole of the Province.

10.2 The second direct elections to the European Parliament were held throughout the Community on 14 and 17 June; in the United Kingdom on 14 June. The election was conducted by the simple majority system of voting in Great Britain and by the single transferable vote system of proportional representation in Northern Ireland. Members from the United Kingdom fall into the following groupings within the European Parliament:

European Democrat	...	...	...	46
Socialist	...	...	...	33
European Democratic Alliance	...	...	...	1
Non-attached	...	...	...	1

There are a total of 434 seats in the new European Parliament.

## SECTION XI: EUROPEAN COURT OF JUSTICE

### Membership

11.1 There have been a number of changes in the membership of the European Court of Justice (ECJ). The President, Judge Mertens de Wilmars, retired on 10 April 1984. Professor Rene Joliet succeeded him as the judge nominated by the Belgian Government. Lord Mackenzie Stuart, who has been the British judge since the United Kingdom joined the Community, was elected President of the Court. Herr Carl Otto Lenz and Monsieur Marco Darmon were appointed Advocates General to the Court to succeed Advocates-General Reischl and Madame Simone Rozes.

### Cases

11.2 Four cases were referred to the ECJ from United Kingdom courts. Case No 5/84 (*Direct Cosmetics v Commissioners of Customs and Excise*) concerned the compatibility with the Sixth Council Directive on VAT of certain provisions in United Kingdom law relating to the basis of assessment for VAT; case 44/84 (*Hurd v Jones, Inspector of Taxes*) concerned the liability to United Kingdom tax of that part of the salary of teachers at European Schools funded by the Community; and case 91 and 92/84 (*Hackett v Weston, Tellow v Davey*) concerned the interpretation of detailed exemptions from the requirements of Community law on tachographs. The United Kingdom submitted written observations in each of these and in eight others. The Commission brought two actions against the United Kingdom (one on wholesale milk pricing arrangements and one in respect of duties payable on fish landed in this country after a joint Anglo-Polish fishing operation). The United Kingdom intervened in two other cases brought by the Commission against member states on national rules governing co-insurance. The United Kingdom also initiated an action against the Commission's decision to disallow certain expenditure on milk products and peas and beans from reimbursement by the European Agricultural Guidance and Guarantee Fund (EAGGF). This was the first appeal by the United Kingdom against a disallowance decision.

11.3 The Court gave judgments of particular significance or interest for the United Kingdom on a number of cases. On 19 June the Court gave judgment in case No. 71/83 (known after the ship involved as *The Tilly Russ*), on the interpretation of Article 17 of the EEC Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters. The Court had to decide whether a jurisdiction clause incorporated in a bill of lading constituted a valid prorogation of jurisdiction, first as between the shipper and the carrier, and secondly as between the carrier and a consignee. Such clauses frequently assign jurisdiction to the English courts, and constitute an important source of invisible earnings. The United Kingdom argued both in its written observations and in the oral proceedings that such a clause, though incorporated by reference in a bill of lading, nevertheless constituted a valid prorogation of jurisdiction, and the Court ruled that this was so, following very closely the arguments put forward by the United Kingdom.

11.4 Case 24/83 *Gewiese and Mehlich v Scott Mackenzie*, the "German Trawlers" case, arose from the prosecution of two German fishermen for catching herring in contravention of a United Kingdom Fisheries Conservation Order, which re-enacted an earlier Order on which the Commission had been consulted as required by Community law. There was no consultation on the re-enactment and the fishermen challenged its validity. The Court held that fresh consultation was unnecessary in the case of a re-enactment involving no substantive amendment. This reference from the High Court of Justiciary was the first from a court in Scotland.

11.5 In joined cases 286/82 and 25/83 *Luisi and Carbone v Ministero del Tesoro*, the Court made it clear that Article 59 of the EEC Treaty entitled persons to travel from one member state to another to receive as well as to provide services and that tourists and those travelling for medical care, study or business purposes were to be considered as the recipients of services. The case was concerned with transfer of funds for tourism or travel for business, study or medical care. It is not authority on the question of what services are covered by Article 59.

11.6 The Court also gave judgment in the remaining part of Case 40/82 concerning the United Kingdom restrictions on the import of poultry. This part of the case concerned Northern Ireland and the Court held, as it had done previously in relation to Great Britain, that the restrictions contravened Article 30 of the Treaty. In proceedings brought against the Republic of Ireland (Case 74/82) the Court held that similar measures also contravened the Treaty.

