

Bulletin of the European Communities

Commission



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Notice to readers

The next issue of the Bulletin, reporting on activities in January and February 1990, will be numbered 1/2-1990. The presentation will be altered in an attempt to make it easier to consult. The intention is to enhance the Bulletin's value as a work of reference and publish it considerably quicker in all the official languages.

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

ECU	=	European currency unit
BFR	=	Belgische frank / Franc belge
DKR	=	Dansk krone
DM	=	Deutsche Mark
DR	=	Greek drachma
ESC	=	Escudo
FF	=	Franc français
HFL	=	Nederlandse gulden (Hollandse florijn)
IRL	=	Irish pound / punt
LFR	=	Franc luxembourgeois
LIT	=	Lira italiana
PTA	=	Peseta
UKL	=	Pound sterling
USD	=	United States dollar

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- 1/90 Programme of the Commission for 1990**

PART ONE

SPECIAL FEATURES

1. European Council

Strasbourg, 8 and 9 December

1.1.1. The meeting began in the morning of 8 December at the Palais des Congrès in Strasbourg under the chairmanship of President Mitterrand. It was attended by all the Heads of State or Government of the Member States, their Foreign Ministers and Commission President Delors and Vice-President Andriessen. The proceedings were concluded at the end of the morning of 9 December.

At the beginning of the meeting the European Council heard a statement by European Parliament President Barón Crespo in which he set out Parliament's position and priorities with regard to the main Community issues.

As Mr Delors said to the European Parliament a few days later (→ point 2.7.1), the meeting was exceptionally positive, with the Member States concerned to achieve closer unity and make the Community the focal point for a changing Europe.

For example, on the subject of economic and monetary union (EMU) the European Council noted, on the basis of an examination of the work carried out since the meeting in Madrid,¹ that the necessary majority existed for convening an intergovernmental conference before the end of 1990 to prepare an amendment of the Treaty with a view to the final stages of EMU.

Turning to the social dimension, the Heads of State or Government of 11 Member States adopted the Community Charter of the Fundamental Social Rights of Workers, and the European Council took note of the fact that the Commission had drawn up an action programme on the application of the Charter.²

Following on from its informal meeting in Paris,³ the European Council also reaffirmed the Community's desire to encourage the necessary economic reforms in Central and Eastern Europe by all the means at its disposal, and to continue its examination of the appropriate forms of

association with the countries which are pursuing the path of economic and political reform. The Council also approved a major declaration on this topic under the heading of European political cooperation.

Conclusions of the Presidency

Towards European union

1.1.2. The European Council is conscious of the responsibilities weighing on the Community in this crucial period for Europe. The current changes and the prospects for development in Europe demonstrate the attraction which the political and economic model of Community Europe holds for many countries.

The Community must live up to this expectation and these demands: its path lies not in withdrawal but in openness and cooperation, particularly with the other European States.

It is in the interest of all European States that the Community should become stronger and accelerate its progress towards European union.

The European Council adopted the following conclusions to this end:

Making the Single Act a reality

1.1.3. The Community is determined to carry out all the commitments contained in the Single Act in order to continue and extend the process of integration with a view to European union. This presupposes that the Community must finish off, within the time-limits laid down, the completion of the single market and that it should apply itself, at the same time, to giving concrete form to large-scale projects which will signify a new stage in its development.

An area without internal frontiers

1.1.4. The internal market is beginning to assume its final shape, and its positive effects are being felt in all sectors of economic life. In general,

¹ Bull. EC 6-1989, point 1.1.11.

² Bull. EC 11-1989, point 2.1.80.

³ Bull. EC 11-1989, points 2.2.15 to 2.2.17.

the timetable which was set is being adhered to. Important decisions have been taken during this six-month period: in the area of financial services, decisions have been taken on the coordination of legislation enabling banks to offer their services throughout the Community (→ point 2.1.5), the prohibition of insider dealing¹ and the coordination of motor vehicle insurance (→ point 2.1.16). The European Council hopes that this set of decisions will be swiftly supplemented by the adoption of directives, on the basis of Commission proposals, on investment services,² regulations on the solvency ratio (→ point 2.1.14), takeover bids,³ company law, in particular the European Company Statute,⁴ and the three tax proposals concerning cooperation between companies.⁵

Significant progress has also been made in the Council (Internal Market) on other major topics such as the control of company concentrations, on which a decision is to be taken before the end of this year (→ point 2.1.78). The European Council would also like decisive progress to be made regarding testing, standards and certification, the opening of public procurement markets in the telecommunications, energy, transport and water distribution sectors, and the freedom to provide life assurance services.

It is also requesting that rapid progress be made in the veterinary sphere. In the transport sector, it reiterates the importance of the initial decisions taken on road cabotage (→ point 2.1.243) and the guidelines adopted on air transport (→ point 2.1.250). It would like a coherent Community policy to be drawn up in the latter sector and an effective response found to the problem of the congestion of air space, in order to guarantee maximum safety for passengers. Further progress is needed in the three transport sectors: road transport, air transport and shipping. It notes with satisfaction the progress made in the telecommunications sector.

Special priority should be given to the development and interconnection of trans-European networks, notably in the area of air traffic control, the linking of the main Community conurbations by broadband telecommunications networks, the most efficient surface communications links and energy distribution. The European Council asks the Commission to propose the appropriate measures, taking into account the possibility of extending such action to the whole of the Community, paying particular attention to situations arising at the Community's limits in the context of economic and social cohesion (→ point 2.1.44).

With regard to the taxation of savings, the European Council notes the progress which has been made since Madrid. It asks the Council to complete its proceedings as soon as possible and, as an

accompaniment to the liberalization of capital movements, to take measures to combat tax evasion effectively, in accordance with earlier decisions.⁶

With regard to indirect taxation, it notes with satisfaction the progress made during the last few months with the formulation of a transitional system which will lighten the burden on undertakings and administrations and enable border checks to be eliminated (→ point 2.1.45).⁷

It considers that these arrangements need to be supplemented by the elements which will be essential in particular to enable the progressive approximation of VAT rates and to resolve the problems connected with the removal, on 1 January 1993, of limits on purchases by private individuals for their personal consumption when travelling within the Community.

The European Council asks the Council to adopt as soon as possible, on a proposal from the Commission, the decisions which will make the process of the complete abolition of fiscal frontiers irreversible.

Flanking policies

1.1.5. According to the Single Act, completion of the internal market must be backed up by a number of flanking policies. Amongst these, measures to achieve closer economic and social cohesion are of particular importance to enable the Community as a whole to reap the benefits expected from the large market. The European Council welcome the implementation of the reform of the structural policies within the period laid down.

Environment

1.1.6. An improvement in the quality of life will come from paying greater attention to the problems of the environment. The nature and seriousness of the problems arising in this sphere make more and more necessary a perspective and measures which go beyond the national framework.

¹ OJ L 334, 18.11.1989; Bull. EC 11-1989, point 2.1.8.

² OJ C 43, 22.2.1989; Bull. EC 12-1988, point 2.1.147.

³ OJ C 64, 14.3.1989; Bull. EC 12-1988, point 2.1.149; Supplement 3/89 — Bull. EC.

⁴ OJ C 263, 16.10.1989; Bull. EC 7/8-1989, points 1.2.1 to 1.2.6; Supplement 5/89 — Bull. EC.

⁵ OJ C 39, 22.3.1969; OJ C 163, 11.7.1977.

⁶ Bull. EC 3-1989, point 2.5.11; Bull. EC 6-1989, points 1.1.4 and 2.5.9.

⁷ Bull. EC 10-1989, point 2.1.36; Bull. EC 11-1989, point 2.1.27.

The European Council confirms the desire of the Community and its Member States to play a greater part in the devising of international strategies for combating the dangers which threaten the environment, in particular by taking an active part in the drafting of a world convention on climate.

The European Council notes with satisfaction the unanimous agreement of the Council¹ on the arrangements for the setting up of the European Environment Agency as from 1990. This Agency, which will be open to non-EEC European countries who wish to join, will constitute a decisive stage on the road towards improved knowledge of the state of the European environment and will thus help to improve the strategies for dealing with the problems that arise. The European Council would like the Council to take an early decision on the Agency's headquarters.

Research

1.1.7. The European Council would like the Council to reach agreement before the end of the year on the new framework programme for 1990-94 (→ point 2.1.58), the implementation of which should enable major progress to be made regarding the competitiveness of key sectors of European industry.

The European Council is pleased with the increased participation by EFTA countries in Community research programmes and hopes that cooperation with these countries and their association will develop further when the new framework programme is implemented.

Audiovisual

1.1.8. The commitment of citizens to the European idea depends on positive measures being taken to enhance and promote European culture in its richness and diversity. In this context the European Council considers it essential to consolidate recent achievements and capitalize on the guidelines which emerged from the Audiovisual Conference² in order to develop Europe's audiovisual capacity: Directive on the free movement of televised programmes and competition policy. It hopes that the efforts to produce the European HDTV system (→ point 2.1.65) will be stepped up, that the Community action programme extending Media will receive the necessary financial support and that the necessary synergy with audiovisual Eureka will be ensured.

Free movement of persons and a people's Europe

1.1.9. All Community policies in the economic and social spheres contribute directly and indirectly to consolidating a common sense of belonging. This movement must be broadened and accelerated by the adoption of concrete measures which will enable European citizens to recognize in their daily lives that they belong to a single entity.

The European Council underlines the importance in this respect of the progressive abolition of formalities at the Community's internal borders which impede the free movement of persons and symbolize division, which means that effective measures need to be taken at the same time to combat terrorism, drug addiction and organized crime. The progressive abolition of border formalities shall not affect the right of Member States to take such measures as they consider necessary for the purpose of controlling immigration from third countries, and to combat terrorism, crime, the traffic in drugs and illicit trading in works of art and antiques. The European Council asks the Commission, while taking account of national and Community spheres of competence, to study suitable measures for establishing effective controls at the Community's external frontiers.

The European Council takes note of the progress made within the Coordinators' Group as described in the progress report drawn up under the responsibility of the Presidency. The European Council would like the work to be stepped up and accelerated so that progress towards the free movement of persons can keep pace with that achieved on the free movement of goods, services and capital, in accordance with the timetable set out in the Palma document.³

The European Council would like an inventory to be prepared of national positions on immigration so that a discussion on this issue within the Council can be prepared. In the light of that debate, the European Council calls upon the relevant bodies to conclude as soon as possible, and no later than the end of 1990, the conventions which are under examination on the right of asylum, the crossing of the Community's external frontiers, and visas. In this context, an inventory will be made of national policies on asylum with a view to achieving harmonization.

¹ Bull. EC 11-1989, point 2.1.116.

² Bull. EC 12-1988, point 1.1.13; Bull. EC 9-1989, point 2.1.68; Bull. EC 10-1989, point 2.1.98.

³ Bull. EC 6-1989, point 1.1.7.

The European Council emphasizes the need, throughout those proceedings, to ensure that the procedure for cooperation between administrations first ensure the protection of individuals with regard to the use of personalized databanks.

The European Council calls upon the Coordinators' Group on Drugs recently set up on the initiative of the President of the French Republic to take all necessary steps to ensure the vital coordination of Member States' actions in the main areas of the fight against this scourge, namely prevention, health and social policy with regard to drug addicts, the suppression of drug trafficking, and international action. In this context, the European Council warmly welcomes the courageous action taken by certain countries, notably Colombia, and would like everything possible to be done to contribute to the success of their efforts.