#### **Report on Infraction Proceedings**

11.7 In April, the Commission sent to the European Parliament a report on Commission monitoring of the application of Community law. It showed that in the period since the Government took office 181 infraction proceedings had been pursued by the Commission against member states. In eight cases, judgment had been given in favour of the member state. The breakdown for the remaining 173 cases, including cases on which judgment is still pending was as follows:

Italy ... ..	61
Belgium ... ..	33
France ... ..	27
Germany ... ..	12
Netherlands ... ..	10
Ireland ... ..	9
Luxembourg ... ..	8
United Kingdom ... ..	7
Denmark ... ..	6

The report indicates that in 1983 the Commission brought to the Court 42 cases against member states. The least number of cases (one each) was brought against the United Kingdom and the Republic of Ireland. The largest number of cases (12 each) was brought against France and Italy.

## SECTION XII: PARLIAMENT

12.1 Parliament was in session for 21 weeks. The House of Commons Select Committee on European Legislation considered 372 documents and recommended 55 of these for further consideration by the House. Nine debates were held on the floor of the House and nine debates were in Standing Committee covering a total of 53 documents.

12.2 The House of Lords Select Committee on the European Communities considered 354 documents and recommended 135 for further scrutiny. Nine reports covering 35 documents were presented to the House for debate and two reports covering three documents were presented to the House for information. Six debates on the Committee's reports covering 22 documents were held in the House of Lords.

## ANNEX A

### EUROPEAN COUNCIL MEETING AT FONTAINEBLEAU CONCLUSIONS OF THE PRESIDENCY

The attached text of conclusions of the Presidency was issued following the European Council meeting in Fontainebleau on 25-26 June.

Conclusions 1. (Budgetary Imbalances), 2. (Own Resources and Enlargement) and 4. (Dismantling of Positive MCAs in the Federal Republic of Germany) were discussed and agreed by Heads of State and Government in the European Council. The remaining sections have been issued on the authority of the Presidency.

#### I. BUDGETARY IMBALANCES

1. Expenditure policy is ultimately the essential means of resolving the question of budgetary imbalances.

However, it has been decided that any member state sustaining a budgetary burden which is excessive in relation to its relative prosperity may benefit from a correction at the appropriate time.

The basis for the correction is the gap between the share of VAT payments and the share of expenditure allocated in accordance with the present criteria.

2. As far as the United Kingdom is concerned, the following arrangement is adopted:

—for 1984, a lump sum of 1,000 mecu is fixed;

—from 1985 the gap (base of the correction) as defined in paragraph 1 is, for the period referred to in paragraph 4, corrected annually at 66 per cent.

3. The corrections foreseen in paragraph 2 will be deducted from the United Kingdom's normal VAT share in the budget year following the one in respect of which the correction is granted. The resulting cost for the other member states will be shared among them according to their normal VAT share, adjusted to allow the Federal Republic of Germany's share to move two-thirds of its VAT share.

4. The correction formula foreseen in paragraph 2 (2nd indent) will be a part of the decision to increase the VAT ceiling to 1.4 per cent, their durations being linked.

One year before the new ceiling is reached the Commission will present to the Council a report setting out the state of play on:

—the result of the budgetary discipline

—the Community's financial needs

—the breakdown of the budgetary costs among member states, having regard to their relative prosperity, and the consequences to be drawn from this for the application of the budgetary corrections.

The Council will re-examine the question as a whole and will take the appropriate decisions *ex novo*.

## II. OWN RESOURCES AND ENLARGEMENT

The maximum rate of mobilisation of VAT will be 1.4 per cent on 1 January 1986; this maximum rate applies to every member state and will enter into force as soon as the ratification procedures are completed, and by 1 January 1986 at the latest.

The maximum rate may be increased to 1.6 per cent on 1 January 1988 by unanimous decision of the Council and after agreement has been given in accordance with national procedures.

The European Council confirms that the negotiations for the accession of Spain and Portugal should be completed by 30 September 1984 at the latest. Between now and then the Community will have to make every effort to create the right conditions for the success of this enlargement, both in the negotiations with Spain on fisheries to ensure the conservation of fish stocks and also by reforming the common organisation of the wine market to ensure that the quantities of wine produced in the Community are controlled and by means of a fair balance between agricultural and industrial agreements.

## III. FINANCING OF THE 1984 BUDGET

The European Council agreed that, pending national parliaments' ratification of the increase in own resources, steps will be taken at the next (Budget) Council meeting to cover the needs of the 1984 budget to ensure that the Community operates normally.

## IV. DISMANTLING OF POSITIVE MONETARY COMPENSATORY AMOUNTS IN THE FEDERAL REPUBLIC OF GERMANY

The European Council asks the Commission to propose, and the Council to decide on, measures which will enable VAT relief for German agriculture under the German national budget to be increased from 3 per cent to 5 per cent with effect from 1 July 1984 until 31 December 1988 in compensation for dismantling the monetary compensatory amounts; the compensation shall not exceed the amounts dismantled.

## V. SOCIAL POLICY

The European Council asks the Commission to carry out the work programme set out in the Community's medium-term social action plan and to forge ahead with the work stemming from the Council's conclusions on technological change and social adjustment and with that on production organisation.

## VI. A PEOPLE'S EUROPE

The European Council considers it essential that the Community should respond to the expectations of the people of Europe by adopting measures to strengthen and promote its identity and its image both for its citizens and for the rest of the world.

An *ad hoc* Committee will be set up to prepare and co-ordinate this action. It will be composed of representatives of the Heads of State or of Government of the member states.

The European Council approves the agreement reached on the principle of creating a European passport and asks the Council to take the necessary decisions to ensure that this passport is actually available to member states' nationals by 1 January 1985 at the latest.

It asks the Council and the Member states to put in hand without delay a study of the measures which could be taken to bring about in the near future, and in any case before the middle of 1985:

- a single document for the movement of goods;
- the abolition of all police and customs formalities for people crossing intra-Community frontiers;
- a general system for ensuring the equivalence of university diplomas, in order to bring about the effective freedom of establishment within the Community.

The Committee will examine *inter alia* the following suggestions:

- symbols of the Community's existence, such as a flag and an anthem;
- formation of European sports teams;
- streamlining procedures at frontier posts;
- minting of a European coinage, namely the ecu;

It would also like the member states to take steps to encourage young people to participate in projects organised by the Community beyond its frontiers, and in particular to support the creation of national committees of European volunteers for development, bringing together young Europeans who wish to work on development projects in the third world.

The *ad hoc* Committee will also examine the following suggestions:

- measures to combat drug abuse;
- the twinning of children's classes;

The Commission will contribute to the proceedings of the Committee within the limits of its powers.

## VII. AD HOC COMMITTEE ON INSTITUTIONAL AFFAIRS

The European Council decided to set up an *ad hoc* Committee consisting of personal representatives of the Heads of State and of Government, on the lines of the "Spaak Committee".

The Committee's function will be to make suggestions for the improvement of the operation of European co-operation in both the Community field and that of political, or any other field.

The President of the European Council will take the necessary steps to implement that decision.

**LETTER TO THE SECRETARY GENERAL OF THE COUNCIL  
FROM THE UNITED KINGDOM PERMANENT REPRESENTATIVE  
TO THE EUROPEAN COMMUNITY**

I reported to my Government the comments made by the Dutch delegation to Mr Cheysson, as the then President of the Council, about the Presidency's Conclusions of the European Council at Fontainebleau. I have been instructed to let you have some United Kingdom comments.

As I pointed out in COREPER on 27 June, sections 1, 2 and 4 of the Presidency's Conclusions were submitted to and approved by the Heads of Government in the European Council.

The remainder of the Presidency Conclusions were issued by the Presidency on its own responsibility. I have two comments on these sections of the text:

- (a) section 3 on the financing of the 1984 Budget does not in our view accurately reflect the understanding reached in the European Council, namely that it was for the Budget Council to decide what should be done;
- (b) section 6 on a People's Europe says in its third paragraph that the European Council asked the Council to take the necessary decisions to ensure that the European passport is actually available to member states' nationals by 1 January 1985 at the latest. If this had been discussed at the European Council, the United Kingdom delegation would have explained that they could not go further than the commitment already undertaken to use their best endeavours to introduce the passport by 1 January 1985.

I should be grateful if you would circulate this letter in the same way as you circulated that of the Dutch delegation.

## ANNEX B

## MEETINGS OF THE EUROPEAN COUNCIL

<i>Date</i>	<i>Location</i>		<i>UK Ministers attending</i>
19-20 March	Brussels	... ..	Rt Hon Margaret Thatcher MP Prime Minister Rt Hon Sir Geoffrey Howe QC MP Secretary of State for Foreign and Commonwealth Affairs
25-26 June ...	Fontainebleau	... ..	Rt Hon Margaret Thatcher MP Prime Minister Rt Hon Sir Geoffrey Howe QC MP Secretary of State for Foreign and Commonwealth Affairs

## MEETINGS OF THE COUNCIL OF MINISTERS

<i>Date</i>	<i>Session</i>		<i>UK Ministers attending</i>
9-10 January	Agriculture	... ..	Rt Hon Michael Jopling MP Minister of Agriculture, Fisheries and Food John MacGregor Esq MP Minister of State, Ministry of Agriculture, Fisheries and Food
23-24 January	Foreign Affairs	... ..	Rt Hon Sir Geoffrey Howe QC MP Secretary of State for Foreign and Commonwealth Affairs
26 January ...	Steel	... ..	Rt Hon Norman Tebbit MP Secretary of State for Trade and Industry Norman Lamont Esq MP Minister of State for Industry
31 January ...	Fisheries	... ..	Rt Hon Michael Jopling MP Minister of Agriculture, Fisheries and Food Lord Gray of Contin Minister of State, Scottish Office
6 February ...	Finance	... ..	Rt Hon Nigel Lawson MP Chancellor of the Exchequer
6-7 February	Agriculture	... ..	Rt Hon Michael Jopling MP Minister of Agriculture, Fisheries and Food John MacGregor Esq MP Minister of State, Ministry of Agriculture, Fisheries and Food