The European Council reaffirms in this connection the need for the resumption, as soon as possible, of the negotiations within the International Coffee Organization with a view to concluding a new agreement to protect the income of producers in those countries.

The European Council welcomes the significant results obtained by implementing the programmes on exchanges of young persons and students (Erasmus, Comett, Lingua), which contribute to developing European awareness, as will the forthcoming introduction of a European emergency health card and a European youth card. Similarly, the European Council particularly welcomes the decisive progress made recently towards agreement on granting all Community nationals the right of residence in the Member State of their choice (→ point 2.1.11). This important measure, which is scheduled for adoption before the end of the year, represents an important step towards the integration of the peoples of the Community. The European Council indicated its satisfaction at the conduct of the 'Europe against cancer' programme and at the agreement of principle reached on adoption of the second action programme 1990-94.¹

Social dimension

1.1.10. Establishment of the single market has already led to significant results, as evidenced by sustained growth, a considerable increase in investment and in particular by the creation of new jobs, projected at five million for 1988-90.

The European Council considers that this trend, together with the adoption of directives on the health and safety of workers, Community action programmes relating to the integration of unemployed young persons into working life and the fight against long-term unemployment, and of

those relating to vocational training, constitute decisive aspects of the Community social dimension.

The Heads of State or Government of 11 Member States adopted the Community Charter of the Fundamental Social Rights of Workers. This Charter reflects their sincere attachment to a model of social relations based on common traditions and practices. It will serve them as a reference point for taking fuller account in future of the social dimension in the development of the Community.

The European Council takes note of the fact that the Commission has drawn up an action programme on the application of the Charter² and calls upon the Council to deliberate upon the Commission's proposals in the light of the social dimension of the internal market and having regard to national and Community responsibilities.

Economic and monetary union

1.1.11. The European Council examined the work carried out since the European Council meeting in Madrid with a view to a meeting of the Intergovernmental Conference.

It noted the agreement reached in the Council and the initiatives of the governors of the central banks with a view to strengthening the coordination of economic policies and improving collaboration between central banks. It notes that these decisions will enable the first stage of EMU as defined in the report from the Delors Committee³ to begin on 1 July 1990.

It took note of the report from the high-level working party, which identified the main technical, institutional and political issues to be discussed with a view to a Treaty on economic and monetary union.

On this basis, and following a discussion on the calling of an intergovernmental conference charged with preparing an amendment of the Treaty with a view to the final stages of EMU, the President of the European Council noted that the necessary majority existed for convening such a conference under Article 236 of the Treaty. That conference will meet, under the auspices of the Italian authorities, before the end of 1990. It will draw up its own agenda and set the timetable for its proceedings.

¹ Bull. EC 11-1989, point 2.1.93.

² Bull. EC 11-1989, point 2.1.80.

³ Bull. EC 4-1989, points 1.1.1 to 1.1.9.

The European Council emphasized, in this context, the need to ensure the proper observance of democratic control in each of the Member States.

With a view to the new term of the European Parliament which will begin in 1994, it calls for economic and monetary union to comply fully with this democratic requirement.

The European Council also took note of the Commission's intention to submit before 1 April a composite paper on all aspects of the achievement of economic and monetary union which will take into account all available analyses and contributions.

The European Council emphasized the need for the Council to use the period prior to the opening of the conference to ensure the best possible preparation.

The proceedings as a whole will be examined by the Council in preparation for the European Council meeting in Dublin.

A Community of responsibility and solidarity

1.1.12. In keeping with the principles set out in the Rhodes¹ and Madrid² Declarations, the Community will develop its role and that of its Member States in the international political and economic arena in a spirit of openness, solidarity and cooperation. It will meet its responsibilities *vis-à-vis* countries with which it maintains all manner of links and relationships, historical and geographical in origin.

EFTA

1.1.13. The European Council welcomes the progress of the discussions which have taken place since the Madrid Council and hopes that at the ministerial meeting on 19 December (→ point 2.2.20) a decision will be taken to begin negotiations so that the Community and EFTA can, at the earliest opportunity, reach a comprehensive agreement strengthening, on the basis of the relevant *acquis communautaire*, their cooperation in the framework of a European economic area of 18 States in complete accordance with multilateral commitments.

The Community hopes that this cooperation will be as close as possible and that it will ensure EFTA's participation in certain Community activities and in the disciplines and benefits of the internal market, in full compliance with the independent decision-making processes of each organ-

ization and a strict balance of rights and obligations.

The European Council hopes that the negotiations to be opened in the first half of 1990 will produce appropriate, pragmatic arrangements for institutional cooperation which are fully in keeping with the above principles.

This new relationship between the EEC and EFTA will be in the interests of both parties and meet the expectations of the peoples of Europe.

Central and Eastern Europe

1.1.14. The Community's dynamism and influence make it the European entity to which the countries of Central and Eastern Europe now refer, seeking to establish close links. The Community has taken and will take the necessary decision to strengthen its cooperation with peoples aspiring to freedom, democracy and progress and with States which intend their founding principles to be democracy, pluralism and the rule of law. It will encourage the necessary economic reforms by all the means at its disposal, and will continue its examination of the appropriate forms of association with the countries which are pursuing the path of economic and political reforms. The Community's readiness and its commitment to cooperation are central to the policy which it is pursuing and which is defined in the declaration adopted today (→ point 1.1.20) the objective remains, as stated in the Rhodes Declaration,¹ that of overcoming the divisions of Europe.

The Community has concluded trade agreements and, for the most part, cooperation agreements with Czechoslovakia,³ Hungary⁴ and Poland.⁵ The Agreement with the USSR should be signed by the end of this year (→ point 2.2.35). The Council will, as soon as possible, instruct the Commission to negotiate a trade and cooperation agreement with the GDR to be concluded during the first half of 1990 (→ point 2.2.32).

The European Council welcomes the decision taken by the Council on 27 November⁶ temporarily granting Poland and Hungary special trade facilities in order to contribute towards solving their specific political and economic problems.

It noted the decision taken by the Community to assist economic reform in Poland and Hungary.

¹ Bull. EC 12-1988, point 1.1.10.

² Bull. EC 6-1989, point 1.1.13.

³ OJ L 88, 31.3.1989; Bull. EC 3-1989, point 2.2.9.

⁴ OJ L 327, 30.11.1988; Bull. EC 11-1988, point 2.2.29.

⁵ Bull. EC 9-1989, point 2.2.11.

⁶ Bull. EC 11-1989, point 2.2.21.

The Community took part, in cooperation with its main Western partners, in an operation to supply agricultural products to Poland.¹ In view of the scale and urgency of the needs, the European Council would ask the Council to take a decision in the near future on a further such operation.

At their meeting in Paris on 18 November 1989,² the Heads of State or Government asked the Troika of Presidencies and the Commission to make progress in discussion and decision-taking with regard to the following:

(i) the European Council approved the principle of granting observer status to the USSR in GATT;

(ii) the Commission has submitted proposals designed to allow nationals of the countries of Central and Eastern Europe to take part in a number of educational and training programmes similar to Community programmes; the European Council requests the Council to take the relevant decisions;

(iii) the European Council calls upon the Council to take, at the beginning of 1990, the requisite decisions for the setting-up of a European vocational training foundation, on the basis of proposals which the Commission is to submit;

(iv) the European Council approved the creation of a European Bank for Reconstruction and Development. Its aim will be to promote, in consultation with the IMF and the World Bank, productive and competitive investment in the States of Central and Eastern Europe, to reduce, where appropriate, any risks related to the financing of their economies, to assist the transition towards a more market-oriented economy and to speed up the necessary structural adjustments. The States of Central and Eastern Europe concerned will be able to participate in the capital and management of this bank, in which the Member States, the Community and the European Investment Bank will have a majority holding. Other countries, and in particular the other member countries of the OECD, will be invited to participate. The European Council hopes that the European Bank for Reconstruction and Development will be set up as soon as possible. The European Council requests that the necessary steps be taken to ensure that negotiations are opened in January 1990. The European Investment Bank will play a key role in preparing the way for this new institution.

The European Council confirmed the Community's readiness to participate, under the conditions defined at the meeting on 18 November, in the creation of a stabilization fund for Poland. It emphasized that the combined contributions of the Twelve would provide more than half the resources of the fund, which is to receive USD 1 000 million. The European Council referred to

the need to grant Hungary, after agreement with the IMF, an adjustment loan of the same amount.

It called upon the Council to take an early decision on the Commission proposals.

The European Council confirmed the key importance it attaches to the fact that aid and cooperation projects decided on by Western countries should be as complementary as possible. It reaffirmed the need to maintain and strengthen the procedure established by the Community. It expects the forthcoming ministerial meeting of the 24 Western countries on 13 December (→ point 2.2.23) to take the necessary substantive and procedural decisions to ensure that the efforts undertaken to facilitate the transition taking place in Poland and Hungary and possibly in other countries of Central and Eastern Europe are coordinated and effective.

The European Council is following carefully and with interest the important reforms planned in Yugoslavia and confirms the Community's undertaking to examine — once the agreement with the Monetary Fund is concluded — additional measures in support of the programme for improving that country's economic and financial situation.

Mediterranean

1.1.15. The European Council considers that the Community must in the coming months flesh out its policy of neighbourly relations with the Mediterranean States, with which it has long had preferential ties. The specific relationship with Mediterranean countries must be intensified and make it possible to support them in their efforts towards cooperation with Europe, regional integration and economic development.

The Community attaches great importance to the creation of the AMU (Arab Maghreb Union) and will implement the most appropriate cooperation. It will continue the Euro-Arab dialogue at the December meeting (→ point 2.2.45).

The European Council calls upon the Council to adapt, on the basis of the Commission communication, the instruments provided for under the current agreements in order to institute the means and methods of cooperation which are best suited to the special nature of the relations which must develop between the Community and these countries, taking into consideration the particular problems of each of them.

¹ OJ L 216, 27.7.1989; Bull. EC 7/8-1989, point 1.1.4; Bull. EC 11-1989, point 2.2.25.

² Bull. EC 11-1989, points 2.2.15 to 2.2.17.

Latin America and ACP States

1.1.16. The Community must strengthen its cooperation with the Latin American countries: in particular it must support the efforts of the Andean Pact countries to combat drugs, find substitute crops and improve the outlets for those crops.

The European Council welcomes the conclusion of the fourth Lomé Convention, which deepens and broadens the privileged relations between the Community and the Associated African, Caribbean and Pacific States. That Convention will be signed within the coming days (→ point 1.2.1 *et seq.*).

European political cooperation

1.1.17. The European Council discussed the following subjects of political cooperation: Central and Eastern Europe, Middle East, Lebanon, Euro-Arab Conference, Southern Africa, Ethiopia, Chile, and Central America. It approved the following statements:

Cyprus

1.1.18. The European Council expressed its deep disquiet that the tragic division of Cyprus, a country belonging to the European family, remains unchanged despite the renewed efforts over 15 months of the Secretary-General of the United Nations.

It also reiterated its appeal to all parties to cooperate with Mr Pérez de Cuellar and his representative on the spot so as to overcome the obstacles to the pursuit of dialogue. It asked them not to miss this opportunity for a just and lasting settlement that will safeguard the unity, independence, sovereignty and territorial integrity of Cyprus in accordance with the relevant resolutions of the United Nations.