<i>Date</i>	<i>Session</i>			<i>UK Ministers attending</i>
20-21 February	Foreign Affairs	...	...	Rt Hon Sir Geoffrey Howe QC MP Secretary of State for Foreign and Commonwealth Affairs  Rt Hon Paul Channon MP Minister for Trade
27-28 February	Agriculture	...	...	Rt Hon Michael Jopling MP Minister of Agriculture, Fisheries and Food  John MacGregor Esq MP Minister of State, Ministry of Agriculture, Fisheries and Food
28 February	Research	...	...	Rt Hon Kenneth Baker MP Minister of State for Industry and Information Technology
1 March	...	Environment	...	Hon William Waldegrave MP Parliamentary Under-Secretary of State, Department of the Environ- ment
2 March	...	Consumer Affairs	...	Alex Fletcher Esq MP Parliamentary Under-Secretary of State for Corporate and Consumer Affairs
5-6 March	...	Agriculture	...	Rt Hon Michael Jopling MP Minister of Agriculture, Fisheries and Food  John MacGregor Esq MP Minister of State, Ministry of Agriculture, Fisheries and Food
8 March	...	Internal Market	...	Alex Fletcher Esq MP Parliamentary Under-Secretary of State for Corporate and Consumer Affairs
11-13 March	Agriculture	...	...	Rt Hon Michael Jopling MP Minister of Agriculture, Fisheries and Food  John MacGregor Esq MP Minister of State, Ministry of Agriculture, Fisheries and Food
12 March	...	Finance	...	Officials represented the UK
12-13 March	Foreign Affairs	...	...	Rt Hon Sir Geoffrey Howe QC MP Secretary of State for Foreign and Commonwealth Affairs

<i>Date</i>	<i>Session</i>			<i>UK Ministers attending</i>
16-17 March	Agriculture ...	...	...	Rt Hon Michael Jopling MP Minister of Agriculture, Fisheries and Food John MacGregor Esq MP Minister of State, Ministry of Agriculture, Fisheries and Food
26-27 March	Foreign Affairs	...	...	Rt Hon Sir Geoffrey Howe QC MP Secretary of State for Foreign and Commonwealth Affairs
26-27 March	Agriculture ...	...	...	Rt Hon Michael Jopling MP Minister of Agriculture, Fisheries and Food John MacGregor Esq MP Minister of State, Ministry of Agriculture, Fisheries and Food
30-31 March	Agriculture ...	...	...	Rt Hon Michael Jopling MP Minister of Agriculture, Fisheries and Food John MacGregor Esq MP Minister of State, Ministry of Agriculture, Fisheries and Food
22 March ...	Transport ...	...	...	David Mitchell Esq MP Parliamentary Under-Secretary of State for Transport
2 April ...	Finance ...	...	...	Rt Hon Nigel Lawson MP Chancellor of the Exchequer
9-10 April ...	Foreign Affairs	...	...	Rt Hon Sir Geoffrey Howe QC MP Secretary of State for Foreign and Commonwealth Affairs Rt Hon Paul Channon MP Minister for Trade
7-8 May ...	Agriculture ...	...	...	Rt Hon Michael Jopling MP Minister of Agriculture, Fisheries and Food John MacGregor Esq MP Minister of State, Ministry of Agriculture, Fisheries and Food
10 May ...	Transport ...	...	...	Rt Hon Nicholas Ridley MP Secretary of State for Transport

<i>Date</i>	<i>Session</i>			<i>UK Ministers attending</i>
14-15 May...	Foreign Affairs	...	...	Rt Hon Sir Geoffrey Howe QC MP Secretary of State for Foreign and Commonwealth Affairs Rt Hon Paul Channon MP Minister for Trade
22 May	Energy	...	...	Rt Hon Alick Buchanan-Smith MP Minister of State for Energy
24-25 May...	Fisheries	...	...	John MacGregor Esq MP Minister of State, Ministry of Agriculture, Fisheries and Food John Mackay Esq MP Parliamentary Under-Secretary of State for Scotland
4 June	Finance	...	...	Rt Hon Nigel Lawson MP Chancellor of the Exchequer
5 June	Development	...	...	Rt Hon Timothy Raison MP Minister for Overseas Development
5 June	Consumer Affairs	...	...	Alex Fletcher Esq MP Parliamentary Under-Secretary of State for Corporate and Consumer Affairs
7 June	Labour and Affairs	Social		Rt Hon Tom King MP Secretary of State for Employment
18-19 June...	Foreign Affairs	...	...	Rt Hon Sir Geoffrey Howe QC MP Secretary of State for Foreign and Commonwealth Affairs Rt Hon Timothy Raison MP Minister for Overseas Development Rt Hon Paul Channon MP Minister for Trade
18-19 June...	Agriculture	...	...	Rt Hon Michael Jopling MP Minister of Agriculture, Fisheries and Food John MacGregor Esq MP Minister of State, Ministry of Agriculture, Fisheries and Food
22 June	Culture	...	...	Rt Hon Earl of Gowrie Minister for the Arts
28 June	Environment	...	...	Hon William Waldegrave MP Parliamentary Under-Secretary of State, Department of the Environ- ment
29 June	Research	...	...	John Butcher Esq MP Parliamentary Under-Secretary of State for Industry

## OTHER MEETINGS

<i>Date</i>	<i>Session</i>	<i>UK Ministers attending</i>
2 February ...	Informal Meeting of Employment Ministers	Rt Hon Tom King MP Secretary of State for Employment
9-10 February	EC/ACP Ministerial Negotiating Confer- ence	Rt Hon Timothy Raison MP Minister for Overseas Development
14 February	Informal Meeting of Energy Ministers	Rt Hon Alick Buchanan-Smith MP Minister of State for Energy
8 March ...	Informal Meeting of Employment Ministers	Hon Alan Clark MP Parliamentary Under-Secretary of State for Employment
2 April ...	Informal Meeting of Transport Ministers	Rt Hon Nicholas Ridley MP Secretary of State for Transport
5 April ...	Informal Meeting of Social Security Mini- sters	Dr Rhodes Boyson MP Minister of State for Social Security
9 April ...	EC/EFTA Ministerial Meeting	Rt Hon Paul Channon MP Minister for Trade
2 May ...	EC/ACP Council ...	Rt Hon Timothy Raison MP Minister for Overseas Development
3-5 May ...	EC/ACP Ministerial Negotiating Confer- ence	Rt Hon Timothy Raison MP Minister for Overseas Development
10 May ...	Standing Employment Committee	Hon Alan Clark MP Parliamentary Under-Secretary of State for Employment
12-13 May ...	Informal Meeting of Finance Ministers	Rt Hon Nigel Lawson MP Chancellor of the Exchequer
18 May	Informal Meeting of Industry Ministers	Rt Hon Kenneth Baker MP Minister of State for Industry and Information Technology
27-30 May ...	Informal Meeting of Agriculture Ministers	Rt Hon Michael Jopling MP Minister of Agriculture, Fisheries and Food John MacGregor Esq MP Minister of State, Ministry of Agriculture, Fisheries and Food
4 June ...	Meeting of Education Ministers	Robert Dunn Esq MP Parliamentary Under-Secretary of State for Education and Science
28-30 June ...	EC/ACP Ministerial Negotiating Confer- ence	Rt Hon Timothy Raison MP Minister for Overseas Development

## ANNEX C

### MAJOR PROPOSALS ADOPTED DURING THE PERIOD

#### **External Relations, Trade and Aid**

Council Regulation 453/84—amending Regulation 3419/83 with a view to extending the list of products originating in Romania which have been liberalised at Community level.

Council Regulation 454/84—on the conclusion of the Agreement in the form of an exchange of letters between the European Economic Community and the Socialist Republic of Romania amending Annex II to the Protocol annexed to the Agreement on trade in industrial products.

Council Regulation 1278/84—laying down implementing rules for 1984 for Regulation 3331/82 on food aid policy and food aid management.

Council Regulation 1755/84—on the implementation of alternative operations in place of food aid.

Council Decision 84/359—on the conclusion of a Convention between the European Economic Community and the United Nations Relief and Works Agency for Palestine refugees concerning aid to refugees in the countries of the Middle East.

#### **Agriculture and Fisheries**

Council Regulation 320/84—fixing fish TACs and quotas for 1984.

Council Regulation 321/84—allocating member states' fish quotas in the NAFO Regulatory area for 1984.

Council Regulation 322/84—allocating member states' fish quotas in Canadian waters.

Council Regulation 549/84—allocating member states' fish quotas in Swedish waters for 1984.

Council Regulation 550/84—providing for fishing by Swedish vessels in EC waters in 1984.

Council Regulation 598/84—providing for fishing by Spanish vessels in EC waters in 1984.

Council Regulation 599/84—increasing member states' quotas for 1984 of angler fish and megrim.

Council Regulation 600/84—providing for an interim allocation to Norway of North Sea herring to be taken before 31 July 1984.