Human rights

1.1.19. The European Council took note of the report of the Political Committee summing up the activity of the Twelve in the field of human rights in 1989. In this connection, it approved the text of a press release.

Declaration on Central and Eastern Europe

1.1.20. Each day in Central and Eastern Europe change is asserting itself more strongly. Every-

where a powerful aspiration toward freedom, democracy, respect for human rights, prosperity, social justice and peace is being expressed. The people are clearly showing their will to take their own destiny in hand to choose the path of their development. Such a profound and rapid development would not have been possible without the policy of openness and reform led by Mr Gorbachev.

Expressing the feelings of the people of the whole Community, we are deeply gladdened by the changes taking place. These are historic events and no doubt the most important since the Second World War. The success of a strong and dynamic European Community, the vitality of the CSCE process and stability in the area of security, in which the United States and Canada participate, have contributed greatly to them.

These changes give reason to hope that the division in Europe can be overcome in accordance with the aims of the Helsinki Final Act which seeks, through a global and balanced approach and on the basis of a set of principles which retain their full value, to establish new relations between European countries whether in the area of security, economic and technical cooperation, or the human dimension.

We seek the strengthening of the state of peace in Europe in which the German people will regain its unity through free self-determination. This process should take place peacefully and democratically, in full respect of the relevant agreements and treaties and of all the principles defined by the Helsinki Final Act, in a context of dialogue and East-West cooperation. It also has to be placed in the perspective of European integration.

Already the hopes which we expressed a year ago in the Rhodes Declaration¹ have begun to take shape. The progress recorded in the negotiations on conventional and chemical disarmament, the greater freedom of movement of persons and ideas, the greater assurance of respect of human rights and fundamental freedoms, and the different agreements concluded between the Community and certain of these countries are substantially changing the climate of relations in Europe.

The European Council is convinced in the present circumstances that all must, more than ever, demonstrate their sense of responsibility. The changes and transitions which are necessary must not take place to the detriment of the stability of Europe but rather must contribute to strengthening it.

¹ Bull. EC 12-1988, point 1.1.10.

Far from wanting to derive unilateral advantages from the present situation, the Community and its Member States mean to give their support to the countries which have embarked upon the road to democratic change. They deplore all the more so that in certain countries this process is still hindered.

The Community and its Member States are fully conscious of the common responsibility which devolves on them in this decisive phase in the history of Europe. They are prepared to develop with the USSR and the other countries of Central and Eastern Europe, and with Yugoslavia, in so far as they are committed to this path, closer and more substantive relations based upon an intensification of political dialogue and increased cooperation in all areas. The Community has in particular decided to support the economic reforms undertaken in these countries by contributing — in collaboration with its Western partners — to the establishment of healthy and prosperous economies within the framework of appropriate structures.

The European Council has drawn up conclusions which illustrate this intention (→ point 1.1.14).

For the future and in accordance with the developments taking place, the Community is willing to implement still closer forms of cooperation with these countries.

At this time of profound and rapid change, the Community is and must remain a point of reference and influence. It remains the cornerstone of a new European architecture and, in its will to openness, a mooring for a future European equilibrium. This equilibrium will be still better ensured by a parallel development of the role of the Council of Europe, EFTA and the CSCE process.

Construction of the Community must therefore go forward: the building of European union will permit the further development of a range of effective and harmonious relations with the other countries of Europe.

Declaration on the Middle East

1.1.21. The European Council wishes once more to stress the overriding need to find a political settlement to the Arab-Israeli conflict. In this regard it recalls that the position of the Twelve is defined in the Madrid Declaration of 27 June 1989.¹ In all its elements this Declaration remains fully valid.

It is in this spirit and with the guarantees specified in the Madrid Declaration that the Twelve supported the proposal for elections in the Occupied Territories, considered as a step in a process

towards an overall settlement. Similarly they encourage efforts which seek to establish dialogue between the parties directly concerned. They recall the efforts they themselves make to this end, while respecting the principles which guide their search for a settlement. An illustration is the recent mission carried out by the ministerial Troika.

Seriously concerned by violations of human rights in the Occupied Territories and recalling the need for the occupying power to observe strictly its obligations under the fourth Geneva Convention to which it has notably not conformed in such basic areas as education and health, the European Council deplores the continuous deterioration of the situation in the Occupied Territories which seriously affects the living conditions of the people, compromises in a lasting fashion the future of Palestinian society and prevents the economic and social development of the Territories.

The Community and its Member States are determined to increase substantially their aid to the inhabitants of these Territories. Within the framework of the new 1990-92 triennial convention, the Community will continue with and increase its aid to Palestinians through UNRWA which has amounted to more than ECU 388 million since 1971. It wishes to see the activities of UNRWA carried out without hindrance. During the same period, the European Council establishes as an objective the doubling of the Community's direct aid which, since 1981, has amounted to ECU 23 million. The Community thus intends to contribute to the economic and social development of the Occupied Territories and, by its efforts in the area of health and education as well as by support for local Palestinian institutions, to help to preserve the common future of the Palestinian people.

Statement on Lebanon

1.1.22. Deeply concerned at the recent developments in Lebanon which have produced a further threat to the preservation of the country's unity, the European Council reaffirms its commitment to the implementation of the Taif Agreements. It expresses its conviction that in present circumstances there is no alternative to the process of national reconciliation and peace envisaged under those Agreements.

The European Council therefore calls on all parties concerned to lend their support to these objectives, in such a way that they are furthered through dialogue and consultation to the exclusion of any

¹ Bull. EC 12-1988, points 1.1.17 and 1.1.23.

recourse to violent means, the upholding of the ceasefire being a main priority.

The European Council expresses its support for the constitutional order in Lebanon embodied by the President of the Republic and the Government appointed by him, so that in accordance with the aspirations of the whole population, the sovereignty, independence, unity and territorial integrity of Lebanon can be restored. This process implies the withdrawal of all foreign armed presence, so that the Lebanese people will be fully masters in their own house. The Council recalls the very positive role played by Unifil.

Statement on the Euro-Arab Conference

1.1.23. The European Council expresses its desire to make closer the ties which unite the Twelve to the Arab world from one side of the Mediterranean to the other. It is in this spirit that a Conference has been organized which will meet in Paris on 21 and 22 December and whose purpose will be to give a new impetus to the Euro-Arab dialogue in order to strengthen and develop cooperation.

Declaration by the Twelve on Southern Africa

1.1.24. Southern Africa has, for a year, been the scene of developments of such importance as consistently to demand the attention of the Twelve.

The most obvious of these concerns Namibia. Almost a year ago the signature of the New York Agreements opened the way for implementation of Resolution 435 as the Twelve have constantly wished. Up to now the transitional process has unfolded in a satisfactory manner and the Twelve wish, on this occasion, to express their appreciation of the vital role played by the Secretary-General of the UN and his special representative for Namibia. The first valid and free elections have permitted the appointment of a constituent assembly which truly reflects the wishes of the Namibian people. The foundations of the new State are taking shape before our eyes.

Independent Namibia's needs will be significant. The Community and its Member States are already prepared to contribute to meeting these through appropriate aid programmes. This effort will be in addition to the assistance envisaged by all of the Member States on a bilateral level. Namibia will also be welcomed into the new Lomé Convention as soon as it expresses a wish to join it. The Troika has already made known this position to the representatives of the ACP States at their recent ministerial meeting to discuss Southern Africa.

A measure of progress has also been achieved in the process of national reconciliation in Angola and Mozambique. A favourable international climate has been availed of with courage and determination on the part of those with authority in these two States in order to make significant advances on the road to peace. The recent mission of the Troika of political directors to Angola brought out the real will of the leaders of this country to put an end to the conflict which has for too many years encumbered the economic development and well-being of its people.

The Community and its Member States are resolved to match these developments by efforts to aid the reconstruction and development of both these countries.

Finally, in South Africa, President De Klerk's accession to power has been followed by several acts of clemency and a degree of freedom of expression which the Twelve have welcomed. These measures, however, are still insufficient with respect to the immense task posed by the dismantlement of apartheid. The objective of the Twelve remains the achievement through peaceful means of a democratic and multiracial system in South Africa. In this regard they support any process which can lead rapidly to the cessation of violence on all sides and to a dialogue between the parties. Only broad-based negotiations bringing together the true leaders of the different constituent parts of the South African people can result in a lasting settlement. In this respect the Conference for a democratic future, which is being held in Johannesburg from 9 to 12 December, is a step in the right direction.

In this context the Community and its Member States have recalled their support for the programme of positive measures intended to help the victims of apartheid.¹ With a view to preparing for the developments which are inescapable in South Africa, this programme will be strengthened over the next two years by granting new scholarships for study in Europe and in multiracial South African universities. The purpose of this action is to facilitate exchanges between the different communities while allowing their least privileged members to attain a better level of education and thus to contribute to the training of the skilled personnel of which a multiracial South Africa will have crucial need in the medium term.

The Community and its Member States have, moreover, decided to maintain the pressure that they exert on the South African authorities in order to promote the profound and irreversible changes which they have repeatedly stood for and to recon-

¹ Bull. EC 9-1985, point 2.5.1.

sider it when there is clear evidence that these changes have been obtained.

A new South Africa, free from racial discrimination, in which all South Africans can live in peace and harmony and enjoy equal rights, is not a Utopian ideal. Its achievement will also be of vital importance to the peace, stability, security and economic development of the whole region and will allow South Africa once more to find its proper place within the international community.

Statement on Ethiopia

1.1.25. The European Council welcomes the steps undertaken to advance towards negotiated solutions and expresses its conviction that only the conclusion of a political agreement between all parties will enable conflict to be brought to an end. It calls on the parties concerned to pursue negotiations so as to achieve as soon as possible a settlement acceptable to all, in a spirit of national reconciliation.

The European Council expresses its deep concern at the gravity of the food shortage which affects the northern regions — in Eritrea and Tigré in particular — and threatens the life of millions of persons.

It affirms the determination of the European Community and its Member States to come to the assistance of the populations who are victims of famine. It urges all parties concerned, in collaboration with the agencies of the United Nations, the World Food Programme, the International Committee of the Red Cross, and other non-governmental organizations, not to obstruct but on the contrary to facilitate the delivery and distribution of humanitarian assistance and emergency aid in the afflicted areas.

Declaration on the eve of the general elections in Chile, 14 December 1989

1.1.26. The European Council, which has constantly expressed its wish for the re-establishment of freedom in Chile, views the situation in that country with hope.

The results of the plebiscite of 5 October 1988 showed clearly the will of its people to put an end to the 16 years of the military regime and to renew its democratic traditions.

The European Council today welcomes the prospects offered by the forthcoming presidential and legislative elections at the end of a process which

should finally permit a return to a State founded on law.

The Community and its Member States have already provided the Chilean people with assistance in various sectors. The European Council reiterates its intention to contribute to the economic and social development of a democratic Chile, in particular within the framework of a future cooperation agreement between the Community and that country.

Statement on Central America

1.1.27. The European Council, concerned at the renewal of tensions in Central America and particularly at the recent explosion of violence in El Salvador, considers that a peaceful solution in accordance with the aspirations of the peoples of the region can only come through dialogue, the safeguarding of human rights, and respect for democracy. In this spirit, they call on all parties in the region to strive for a resumption of the regional peace process based on the Esquipulas agreements.

Press statement on the activity of the Twelve in the field of human rights

1.1.28. Cooperation in the field of human rights, which led earlier, in 1986, to a ministerial declaration¹ and, in 1987, to the setting-up of a special working group in accordance with the wishes of the European Parliament, has developed further in 1989.