Council Regulation 853/84—laying down measures for third country vessels fishing in French Guyana waters up to 31 May 1984.

Council Regulation 855/84—the calculation and dismantling of monetary compensatory amounts.

Council Regulation 876/84—concerning the import system applicable to certain non-member countries in the sheepmeat and goatmeat sector in the last three quarters of 1984.

Council Regulation 988/84—amending Regulation 516/77 on the common organisation of the market in products processed from fruit and vegetables.

Council Regulation 989/84—on guarantee thresholds for certain processed fruit and vegetable products.

Council Regulation 990/84—adjusting rules in the 1979 Act of Accession in respect of products processed from fruit and vegetables.

Council Regulation 1384/84—amending Regulation 3667/83 relating to the continuing of the import of New Zealand butter into the United Kingdom on special terms.

Council Regulation 1499/84—laying down measures for third country vessels fishing in French Guyana waters up to 31 December 1984.

Council Regulation 1637/84—amending the technical conservation Regulation in respect of minimum mesh sizes when fishing in the North Sea.

Council Regulation 1638/84—allocating provisional quotas for member states of 155,000 tonnes of North Sea herring.

Council Regulation 1932/84—amending Regulation 355/77 on common measures to improve the conditions under which agricultural products are processed and marketed and Regulation 1820/80 on the stimulation of agricultural development in the West of Ireland.

Council Regulation 1831/84—amending Council Regulation 2772/75 on marketing standards for eggs.

Council Regulation 84/84—amending Council Regulation 2772/75 on EC and Senegal on fishing off the coast of Senegal.

Council Decision 84/170—the provisional application of the agreement between the EC and the Seychelles on member states fishing off the Seychelles.

Council Decision 84/309—relating to point 2 of the voluntary restraint agreements on mutton, lamb and goatmeat between the European Economic Community and Austria, Bulgaria, Czechoslovakia, Hungary, Iceland, Poland, Uruguay and Yugoslavia.

Council Directive 84/169—concerning the Community list of Less Favoured farming areas within the meaning of Directive 75/268.

Council Directive 84/336—amending Council Directives 64/432 and 72/461 as regards certain measures relating to foot and mouth disease and swine vesicular disease.

### **Economic, Monetary and Budgetary**

Council Regulation 1888/84—introducing special measures of Community interest in the field of employment.

Council Regulation 1889/84—introducing special measures of Community interest relating to transport infrastructure.

Council Regulation 1890/84—introducing special measures of Community interest relating to energy strategy.

### **Customs and Indirect Taxation**

Council Directive 84/231—amending Directive 69/169 and 83/2 on the harmonisation of provisions laid down by law, regulation or administrative action relating to exemption from turnover tax and excise duty on imports in international travel.

### **Regional and Industrial**

Council Decision 84/130—adopting a European programme for research and development in information technologies (ESPRIT).

Council Decision 84/338—adopting new structures and procedures for the management and co-ordination of Community research, development and demonstration activities.

Council Regulation 1787/84—introducing an amended Regulation for the European Regional Development Fund entering into force on 1 January 1985.

### **Environment**

Council Decision 84/139—revising the sectoral research and development programme in the field of environment (environmental protection and climatology) (indirect and concerted actions 1981–1985) adopted by Decision 81/213.

Council Directive 84/156—on limit values and quality objectives for mercury discharges by sectors other than the chlor-alkali electrolysis industry.

Council Regulation 1872/84—on action by the Community relating to the environment (ACE).

Council Directive 84/360—on the combating of air pollution from industrial plants.

Council Decision 84/358—on the conclusion of the agreement for co-operation in dealing with pollution of the North Sea by oil and other harmful substances (Bonn Agreement).

### **Social Affairs**

Council Resolution of 27 February on a second programme of action of the European Communities on safety and health at work.

Council Resolution of 23 January on the promotion of employment for young people.

Council Resolution of 7 June on the contribution of local employment initiatives to combating unemployment.

Council Resolution of 7 June concerning action to combat unemployment amongst women.