This has been a year of contrasts in human rights, marked by progress, particularly in some East European countries, but also by disappointed hopes and the continuation of disturbing situations. Confronted with such events, the Twelve have made their voice heard. The interventions they have made in international forums (CSCE; United Nations — where for the first time last February, the Twelve made a joint intervention in the debate of the Commission on Human Rights), together with the positions they have adopted in the form of declarations, give witness to their will to react to such situations regardless of the continent in which they might occur. In certain cases (Iran, Romania, China, Panama), measures that have been taken have been made public.

The question of human rights has become an important element in the dialogue and cooperation

¹ Bull. EC 7/8-1986, point 2.4.4.

entered into with the developing countries. Respect of human rights is essential to lasting development.

Actions in the field of human rights have also been carried out by way of numerous *démarches* made during the year to several governments, most often through the Ambassador of the presidency or heads of mission forming the Troika. For reasons of efficacy, most of these *démarches* have remained confidential. The purpose of some of them has been to protect or save persons who were victims of arbitrary treatment or racial discrimination, in particular apartheid. Others have marked the concern of members of the European Community with regard to certain particularly serious attacks on human rights (summary executions, torture, arbitrary arrests, etc.).

The adoption in 1988 within the CSCE framework of a special procedure which both enables attention to be drawn to situations where human rights in Europe are not being respected and contributes to their resolution through dialogue between States,¹

has also led the Twelve to act jointly. Thus the Presidency, making use of this procedure, has intervened on a number of occasions in 1989 in four countries of Eastern Europe.

Coordination between member countries of the Community is accompanied by and relies increasingly upon enhanced on-the-spot cooperation between their missions in countries where fundamental freedoms are violated.

Particular attention has been paid to questions and resolutions of the European Parliament concerning human rights.

All in all, the actions undertaken by the Community and its Member States in 1989 in the area of human rights have marked a new stage in their common commitment to the respect of human rights.

¹ Bull. EC 6-1989, point 2.2.56.

2. Signing of the ACP-EEC Convention

1.2.1. After 14 months of intense negotiations the new ACP-EEC Convention was signed in Lomé, Togo, on 15 December, at a ceremony presided over by General Gnassingbe Eyadema, the Togolese Head of State, and attended by Dr Michael Sefali, Minister for Planning of Lesotho and President of the ACP Council of Ministers, Mr Michel Rocard, Prime Minister of France and President of the Council of the European Communities, and Mr Manuel Marín, Vice-President of the Commission.²

1.2.2. The signing of the Convention reflects the parties' determination from the outset of the negotiations to consolidate, improve and strengthen their cooperation contract based on solidarity, mutual interest and respect for each others' sovereignty. The new Convention, however, goes much further than merely maintaining existing achievements. It includes several innovations and areas of major progress. One

of the new key objectives is to process commodities locally, while the Stabex and Sysmin mechanisms and funds have been reviewed and streamlined to make them more efficient and flexible. New aspects such as population, demography and expansion of the services sector feature in the Convention. Similarly, the environment now forms the subject of a new section which sets out an overall approach and includes important measures such as a ban on transporting toxic and radioactive waste. Special emphasis is given to the private sector and business and their role in stimulating economic growth and diversification in the ACP countries. ACP products are given

² Bull. EC 10-1988, points 1.3.1 to 1.3.4; Bull. EC 11-1988, point 2.2.31; Bull. EC 12-1988, point 2.2.45; Bull. EC 1-1989, point 2.2.19; Bull. EC 2-1989, point 2.2.26; Bull. EC 5-1989, points 2.2.35 and 2.2.36; Bull. EC 6-1989, point 2.2.31; Bull. EC 7/8-1989, point 2.2.32; Bull. EC 10-1989, point 2.2.26; Bull. EC 11-1989, point 2.2.39.

substantially improved access to the Community market and the seriousness of the debt issue is acknowledged. A specific Community approach involving special additional funds has been adopted to support structural adjustment in the ACP countries. The new Convention provides a practical response to the ACP countries' debt problems by turning special loans, Stabex transfers and Sysmin financing into grants.

The Community has shown the importance it attaches to contractual policy in this area and its willingness to meet the new needs of the ACP countries by exploring new avenues and increasing the financial package by over 45% to ECU 12 000 million, of which ECU 10 800 million comes under the seventh EDF. Apart from the financial protocol, which will be renewed in five years' time, the Convention spans 10 years and includes three new countries — Haiti, Dominican Republic and, once it achieves independence, Namibia.

1.2.3. Several addresses were given at the signing ceremony.

Dr Sefali, President of the ACP Council of Ministers, referred to the headway made by the new Convention in areas such as trade, commodities and the environment. He said that the improvements made to Stabex and Sysmin and the opening-up of new fields of cooperation were a mark of progress. Although Dr Sefali made it clear that the Lomé IV financial package was smaller than the ACP countries would have liked, he acknowledged the amount of concessional aid provided.

After highlighting some of the special characteristics which make the Lomé agreements an exemplary model of cooperation, Mr Rocard, President of the Council, stressed the political significance of Lomé

IV in the current climate of international change and challenge. He officially confirmed the Community's resolve to renew the commitment to solidarity with the ACP countries given 15 years before in Lomé. He briefly reviewed the new strengthened and updated Convention, which still maintained its originality, and then pinpointed its salient features, in particular the considerable increase in the financial package and the enlarged grant element in Community aid, the support for structural adjustment and the greater emphasis on private investment.

Mr Marín, Vice-President of the Commission, stated that for the first time the new Convention constituted a North-South agreement on the philosophy of structural adjustment, which had to be feasible not only in economic but also in social and political terms. Stressing the political significance of the chapter devoted to debt, he assured the ACP countries that the Commission was willing to examine closely and in a constructive spirit, in the context of its specific responsibilities, the problem of ACP indebtedness to the Community. Turning to questions that had been raised by the ACP countries, Mr Marín said that cooperation with Central and Eastern European countries was compatible with greater support for the ACP States. As for completion of the internal market in 1992, he said that increased development efforts should enable the ACP countries to take advantage of the new opportunities opened to them.

President Eyadema warmly welcomed the signing of the fourth Convention, which testified to great solidarity in an international climate marked by crisis in the developing countries and a growing gap between them and the industrialized world. Summing up, he urged acceptance of the right to development as a vital factor for peace and stability in the world.

3. News in brief

Internal market

The Commission adopts a communication and the Council agrees to a resolution on trans-European networks (→ point 2.1.6).

The Council adopts the second Directive relating to the taking-up and pursuit of the business of credit institutions and the Directive on a solvency ratio for credit institutions (→ points 2.1.14 and 2.1.15).

Enterprise

Launching of European Tourism Year (→ point 2.1.53).

Research and technology

The Council reaches political agreement on the framework programme 1990-94 (→ point 2.1.58).

Competition

The Council adopts the Regulation on merger control (→ point 2.1.78).

Human resources, education, training and youth

The Council adopts a decision on the second phase of the Erasmus programme (→ point 2.1.123).

Measures to assist the Community's remoter regions

The Council adopts decisions concerning the Poseidon programme and on the dock-dues arrangements applicable in the French overseas departments (→ point 2.1.142).

Environment

The Commission adopts a proposal for a Directive on measures to be taken to combat air pollution by motor vehicle emissions (→ point 2.1.146).

Agriculture

The Commission adopts a proposal for a Regulation on a Community definition of organic production of agricultural products (→ point 2.1.159).

The Commission adopts a report and proposals on the non-food use of agricultural commodities (→ point 2.1.160).

The Commission approves the proposals on the prices for agricultural products and on related measures for the 1990/91 marketing year (→ point 2.1.164).

Fisheries

The Council agrees to the TACs and quotas for 1990 and the import quotas (→ points 2.1.120 and 2.1.211).

Transport

Road transport: the Council adopts a Regulation on road cabotage and a Regulation on vocational training for drivers of vehicles carrying dangerous goods by road (→ points 2.1.243 and 2.1.246).

Shipping: the Council adopts conclusions (→ point 2.1.249).

Air transport: the Council adopts conclusions (→ point 2.1.250).

External relations

Eastern Europe

Poland and Hungary

Declaration of the Ministers of the Group of 24 after the meeting held on 13 December (→ point 2.2.23).

Soviet Union

Signature of the cooperation and trade agreement and initialling of the textiles agreement (→ point 2.2.35).

East Germany

The Council approves a negotiating brief for a cooperation agreement between the EEC and East Germany (→ point 2.2.32).

Romania

Emergency aid from the Community for the people of Romania (→ point 2.2.33).

EFTA countries

The Foreign Ministers of the EEC and EFTA countries adopt a joint declaration on the negotiation of a new overall agreement (→ point 2.2.20).

Mediterranean and Gulf countries

Turkey

The Commission adopts an opinion on Turkey's application for membership (→ point 2.2.36).

Gulf countries

The Council adopts a negotiating brief for a commercial agreement between the EEC and the future customs union of the Gulf countries (→ point 2.2.46).

Euro-Arab dialogue

Relaunching of the dialogue at the ministerial meeting on 21 and 22 December in Paris (→ point 2.2.45).

Latin American countries

The Council adopts Directives for negotiations between the EEC and Argentina (→ point 2.2.53).

PART TWO
ACTIVITIES
IN DECEMBER 1989

1. Building the Community

Economic and monetary policy

Economic and monetary union

2.1.1. At its meeting on 8 and 9 December in Strasbourg, the European Council decided to call an intergovernmental conference before the end of 1990 to prepare an amendment to the Treaty with a view to the final stages of EMU (→ point 1.1.1).

Economic situation

2.1.2. On 18 December the Council carried out its fourth-quarter review of the economic situation in the Community¹ and its second multilateral surveillance exercise.² This enabled it to discuss the economic situation in the Community in depth.

Annual Economic Report 1989/90

2.1.3. In the light of the opinions delivered by Parliament on 13 December³ and the Economic and Social Committee on 16 November,⁴ the Council adopted⁵ on 22 December, on a proposal from the Commission,⁶ Decision 89/685/EEC adopting the annual report on the economic situation in the Community and establishing economic policy guidelines for 1990. It endorsed the analysis and recommendations put forward by the Commission.

Free movement of capital

Protective measures

2.1.4. On 17 December the Commission decided, on the basis of an examination of the economic situation in Greece, to extend until 30 June 1990 the authorization given to that country by its Decision 85/594/EEC of 22 November 1985 to take certain protective measures under Article 108 of the Treaty in respect of the movement of capital and transfers relating to tourist expendi-

ture.⁷ Given the relaxations already introduced, however, the scope of the restrictions which have been authorized is limited.

Internal market

2.1.5. The European Council welcomed the fact that the timetable set for completing the internal market was being adhered to and that significant progress had been made. It said that the Community was determined to carry out all the commitments contained in the Single Act in order to continue and extend the process of integration with a view to European union (→ point 1.1.1).

Trans-European networks

2.1.6. On 6 December the Commission adopted, for transmission to the Council, a communication and a draft Council resolution on trans-European networks.⁸ The Commission concluded that it was necessary to establish interconnected and interoperable networks in order to guarantee the smooth operation of the internal market, particularly in areas such as telecommunications, training, data transmission, transport and energy. To this end, it has selected specific projects in the various areas:

- (i) *telecommunications*: establishment of an integrated services digital network and a trans-European telematic videotex network, and creation of a trans-European electronic data interchange service;
- (ii) *transport*: an air-traffic management system, a European high-speed train net-

¹ Bull. EC 3-1989, point 2.1.1; Bull. 7/8-1989, point 2.1.2.

² First exercise: Bull. EC 7/8-1989, point 2.1.1.

³ OJ C 15, 22.1.1990.

⁴ Bull. EC 11-1989, point 2.1.3.

⁵ OJ L 399, 30.12.1989.

⁶ Bull. EC 10-1989, point 1.2.1 *et seq.*

⁷ OJ L 373, 31.12.1985; OJ L 325, 29.11.1988; Bull. EC 11-1988, point 2.1.3.

⁸ COM(89) 643 final.

work, a combined transport network, and a road safety, information and traffic management system;

(iii) *energy*: reinforcement of the gas and electricity transmission networks to ensure a more balanced distribution system.

2.1.7. On 21 December the Council agreed to a resolution on major trans-European networks. It endorsed the Commission's approach and invited it to submit, before the end of the year, a work programme based on consultations with the parties concerned, and to submit an initial progress report in June 1990.

Implementing the White Paper

2.1.8. At its meeting on 21 and 22 December the Council adopted conclusions concerning the Commission communication on the implementation of the measures required to complete the internal market,¹ which contains a general assessment of progress with implementing the White Paper² and takes stock of the incorporation into national law and application by the Member States of the Directives relating to the internal market. The Council considered that completion of the internal market presupposed not only the adoption of all the Community measures planned for that purpose, but also the adoption of implementing measures in the Member States. It also emphasized the need for dialogue and cooperation between the Member States and the Commission, and welcomed the Commission's intention to take all necessary steps to that end.

People's Europe

Free movement of persons

Mutual recognition of diplomas — Access to economic activities

2.1.9. On 22 December the Commission published in the Official Journal the results

of work carried out relating to occupations in the electrical/electronics sector,³ pursuant to Council Decision 85/368/EEC of 16 July 1985 on the comparability of vocational training qualifications between Member States.⁴

Special rights

2.1.10. In December, in the light of the opinion delivered (first reading) by the European Parliament on 13 December,⁵ the Commission decided to amend⁶ its three proposals for Directives concerning the right of residence.⁷ The amendments mainly relate to the conditions governing the right of residence, and references to the provisions governing the rights of migrant workers.

2.1.11. On 21 December the Council reached political agreement on the substance of the three proposals for Directives subject to further consultation of the European Parliament.

Elimination of frontier controls

2.1.12. On 21 December, acting on a Commission proposal⁸ and in the light of the opinions of the European Parliament⁹ and the Economic and Social Committee,¹⁰ the Council formally adopted Regulation (EEC) No 4060/89¹¹ on the elimination of controls performed at the frontiers of Member States in the field of road and inland waterway transport, on which it had reached agreement on 23 November.¹²

¹ Bull. EC 9-1989, point 2.1.6.

² Bull. EC 6-1985, points 1.3.1 to 1.3.8.

³ OJ C 199, 31.7.1985; Bull. EC 7/8-1985, point 2.1.88.

⁴ OJ C 321, 12.12.1989.

⁵ OJ C 15, 22.1.1990.

⁶ OJ C 26, 3.2.1990; COM(89) 675 final.

⁷ OJ C 191, 28.7.1989; Bull. EC 6-1989, point 2.1.10.

⁸ OJ C 58, 7.3.1989; Bull. EC 12-1988, point 2.1.35.

⁹ OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.4.

¹⁰ OJ C 194, 31.7.1989; Bull. EC 5-1989, point 2.1.4.

¹¹ OJ L 390, 30.12.1989.

¹² Bull. EC 11-1989, point 2.1.4.

Civil protection

2.1.13. On 12 December the Commission adopted, for transmission to the Council, the European Parliament and the Economic and Social Committee, a communication on Community cooperation on civil protection designed to inform the Community institutions of the Commission's objectives with regard to civil protection in the light of the Council resolutions of 25 June 1987¹ and 13 February 1989.² The Commission proposed that efforts be focused on three priority areas:

- (i) encouraging coordination between Member States and promoting a policy of active cooperation at Community level;
- (ii) improving the exchange of information on civil protection;
- (iii) laying the foundations for a Community programme of exchanges, training and education.

Freedom to provide services

Financial services

Banks and other financial institutions

2.1.14. On 18 December, acting on a Commission proposal,³ in cooperation with the European Parliament,⁴ and in the light of the opinion of the Economic and Social Committee,⁵ the Council (Economic and Financial Affairs) formally adopted Directive 89/647/EEC on a solvency ratio for credit institutions⁶ on which it had adopted a common position on 24 July.⁷ The Directive provides for the weighting of assets and off-balance-sheet items of credit institutions in keeping with the degree of credit risk and a ratio of 8%, which means that institutions would have to increase their level of capital.

2.1.15. On 15 December, acting on a Commission proposal,⁸ in cooperation with the European Parliament,⁹ and in the light of

the opinion of the Economic and Social Committee,¹⁰ the Council formally adopted the second Directive (89/646/EEC) relating to the taking-up and pursuit of the business of credit institutions,⁶ and amending Directive 77/780/EEC,¹¹ on which it had adopted a common position on 24 July.¹² The Directive is based on the principles of a single banking authorization and supervision and control by the home Member State. Application of the second principle presupposes the prior harmonization of provisions governing control and mutual recognition of these provisions and the conditions governing the authorization of credit institutions. The Directive will enable banks to set up branches and offer financial services freely throughout the Community.

Insurance

2.1.16. On 15 December the Council adopted a common position with a view to the adoption of the third Directive relating to insurance against civil liability in respect of the use of motor vehicles. The original Commission proposal¹³ was amended¹⁴ on 5 December in the light of the opinion delivered by the European Parliament on 25 October.¹⁵ The amendments are mainly

¹ OJ C 176, 4.7.1987; Bull. EC 6-1987, point 2.1.10.

² OJ C 44, 23.2.1989; Bull. EC 2-1989, point 2.1.3.

³ OJ C 135, 25.5.1988; Bull. EC 4-1988, point 1.2.1; OJ C 167, 3.7.1989; Bull. EC 5-1989, point 2.1.8; OJ C 303, 2.12.1989; Bull. EC 11-1989, point 2.1.5.

⁴ First reading: OJ C 96, 17.4.1989; Bull. EC 3-1989, point 2.1.5; Second reading: OJ C 304, 4.12.1989; Bull. EC 10-1989, point 2.1.11.

⁵ OJ C 337, 31.12.1988; Bull. EC 10-1988, point 2.1.66.

⁶ OJ L 386, 30.12.1989.

⁷ Bull. EC 7/8-1989, point 2.1.6.

⁸ Proposal: OJ C 84, 31.3.1988; Bull. EC 1-1988; points 1.2.1. to 1.2.3; Amended proposal: OJ C 167, 3.7.1989; Bull. EC 5-1989, point 2.1.9; Re-examined proposal: COM(89) 621 final; OJ C 318, 20.12.1989.

⁹ First reading: OJ C 96, 17.4.1989; Bull. EC 3-1989, point 2.1.6; Second reading: OJ C 323, 27.12.1989; Bull. EC 11-1989, point 2.1.6.

¹⁰ OJ C 318, 12.12.1988; Bull. EC 9-1988, point 2.4.29.

¹¹ OJ L 322, 17.12.1977.

¹² Bull. EC 7/8-1989, point 2.1.5.

¹³ OJ C 16, 20.1.1989; Bull. EC 12-1988, point 2.1.144.

¹⁴ OJ C 11, 17.1.1990; COM(89) 625 final.

¹⁵ OJ C 304, 4.12.1989; Bull. EC 10-1989, point 2.1.14.

designed to ensure that a motorist using his vehicle outside his home State will never have less than his home State insurance cover, and to find a solution to the problem of disputes between a liability insurer and the guarantee fund.

2.1.17. On 21 December the Council reached political agreement on the second directive concerning freedom to provide services in the field of direct life insurance.¹ The proposal lays down specific provisions relating to the taking-up and pursuit of activities by way of freedom to provide services, providing for two different sets of rules according to whether the initiative comes from the insurer or the policyholder. It stipulates the powers and means of supervision available to the supervisory authorities with regard to activities by way of provision of services, and in order to protect the policyholder, provides for a right to cancel the contract during a fixed period after its conclusion. Given the extension of its field of application to group assurance and the need to guarantee the independence of brokers in all the Member States, the proposal provides for the possibility of differential application as between group assurances on the one hand and the free provision of services through brokers on the other. To avoid sources of distortion of competition, the tax rules applicable are those of the Member State of the commitment, i.e. that of the policyholder.

Public procurement

Review

2.1.18. On 21 December, acting on a Commission proposal,² in cooperation with the European Parliament,³ and in the light of the opinion of the Economic and Social Committee,⁴ the Council formally adopted Directive 89/665/EEC relating to the application of review procedures to the award of public supply and works contracts,⁵ on which it adopted a common position on 24 July.⁶ The Directive provides that contractors and suppliers should have effective

review procedures making it possible to punish, at any stage in the procedure for awarding the contract, any illegalities which may be committed in relation to Community rules on public contracts by a contracting authority.

Free movement of goods

Removal of trade barriers

Industrial products

Motor vehicles

2.1.19. On 19 December the Economic and Social Committee endorsed the proposal for a Directive relating to the spray-suppression devices of certain categories of motor vehicles and their trailers.⁷

Wheeled agricultural and forestry tractors

2.1.20. On 21 December, acting on a Commission proposal,⁸ in cooperation with the European Parliament,⁹ and in the light of the opinion of the Economic and Social Committee,¹⁰ the Council formally adopted Directives 69/680/EEC, 89/681/EEC and 89/682/EEC¹¹ amending the Directives relating to roll-over protection structures, Directive 77/536/EEC of 28 June 1977 (stan-

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- ¹ OJ C 38, 15.2.1989; Bull. EC 12-1988, point 2.1.145.
 - ² OJ C 230, 28.8.1987; Bull. EC 7/8-1987, point 2.1.21; OJ C 15, 19.1.1989; Bull. EC 11-1988, point 2.1.37.
 - ³ First reading: OJ C 167, 27.6.1988; Bull. 5-1988, point 2.1.22; Second reading: OJ C 323, 27.12.1989; Bull. EC 11-1989, point 2.1.10.
 - ⁴ OJ C 347, 22.12.1987; Bull. EC 10-1987, point 2.4.40.
 - ⁵ OJ L 395, 30.12.1989.
 - ⁶ Bull. EC 7/8-1989, point 2.1.10.
 - ⁷ OJ C 263, 16.10.1989; Bull. EC 7/8-1989, point 2.1.15.
 - ⁸ Proposal: OJ C 305, 30.11.1988; OJ C 311, 6.12.1988; OJ C 324, 17.12.1988; Bull. EC 11-1988, point 2.1.21; Re-examined proposal: OJ C 30, 8.2.1990; COM(89) 582 final.
 - ⁹ First reading: OJ C 120, 16.5.1989; Bull. EC 4-1989, point 2.1.19; Second reading: OJ C 256, 9.10.1989; Bull. EC 9-1989, point 2.1.15.
 - ¹⁰ OJ C 102, 24.4.1989; Bull. EC 2-1989, point 2.1.8.
 - ¹¹ OJ L 398, 30.12.1989.

dard tractors),¹ Directive 86/298/EEC of 27 May 1986 (narrow tractors — front-mounted structures),² and Directive 87/402/EEC of 25 June 1987 (narrow-track tractors — rear-mounted structures),³ on which it had adopted common positions on 3 May.⁴ In the case of standard tractors the field of application has been broadened to tractors with a mass of 6 tonnes, as compared with 4.5 tonnes at present. In the case of narrow-track tractors a dynamic test has been added to the roll-over protection structure impact tests.