## ANNEX D

## MAJOR MINISTERIAL SPEECHES ON COMMUNITY TOPICS

<i>Date</i>	<i>Speaker</i>	<i>Occasion</i>
25 January ...	John MacGregor Esq MP Minister of State, Ministry of Agriculture, Fisheries and Food	Institute of Brewing, National Malting Barley Competition, London
31 January ...	Malcolm Rifkind Esq MP Minister of State, Foreign and Commonwealth Office	Association of European Journ- alists, London
11 February	Rt Hon Sir Geoffrey Howe QC MP Secretary of State for Foreign and Common- wealth Affairs	Young Conservatives' Confer- ence, Blackpool
14 February	Malcolm Rifkind Esq MP Minister of State, Foreign and Commonwealth Office	Konrad Adenauer Stiftung, Bonn
20 February	Rt Hon Sir Geoffrey Howe QC MP Secretary of State for Foreign and Common- wealth Affairs	Royal Institute of International Relations, Brussels
23 February	Lord Mansfield Minister of State, Nor- thern Ireland Office	European Community Seminar organised by the CBI/Invest- ment Bank of Ireland, Northern Ireland
24 February	John MacGregor Esq MP Minister of State, Ministry of Agriculture, Fisheries and Food	Diss, Norfolk
7 March ...	Malcolm Rifkind Esq MP Minister of State, Foreign and Commonwealth Office	European Academy, London
17 March ...	Rt Hon Paul Channon MP Minister for Trade	Conservative Group for Europe, Coventry
3 April ...	John MacGregor Esq MP Minister of State, Ministry of Agriculture, Fisheries and Food	Grimsby Fishing Industry, Grimsby
11 April ...	Rt Hon Paul Channon MP Minister for Trade	Westminster Industrial Brief Subscribers' Forum, London

<i>Date</i>	<i>Speaker</i>	<i>Occasion</i>
30 April ...	Malcolm Rifkind Esq MP Minister of State, Foreign and Commonwealth Office	Jutland Economic Organisa- tions, Aarhus, Denmark
30 April ...	Rt Hon George Younger TD MP Secretary of State for Scotland	Scottish Grand Committee, Edinburgh
11 May ...	Lord Gray of Contin Minister of State, Scottish Office	Scottish Conservative Party Conference, Perth
15 May ...	Hon Adam Butler MP Minister of State, Nor- thern Ireland Office	Council of Europe Conference, Northern Ireland
22 May ...	Malcolm Rifkind Esq MP Minister of State, Foreign and Commonwealth Office	European Atlantic Group, Lon- don
25 May ...	Rt Hon Sir Geoffrey Howe QC MP Secretary of State for Foreign and Common- wealth Affairs	Franco-British Chamber of Commerce and Industry, Paris
8 June ...	Malcolm Rifkind Esq MP Minister of State, Foreign and Commonwealth Office	General Assembly of the Euro- pean Council of Chemical Manufacturers' Federations (CEFIC), London
12 June ...	Rt Hon Paul Channon MP Minister for Trade	British Importers Federation annual lunch, London
20 June ...	Malcolm Rifkind Esq MP Minister of State, Foreign and Commonwealth Office	Chatham House, London
22 June ...	Rt Hon Paul Channon MP Minister for Trade	CBI Conference on the Republic of Ireland, London

## ANNEX E

### MAJOR TREATIES AND AGREEMENTS SIGNED BY THE COMMUNITY

1. Exchange of letters between the EEC and the Government of Canada concerning their fisheries relations.

Signed at Brussels on 1 January 1984

2. Instrument of accession by the EEC to the Convention on fishing and conservation of the living resources in the Baltic Sea and the belts as amended by the protocol of the conference of the representatives of the states parties to this convention signed at Warsaw on 11 November 1982.

Signed at Brussels on 31 January 1984

3. Agreement between the EEC and the Government of the Democratic Republic of Sao Tome and Principe on fishing off Sao Tome and Principe.

Signed at Brussels on 1 February 1984

4. Agreement extending and amending the co-operation agreement between the EEC and the Kingdom of Sweden on a European research and development programme in the field of the recycling of urban and industrial waste.

Signed at Brussels on 29 February 1984

5. Agreement on fisheries between the EEC on the one hand and Government of Denmark and Local Government of Greenland on the other.

Signed at Brussels on 13 March 1984

6. Protocol on conditions relating to fishing between the EEC on the one hand and the Government of Denmark and the local Government of Greenland on the other.

Signed at Brussels on 13 March 1984

## ANNEX F

### UNITED KINGDOM TRADE WITH THE EUROPEAN COMMUNITY

*Note:* All figures in the following text and accompanying table are on the Balance of Payments basis. Figures for Greece are included in all years.

#### **Importance of trade with the European Community**

United Kingdom trade with other countries of the European Community now accounts for 43 per cent of our overseas trade compared with a share of about 30 per cent before accession. In recent years the Federal Republic of Germany has been the United Kingdom's top or second export market and all other member countries, apart from Greece, are among our top dozen export markets.

#### **Trade performance with the European Community**

In the first half of 1984 United Kingdom total trade (exports plus imports) with other countries of the European Community amounted to some £31 billion compared with £27 billion in the same period of last year. The ratio of exports to imports was 93 per cent, slightly higher than during 1983 and, although lower than in the peak years of 1980 and 1981, markedly higher than in the mid seventies.