Safety of machinery

2.1.21. On 15 December the Commission adopted for transmission to the Council a proposal⁵ for a Directive amending Council Directive 89/392/EEC of 14 June 1989 relating to machinery.⁶ The aim of the proposal is to include within the scope of Directive 89/392/EEC machinery entailing mobility during operation, movement involving a series of fixed work-stations, or a lifting operation.

Gas appliances

2.1.22. On 21 December, acting on a Commission proposal,⁷ the Council adopted a common position with a view to the adoption of a Directive relating to gas appliances. The aim of the proposal is to harmonize national provisions as regards safety and energy savings in this field. It applies in particular to gas appliances used for cooking, heating, water heating, refrigeration, lighting and washing.

Personal protective equipment

2.1.23. On 21 December, acting on a Commission proposal,⁸ in cooperation with the European Parliament,⁹ and in the light of the opinion of the Economic and Social Committee,¹⁰ the Council formally adopted Directive 89/686/EEC¹¹ relating to personal protective equipment, on which it adopted a common position on 14 January.¹² The Directive lays down the conditions for placing on the market and free movement

within the Community, together with the essential requirements which personal protective equipment must satisfy in order to preserve the health and ensure the safety of users.

Electrically-operated lifts

2.1.24. On 18 December the Commission adopted for transmission to the Council a proposal¹³ for a Directive amending Council Directive 84/529/EEC¹⁴ of 17 September 1984 relating to electrically-operated lifts. The purpose of the proposal is to extend the scope of the existing provisions to include hydraulically and electrohydraulically-operated lifts.

Good laboratory practice

2.1.25. On 18 December the Commission adopted Directive 90/18/EEC¹⁵ adapting to technical progress the Annex to Council Directive 88/320/EEC of 7 June 1988¹⁶ on the inspection and verification of good laboratory practice, by incorporating in the Directive the OECD guides for compliance monitoring procedures for good laboratory practice and for the conduct of laboratory inspections and study audits.

¹ OJ L 220, 29.8.1977.

² OJ L 186, 8.7.1986; Bull. EC 5-1986, point 2.1.13.

³ OJ L 220, 8.8.1987; Bull. EC 6-1987, point 2.1.12.

⁴ Bull. EC 5-1989, point 2.1.15.

⁵ OJ C 37, 17.2.1990; COM(89) 624 final.

⁶ OJ L 183, 29.6.1989; Bull. EC 6-1989, point 2.1.15.

⁷ Proposal: OJ C 42, 21.2.1989; Bull. EC 12-1988, point 2.1.21; Amended proposal: OJ C 260, 13.10.1989; Bull. EC 9-1989, point 2.1.16.

⁸ OJ C 141, 30.5.1988; Bull. EC 4-1988, point 2.1.13; OJ C 142, 8.6.1989; Bull. EC 5-1989, point 2.1.33; Bull. EC 11-1989, point 2.1.12.

⁹ First reading: OJ C 12, 16.1.1989; Bull. EC 12-1988, point 2.1.16; Second reading: OJ C 304, 4.12.1989; Bull. EC 10-1989, point 2.1.19.

¹⁰ OJ C 337, 31.12.1988; Bull. EC 10-1988, point 2.1.9.

¹¹ OJ L 399, 30.12.1989.

¹² Bull. EC 6-1989, point 2.1.16.

¹³ OJ C 17, 24.1.1990; COM(89) 638 final.

¹⁴ OJ L 300, 19.11.1984; Bull. EC 9-1984, point 2.1.9.

¹⁵ OJ L 11, 13.1.1990.

¹⁶ OJ L 145, 11.6.1988; Bull. EC 6-1988, point 2.1.33.

Dangerous substances and preparations

2.1.26. Acting on a Commission proposal,¹ in cooperation with the European Parliament,² and in the light of the opinion of the Economic and Social Committee,³ the Council formally adopted on 21 December Directive 89/677/EEC⁴ amending for the eighth time Council Directive 76/769/EEC of 27 July 1976 relating to restrictions on the marketing and use of certain dangerous substances and preparations,⁵ on which it had adopted a common position on 3 May.⁶ The amendments are designed to restrict the marketing and use of 11 substances or families of substances, in particular five carcinogenic substances, lead carbonates and sulphates, mercury compounds, arsenic compounds and organotin compounds.

2.1.27. Acting on a Commission proposal,⁷ in cooperation with the European Parliament,⁸ and in the light of the opinion of the Economic and Social Committee,⁹ the Council also formally adopted on 21 December Directive 89/678/EEC⁴ amending the abovementioned Directive 76/769/EEC.⁵ The amendment, on which it had adopted a common position on 18 July,¹⁰ concerns the procedure for deciding on amendments adapting the Annexes to the Directive to technical progress.

2.1.28. On 19 December the Commission adopted Directive 90/35/EEC defining the categories of preparations the packaging of which must be fitted with child-resistant fastenings and/or carry a tactile warning of danger.¹¹

Weighing instruments

2.1.29. Acting on a Commission proposal,¹² as amended,¹³ the Council adopted on 21 December a common position with a view to the adoption of a Directive on non-automatic weighing instruments, on which it had reached agreement on 23 November.¹⁴

Volume ranges for prepackaged liquids

2.1.30. Acting on a Commission proposal,¹⁵ in cooperation with the European

Parliament,¹⁶ and in the light of the Economic and Social Committee,¹⁷ the Council formally adopted on 21 December Directive 89/676/EEC⁴ amending Council Directive 75/106/EEC¹⁸ 19 December 1974 relating to the making-up by volume of certain prepackaged liquids. The purpose of the Directive is to amend the volume range for still wines.

Simple pressure vessels

2.1.31. On 19 December the Commission adopted for transmission to the Council a proposal¹⁹ for a Directive amending Council Directive 87/404/EEC²⁰ of 25 June 1987 relating to simple pressure vessels. The purpose of the proposal is to provide for a transitional period until 1 July 1992 during which it would be permitted to market vessels manufactured in accordance with national regulations applicable before 1 July 1990, when Directive 87/404/EEC enters into force.

¹ OJ C 43, 16.2.1988; Bull. EC 1-1988, point 2.1.11; OJ C 191, 28.7.1989; Bull. EC 6-1989, point 2.1.17; Bull. EC 11-1989, point 2.1.14.

² First reading: OJ C 96, 17.4.1989; Bull. EC 3-1989, point 2.1.15; Second reading: OJ C 256, 9.10.1989; Bull. EC 9-1989, point 2.1.18.

³ OJ C 175, 4.7.1988; Bull. EC 4-1988, point 2.4.47.

⁴ OJ L 398, 30.12.1989.

⁵ OJ L 262, 27.9.1976.

⁶ Bull. EC 5-1989, point 2.1.21.

⁷ Bull. EC 10-1983, point 2.1.96; Bull. EC 11-1988, point 2.1.13.

⁸ First reading: OJ C 262, 10.10.1988; Bull. EC 9-1988, point 2.1.90; Second reading: OJ C 291, 20.11.1989; Bull. EC 10-1989, point 2.1.20.

⁹ OJ C 337, 31.12.1988; Bull. EC 10-1988, point 2.1.10.

¹⁰ Bull. EC 7/8-1989, point 2.1.17.

¹¹ OJ L 19, 24.1.1990.

¹² OJ C 55, 4.3.1989; Bull. EC 12-1989, point 2.1.22.

¹³ OJ C 297, 25.11.1989; Bull. EC 10-1989, point 2.1.22.

¹⁴ Bull. EC 11-1989, point 2.1.11.

¹⁵ OJ C 31, 7.2.1989; Bull. EC 12-1988, point 2.1.27.

¹⁶ First reading: OJ C 158, 25.6.1989; Bull. EC 5-1989, point 2.1.26; Second reading: OJ C 291, 20.11.1989; Bull. EC 10-1989, point 2.1.24.

¹⁷ OJ C 139, 5.6.1989; Bull. EC 3-1989, point 2.1.20.

¹⁸ OJ L 42, 15.12.1975.

¹⁹ OJ C 13, 19.1.1990; COM(89) 636 final.

²⁰ OJ L 220, 8.8.1987; Bull. EC 6-1987, point 2.1.14.

Foodstuffs

2.1.32. On 18 December the Commission adopted for transmission to the Council a proposal for a Directive on the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer. The purpose of the proposal is to consolidate the provisions in force, the new directive replacing the various existing directives.

Standardization, certification and testing

Certification and testing

2.1.33. On 21 December the Council adopted a resolution¹ on a global approach to conformity assessment endorsing the Commission communication of 24 July.² The resolution, which follows on from that of 7 May 1985,³ adopts a number of guiding principles for a European policy on conformity assessment: a consistent approach in Community legislation; generalized use of the European standards relating to quality assurance and the requirements to be fulfilled by manufacturers, testing laboratories and certification bodies; the setting-up of a testing and certification organization at European level in order to promote mutual recognition agreements; and the need to strengthen certain national technical facilities. The resolution also lays down the basic principles and conditions concerning the Community's relations with non-member countries in this sphere.

Customs union

Simplification of customs formalities

Cooperation with the EFTA countries

2.1.34. Following on from the Luxembourg Declaration of 9 April 1984⁴ on cooperation between the Community and

the EFTA countries it was agreed that in view of the special situation of certain EFTA countries bilateral agreements could be negotiated, e.g. with a view to facilitating controls and formalities during the transport of goods. To this end, an Agreement between the Community and Switzerland was initialled in Brussels on 20 December. The Agreement, which should enter into force on 1 July 1991, is aimed at bringing the controls and formalities applying to trade between the two contracting parties into line with those applying to the transport of goods within the Community, thus improving the flow of traffic between the Community and Switzerland by cutting the waiting time at the frontier. It provides for a substantial increase in the opening times of customs offices at the frontier between the Community and Switzerland, the creation of fast lanes for vehicles in transit or unloaded, the transformation of frontier customs offices wherever possible into joint control offices and the development of administrative collaboration at all levels, including the local level between officials working at frontiers during crossing operations. Lastly, it stipulates that controls should take the form merely of random checks.

Community fisheries

2.1.35. On 4 December the Commission adopted Regulation (EEC) No 3634/89,⁵ amending Regulation (EEC) No 137/79⁶ on the institution of a special method of administrative cooperation for applying intra-Community treatment to the fishery catches of vessels of Member States. The aim of the amendment is to permit re-export in split consignments in cases where Community fishery products are transported to a third country and then re-exported into

¹ OJ C 10, 16.1.1990.

² OJ C 231, 8.9.1989; Bull. EC 7/8-1989, point 2.1.22.

³ OJ C 136, 4.6.1985; Bull. EC 5-1985, point 1.3.1.

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

⁵ OJ L 355, 5.12.1989.

⁶ OJ L 20, 27.1.1979.

the Community. It is due to enter into force on 1 March 1990.

General legislation

Release of goods for free circulation

2.1.36. On 19 December the Economic and Social Committee adopted a favourable opinion without debate on a proposal¹ to amend Council Directive 79/695/EEC of 24 July 1979 on the harmonization of procedures for the release of goods for free circulation.² The Committee would like to see comparable harmonization in export arrangements.

Customs debt

2.1.37. On 21 December, acting on a re-examined proposal³ by the Commission in cooperation with the European Parliament⁴ and after taking into account the opinion delivered by the Economic and Social Committee,⁵ the Council adopted Regulation (EEC) No 4046/89 on the security to be given to ensure payment of a customs debt.⁶ The rules applying to various specific customs procedures permit or require customs authorities to demand a security to ensure payment of a customs debt, and this Regulation contains:

- (i) certain rules on the obligation to provide a security (responsible person, exemption for public authorities, *de minimis* rules, criterion for requesting the optional security);
- (ii) provisions relating to determination of the amount of the security;
- (iii) provisions relating to methods of providing the security.

2.1.38. On the same day the Council also adopted a common position on the proposal⁷ to amend Council Regulation (EEC) No 1031/88 of 18 April 1988 determining the persons liable for payment of a customs debt.⁸

Common Customs Tariff/ Combined Nomenclature

Common Customs Tariff

2.1.39. On 18 December, acting on a proposal from the Commission,⁹ the Council adopted Regulation (EEC) No 3845/89¹⁰ amending Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature¹¹ with a view to postponing until 1 January 1991 the deadline for the entry into force of the Taric code.

Combined Nomenclature

2.1.40. On 21 December the Council adopted a common position on the proposal for a Regulation on information given by Member States' customs authorities concerning the classification of goods in the Combined Nomenclature (binding tariff information).¹²

Origin of goods

Agricultural products

2.1.41. On 15 December the Commission adopted Regulation (EEC) No 3850/89¹³ laying down provisions for the implemen-

¹ OJ C 235, 13.9.1989; Bull. EC 7/8-1989, point 2.1.24.

² OJ L 205, 13.8.1979.

³ Proposal: OJ C 30, 4.2.1983; Bull. EC 1-1983, point 2.1.21; amended proposal: OJ C 113, 27.4.1984; Bull. EC 4-1984, point 2.1.29; OJ C 11, 17.1.1990; COM(89) 590 final.

⁴ First reading: OJ C 77, 19.3.1984; Bull. EC 2-1984, point 2.1.37; Second reading: OJ C 291, 20.11.1989; Bull. EC 10-1989, point 2.1.28.

⁵ OJ C 211, 8.8.1983; Bull. EC 6-1983, point 2.1.50.

⁶ OJ L 388, 30.12.1989.

⁷ OJ C 142, 8.6.1989; Bull. EC 5-1989, point 2.1.36.

⁸ OJ L 102, 21.4.1988; Bull. EC 4-1988, point 2.1.65.

⁹ Bull. EC 11-1989, point 2.1.23.

¹⁰ OJ L 374, 22.12.1989; Bull. EC 7/8-1987, point 2.1.80.

¹¹ OJ L 256: 7.9.1987; Bull. EC 7/8-1987, point 2.1.80.

¹² Proposal: OJ C 256, 8.10.1981; Bull. EC 9-1981, point 2.1.25; amended proposal: OJ C 81, 22.3.1984; Bull. EC 2-1984, point 2.1.36; OJ C 28, 3.2.1989; Bull. EC 12-1988, point 2.1.93.

¹³ OJ L 374, 22.12.1989.

tation of Council Regulation (EEC) No 802/68 of 27 June 1968¹ on the common definition of the concept of the origin of goods for certain agricultural products subject to special import arrangements. The new Regulation introduces a new certificate of origin and administrative cooperation between the Community authorities and third countries involved and thus partially replaces the current sectoral approach.

Trade between the Community and Yugoslavia

2.1.42. On 21 December, acting on a Commission proposal,² the Council adopted Regulation (EEC) No 4063/89³ of 21 December 1989 on the application of Decision No 4/89 of the EEC-Yugoslavia Cooperation Council amending, on account of the accession of Spain and Portugal to the European Communities, Protocol 3 concerning the definition of the concept of 'originating products' and methods of administrative cooperation.

Taxation

2.1.43. At its meeting in Strasbourg, the European Council agreed on the need for an early completion of work on both the taxation of savings and the abolition of tax frontiers (→ point 1.1.4.).

Taxation of savings

2.1.44. At the Council's economic and financial affairs meeting on 18 December, at which the Commission's proposals on the taxation of savings were discussed,⁴ 11 Member States agreed on a series of measures designed:

(i) to improve mutual assistance between Member States, while ensuring that the obligations incumbent upon the competent authorities and the persons concerned were in proportion to the seriousness of the pre-

sumed evasion and to the significance of the amounts in question;

- (ii) to extend mutual judicial assistance;
- (iii) to adjust certain national measures;
- (iv) to step up cooperation with countries which were not members of the Community.

Indirect taxation

Abolition of tax frontiers

2.1.45. At its economic and financial affairs meeting on 18 December, the Council supplemented the guidelines concerning the approximation of indirect taxation⁵ it had adopted on 13 November.⁶ Where the standard rate of VAT is concerned, Member States undertook not to depart, before 1 January 1993, from the 14% to 20% rate band proposed by the Commission. In addition, before 1 January 1991 the Council would decide on the rate band or minimum rate applicable from 1 January 1993 within this 14% to 20% range. Also before 1 January 1991 it would decide on the level and scope of the reduced rates and zero rates which could continue to be applied without distorting competition. While taking note of the results achieved, the Commission stated that it could not fully endorse this agreement in view of Denmark's reservation about the abolition on 1 January 1993 of restrictions on purchases made by private individuals when moving within the Community.

2.1.46. On 19 December the Economic and Social Committee adopted a favourable opinion on the Commission's proposals on the approximation of indirect taxation.⁵ It emphasized that, while it would be impos-

¹ OJ L 148, 28.6.1968.

² Bull. EC 7/8-1988, point 2.1.48.

³ OJ L 392, 30.12.1989.

⁴ OJ C 141, 7.6.1989; Bull. EC 2-1989, point 1.2.1 *et seq.*

⁵ Bull. EC 5-1989, point 1.1.1.

⁶ Bull. EC 11-1989, point 2.1.27.

ible, given the tight deadline, for taxation in the country of origin to be introduced by the end of 1992, it hoped that the duration of the provisional arrangements to be introduced would be as brief as possible and that the principle of the abolition of frontier controls would not be called into question.

Turnover taxes

2.1.47. On a proposal from the Commission,¹ the Council adopted on 21 December Decision 89/683/EEC² authorizing France to apply, in respect of trade in fresh industrial waste and recuperable material, a measure derogating from Articles 2 and 10 of Council Directive 77/388/EEC of 17 May 1977 on the harmonization of the laws of the Member States relating to turnover taxes.³ This measure is designed primarily to prevent certain types of tax evasion or avoidance, a secondary consideration being to simplify the procedure for collecting VAT.

Enterprise

Business environment

Company law

Accounts

2.1.48. On 21 December the Council, acting on a proposal from the Commission,⁴ in cooperation with Parliament⁵ and in the light of the opinion of the Economic and Social Committee,⁶ adopted the eleventh Directive (89/666/EEC) concerning disclosure requirements in respect of branches opened in a Member State,⁷ on which they had adopted a common position in May.⁸

Single-member companies

2.1.49. On 21 December the Council, acting on a proposal from the Commission,⁹ and in the light of the opinions delivered by Parliament¹⁰ and the Economic and Social Committee,¹¹ adopted the twelfth Directive (89/667/EEC) concerning single-member private limited companies,⁷ on which it had adopted a common position in June.¹²

Intellectual property

Community patent

2.1.50. The third Intergovernmental Conference¹³ of representatives from the 12 Member States and the Commission on a Community patent,¹⁴ called by the Council in September,¹⁵ was held in Luxembourg from 11 to 15 December. They were able to solve several technical problems concerning linguistic and financial rules for the Community patent left unresolved by the conference in December 1985,¹³ and certain difficulties connected with the accession of Spain and Portugal. The agreement on the Community patent was thereupon signed

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- 1 COM(89) 614 final.
 - 2 OJ L 398, 30.12.1989.
 - 3 OJ L 145, 13.6.1977.
 - 4 OJ C 203, 12.8.1986; Bull. EC 7/8-1986, point 2.1.16; OJ C 105, 21.4.1988; Bull. EC 4-1988, point 2.1.80; OJ C 309, 8.12.1989; Bull. EC 11-1989, point 2.1.31.
 - 5 First reading: OJ C 345, 21.12.1987; Bull. EC 11-1987, point 2.1.109; Second reading: OJ C 256, 9.10.1989; Bull. EC 9-1989, point 2.1.25.
 - 6 OJ C 319, 30.11.1987; Bull. EC 9-1987, point 2.4.30.
 - 7 OJ L 395, 30.12.1989.
 - 8 Bull. EC 5-1989, point 2.1.48.
 - 9 OJ C 173, 2.7.1988; Supplement to Bull. EC 5-1988; Bull. EC 3-1988, point 2.1.93; OJ C 152, 20.6.1989; Bull. EC 5-1989, point 2.1.50; Bull. EC 11-1989, point 2.1.33.
 - 10 First reading: OJ C 96, 17.4.1989; Bull. EC 3-1989, point 2.1.29; second reading: OJ C 291, 20.11.1989; Bull. EC 10-1989, point 2.1.40.
 - 11 OJ C 318, 12.12.1988; Bull. EC 9-1988, point 2.4.30.
 - 12 Bull. EC 6-1989, point 2.1.42.
 - 13 Second Conference: Bull. EC 12-1985, point 2.1.22.
 - 14 OJ L 17, 26.1.1976.
 - 15 Bull. EC 9-1989, point 2.1.26.

by the Twelve and will be submitted for ratification by the national parliaments.

Administrative simplification

2.1.51. On 14 December the European Parliament¹ endorsed the proposal for a Council recommendation relating to the implementation of a policy of administrative simplification in favour of small and medium-sized enterprises in the Member States.² Parliament formulated several amendments concerning, in particular, consultation with both sides of industry and extending the use of the Commission's evaluation procedure (impact assessment).³

Cooperatives and mutual and friendly societies

2.1.52. On 17 December the Commission adopted for transmission to the Council a communication on cooperatives, mutual and friendly societies and the completion of the internal market. After describing the sector and its main elements, the Commission outlined Community action and made proposals to ensure that enterprises in this sector have access to the internal market under the same conditions as other enterprises.

Distribution and tourism

Tourism

2.1.53. On 11 December, representatives of the Member States and the six EFTA countries attended the official launch by the Commission in Strasbourg of European Tourism Year (1990). The objectives of European Tourism Year are to promote the large internal market, encourage European integration by means of tourism and emphasize this sector's economic and social role in regional development and job creation. In December 1988 the Council

adopted an action programme,⁴ the main features of which are:

- (i) improving the knowledge of Community citizens, and young people in particular, of cultures and life styles in the participating countries;
- (ii) encouraging the staggering of holidays;
- (iii) developing new tourist destinations;
- (iv) developing new forms of tourism and alternatives to mass tourism;
- (v) promoting intra-European tourism, in particular by facilitating the movement of travellers; and
- (vi) promoting tourism from third countries to Europe.