#### **By Community**

In the first half of 1984 increased exports of oil, which now account for 30 per cent of our exports to other member states, led to a surplus of £3.7 billion on our trade in fuels with these countries. This surplus was more than off-set by deficits on such other sectors of the trade account as manufactures and food, beverages and tobacco so that on all visible trade there was a deficit of £1.2 billion, compared with £1.1 billion in the first half of 1983.

# UNITED KINGDOM TRADE WITH THE EUROPEAN COMMUNITY

BY COMMODITY

£ billion, BALANCE OF PAYMENTS BASIS

	Total Trade				Food, Beverages and Tobacco				Basic Materials			
	Exports	Imports	Balance	Export/Import Ratio %	Exports	Imports	Balance	Export/Import Ratio %	Exports	Imports	Balance	Export/Import Ratio %
1970 ...	2.4	2.3	+0.1	104	0.1	0.6	-0.4	24	0.1	0.1	+0.0	109
1971 ...	2.5	2.7	-0.2	93	0.1	0.7	-0.6	22	0.1	0.1	+0.0	117
1972 ...	2.8	3.4	-0.6	83	0.2	0.7	-0.5	27	0.2	0.1	+0.0	117
1973 ...	3.9	5.2	-1.3	74	0.3	1.1	-0.8	28	0.2	0.2	+0.0	101
1974 ...	5.5	7.7	-2.1	72	0.3	1.7	-1.3	20	0.2	0.3	-0.0	99
1975 ...	6.2	8.7	-2.5	71	0.5	2.1	-1.6	26	0.3	0.3	+0.0	103
1976 ...	8.9	11.2	-2.3	80	0.7	2.2	-1.5	32	0.5	0.5	+0.0	101
1977 ...	11.7	13.6	-1.9	86	1.0	2.4	-1.5	42	0.6	0.5	+0.0	103
1978 ...	13.3	15.9	-2.5	84	1.4	2.7	-1.3	53	0.6	0.5	+0.1	110
1979 ...	17.3	19.9	-2.6	87	1.5	3.0	-1.5	50	0.8	0.6	+0.1	119
1980 ...	20.4	19.6	+0.8	104	1.6	2.9	-1.3	55	0.9	0.6	+0.3	141
1981 ...	20.9	20.8	+0.1	101	1.7	3.1	-1.4	55	0.7	0.8	-0.1	91
1982 ...	23.0	24.3	-1.3	95	1.9	3.5	-1.7	53	0.7	0.8	-0.1	88
1983 ...	26.5	28.8	-2.4	92	2.0	4.0	-2.1	49	0.9	0.9	-0.1	93
1983 Jan-June <sup>(1)</sup>	13.0	14.1	-1.1	92	0.9	1.9	-1.0	49	0.5	0.4	+0.0	104
1984 Jan-June <sup>(1)</sup>	15.1	16.3	-1.2	93	1.1	2.1	-1.0	50	0.6	0.6	-0.0	96

(1) Not seasonally adjusted.

Source: Department of Trade and Industry.

UNITED KINGDOM TRADE WITH THE EUROPEAN COMMUNITY—continued

£ billion, BALANCE OF PAYMENTS BASIS

BY COMMODITY

	Fuels				Manufactures			
	Exports	Imports	Balance	Export/Import Ratio %	Exports	Imports	Balance	Export/Import Ratio %
	1970 ...	0.1	0.1	-0.0	71	2.0	1.4	+0.5
1971 ...	0.1	0.2	-0.0	75	2.1	1.7	+0.3	119
1972 ...	0.1	0.2	-0.1	67	2.3	2.3	+0.0	98
1973 ...	0.2	0.3	-0.1	71	3.0	3.5	-0.5	87
1974 ...	0.5	0.6	-0.2	70	4.3	5.0	-0.6	87
1975 ...	0.5	0.7	-0.3	65	4.7	5.4	-0.7	87
1976 ...	0.8	0.9	-0.2	83	6.8	7.4	-0.7	91
1977 ...	1.2	1.0	+0.2	120	9.7	9.4	+0.8	92
1978 ...	1.4	0.9	+0.5	146	9.7	11.5	-1.8	84
1979 ...	2.7	1.5	+1.2	181	12.0	14.6	-2.6	82
1980 ...	4.3	1.4	+2.9	302	13.3	14.4	-1.2	92
1981 ...	5.6	1.5	+4.0	364	12.5	15.1	-2.6	83
1982 ...	6.3	1.5	+4.8	415	13.7	18.1	-4.3	76
1983 ...	8.1	1.5	+6.7	556	15.0	22.1	-7.1	68
1983 Jan- June(1)	4.0	0.7	+3.2	561	7.5	11.0	-3.5	68
1984 Jan- June(1)	4.7	0.9	+3.7	495	3.6	12.6	-3.9	69

Source: Department of Trade and Industry

(1) Not seasonally adjusted.