Industrial strategy and services

Sectoral policies

Steel

Penalties

2.1.54. On 19 December the Commission decided to impose a fine on a company which, during the period of application of the rules governing the system of production quotas for certain categories of steel products, exceeded its production quotas and the part of these quotas that may be delivered to the common market. The fine imposed was almost ECU 4.8 million.

¹ OJ C 15, 22.1.1990.

² OJ C 189, 26.7.1989; Bull. EC 5-1989, point 2.1.53.

³ Bull. EC 11-1989, point 2.1.34.

⁴ OJ L 17, 21.1.1989; Bull. EC 12-1988, point 2.1.9.

Forward programme

2.1.55. On 11 December the Commission adopted, at first reading, the forward programme for steel for the first quarter. The ECSC Consultative Committee endorsed it on 19 December. In this document the Commission stresses the need to adapt production to the actual demand for steel and forecasts a considerable reduction in stocks at users and dealers in the coming months. According to the Commission, real consumption of steel products in the Community in the first quarter of 1990 should be about the same as that forecast for the last quarter of 1989,¹ i.e. 32.5 million tonnes. Large stocks of crude steel, resulting from production in the first part of 1989 being broadly higher than the recommended tonnages, weigh heavily on the market. However, the economic forecasts for the steel market remain good. Compared with the first quarter of 1989, the indicators of activity for the major steel-consuming industries point to an increase of 3.8% in the manufacture of metal articles, 3.7% in mechanical engineering, 5.4% in electrical engineering, 2.1% in motor vehicle manufacture, 1.9% for other means of transport and 0.3% in building and civil engineering.

Motor vehicles

2.1.56. Based on a communication from the Commission on a single Community motor vehicle market, the Council (General Affairs) adopted conclusions on this subject at its meeting on 18 and 19 December. It called attention to the special importance of this issue and the challenges for the Community in the industrial, social and trade sectors, and the completion of the internal market. The document outlines the likely medium-term prospects in this sector, describes the potential contribution of the completion of the internal market to the current adjustments and details the commercial policy implications. As regards the completion of the internal market, the Commission thinks measures should be taken in six areas (technical harmonization,

approximation of indirect taxation, managing State intervention, research and technology, training and retraining, dismantling internal quantitative restrictions). As regards commercial policy, the Commission proposes a limited transition period beyond 1992 to prevent the Community industry suffering a violent shock, during which period Japan could voluntarily limit its exports.

Pedip

2.1.57. In accordance with Council Regulation (EEC) No 2053/88 of 24 June 1988 on financial assistance for Portugal for a specific industrial development programme,² on 19 December the Commission adopted its general implementation guidelines for 1990.³

Research and technology

Community R&TD

Framework programme

2.1.58. Following the favourable opinion delivered by the European Parliament on 14 December,⁴ the Council (Research) reached political agreement at its meeting on 15 and 16 December on the proposal for a new framework programme in the field of research and technological development.⁵ This agreement provides for the implementation of six activities under three groupings between which the total amount estimated as necessary is subdivided as follows:

¹ OJ C 273, 26.10.1989, Bull. EC 9-1989, point 2.1.29.

² OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.1.166.

³ OJ C 322, 23.12.1989.

⁴ OJ C 15, 22.1.1990.

⁵ OJ C 243, 23.9.1989; Bull. EC 7/8-1989, point 1.3.1 *et seq.*

(ECU million)	
I. Enabling technologies	
1. Information and communications technologies	2 221
2. Industrial and materials technologies	888
II. Management of natural resources	
3. Environment	518
4. Life sciences and technologies	741
5. Energy	814
III. Management of intellectual resources	
6. Human capital and mobility	518
Total	5 700

Without prejudice to the amount estimated as necessary of ECU 3 125 million under the framework programme (1987-91),¹ which can be entered in the budget as from 1990, the amount regarded as necessary for the Community's participation in the financing of the programme as a whole is thus ECU 5 700 million, of which ECU 2 500 million for 1990, 1991 and 1992 and ECU 3 200 million for the financing in 1993 and 1994 of activities initiated in the period 1990-92, subject to the adoption of new financial perspectives for 1993 and 1994 and the compatibility of this amount with these financial perspectives.

This third framework programme will be implemented by way of 15 specific programmes. As provided for in the Commission's initial proposal, it may also give rise to complementary programmes under Article 130l of the Single European Act, participation under Article 130m, cooperation under Article 130n, and joint undertakings or any other structure under Article 130o.

Of this overall budget ECU 550 million has already been earmarked for the functioning of the JRC during the current period and ECU 57 million is set aside for the dissemination and exploitation of the results of the research.

Following clarification of several technical points by Coreper, the Council will adopt a common position on the new framework programme (1990-94).

Main areas of Community R&TD

Quality of life

Health

2.1.59. Acting on a proposal from the Commission,² as revised,³ in cooperation with the European Parliament,⁴ and in the light of the opinion of the Economic and Social Committee,⁵ the Council (Research) adopted a common position on 15 November for the adoption of a Decision adopting a specific research and technological development programme in the field of health: human genome analysis: (1990-91). This programme is allocated a budget of ECU 15 million and covers the following fields: improvement of the human genetic map; physical mapping (ordered clone libraries); data processing and data bases; improvement of methods and bases for studying the human genome; training; ethical, social and legal aspects.

As set out in the revised proposal,³ the Commission will initiate a wide-ranging and in-depth debate on the ethical, social and legal aspects of human genome analysis. It will submit an annual report to the European Parliament and the Council, possibly accompanied by recommendations. To this end, the Commission will draw on the expertise of high-level specialists representing the different branches of science (including medicine), law, philosophy and ethics, and also consult the representatives of sickness associations.

¹ OJ L 302, 24.10.1987; Bull. EC 9-1987, point 2.1.32.

² OJ C 27, 2.2.1989; Bull. EC 7/8-1988, point 2.1.23.

³ OJ C 303, 2.12.1989.

⁴ First reading: OJ C 69, 20.3.1989; Bull. EC 2-1989, point 2.1.24.

⁵ OJ C 56, 6.3.1989.

The overall financial allocation of ECU 15 million will be broken down as follows:

	(million ECU)
Improvements of the human genetic map	3.3
Physical mapping (ordered clone libraries)	3.4
Data processing and databases	2.2
Improvement of the methods and basis for the study of the human genome	2.2
Training	1.9
Ethical, social and legal aspects	1.0
Management and staff	1.0
Total	15.0

2.1.60. On 13 December the Commission adopted the first joint research programme on safety in the European Coal and Steel Community (ECSC) industries.¹ The Commission takes the basic line that technological processes and operating conditions are constantly changing due to the growing competition with which ECSC industries are faced. Modernization and new technologies may pose new safety problems, the resultant situation being characterized by the coexistence of state-of-the-art installations and traditional working methods. The collective or individual risk for the workforce is increased and the consequences of malfunctioning of these more sophisticated technologies are accentuated by the profound behavioural modifications which they impose.

The Commission estimates that a satisfactory programme making a worthwhile contribution to improving safety in the ECSC industries will require — subject to budget availabilities during the financial years in which the allocation of funds is proposed — an overall budget of some ECU 26 million for a probable period of five years starting from 1989.

Environment

2.1.61. As part of the research and technological development programme in the field

of environmental protection (STEP),² the Commission published on 30 December a call for proposals³ concerning participation in the research by means of shared-cost contracts concerning research areas 7, 8 and 9 only, namely, protection and conservation of the European cultural heritage, technologies for environmental protection and major technological hazards.

Industrial technologies

Raw materials

2.1.62. As part of the Reward research and development programme in the field of raw materials and recycling⁴ the Commission published on 30 December a call for proposals⁵ concerning participation in the research by means of shared-cost contracts concerning research area 2 only, namely, recycling technologies.

Energy

Nuclear fission

2.1.63. Acting on a proposal from the Commission,⁶ and in the light of the opinions of the European Parliament⁶ and the Economic and Social Committee,⁷ the Council formally adopted on 15 December Decision 89/664/Euratom adopting a specific R&TD programme for the EAEC in the field of management and storage of radioactive waste (1990-94).⁸ This programme, with an allocation of ECU 79.6 million, is aimed at perfecting and demonstrating a system for managing radioactive waste which will ensure, at the various stages, the best possible protection of the individual and the environment. It covers the following

¹ OJ C 325, 29.12.1989.

² OJ L 359, 8.12.1989; Bull. EC 11-1989, point 2.1.47.

³ OJ C 326, 30.12.1989.

⁴ OJ C 359, 8.12.1989; Bull. EC 11-1989, point 2.1.48.

⁵ OJ C 144, 10.6.1989; Bull. EC 5-1989, point 2.1.77.

⁶ OJ C 323, 27.12.1989; Bull. EC 11-1989, point 2.1.50.

⁷ OJ C 329, 30.12.1989; Bull. EC 10-1989, point 2.1.59.

⁸ OJ L 395, 30.12.1989.

areas: studies of management systems; treatment of waste; safety of the multi-barrier system of geological disposal; and construction and/or operation of underground facilities open to Community joint activities.

The funds allocated will be distributed as follows:

	<i>(million ECU)</i>
Part A: Waste management and associated R&D projects	
— Studies of management systems	5.4
— Treatment of waste	7.5
— Safety of the multi-barrier system of geological disposal	39.2
Part B:	
— Construction and/or operation of underground facilities open to Community joint activities	27.5

Telecommunications, information technology and innovation

Information technology and telecommunications

Telecommunications (RACE)

2.1.64. In accordance with Council Decision 88/28/EEC of 14 December 1987 on the RACE programme,¹ on 20 December the Commission adopted for transmission to the Council a communication on research and development in advanced communications technologies in Europe (RACE): progress report 1989 and 30-months review. The report emphasizes that the results of the RACE programme will offer protagonists in European telecommunications and services a strategic competitive advantage. It will create large-scale awareness within the industry of the market opportunities which will accompany the implementation of the next generation of telecommunications and service systems in

Europe. It will demonstrate the advantages of collaboration on a European scale in the precompetitive R&D necessary to bring innovative system designs to the global marketplace.

Telecommunications policy

High-definition television

2.1.65. Following the substantive agreement reached at the Council meeting of 7 November,² on 7 December the Telecommunications Ministers adopted Decision 89/630/EEC on the common action to be taken by the Member States with respect to the adoption of a single worldwide high-definition television production standard by the plenary assembly of the International Radio Consultative Committee in 1990.³

Integrated broadband telecommunications

2.1.66. On 7 December the Council meeting on telecommunications adopted a declaration on the new forms of Community research and technological development activities in the field of integrated broadband telecommunications, in which it asked the Commission to set up a working party to study the possibility of establishing an appropriate structure to pursue research in this area and report on progress before the meeting scheduled for April 1990.

Public radiopaging systems

2.1.67. On 13 December Parliament adopted two opinions⁴ on the proposal for a recommendation on the coordinated introduction of pan-European land-based public radiopaging in the Community and the proposal for a Directive on the frequency bands to be reserved for the intro-

¹ OJ L 16, 21.1.1988; Bull. EC 12-1987, point 2.1.71.

² Bull. EC 11-1989, point 2.1.56.

³ OJ L 363, 13.12.1989.

⁴ OJ C 15, 22.1.1990.

duction of the system.¹ Parliament approved both proposals, but made a number of amendments aimed essentially at preventing any artificial limiting of the new system and improving its flexibility.

Emergency call number

2.1.68. On 19 December the Economic and Social Committee endorsed the proposal for a Decision on the introduction of a standard Europe-wide emergency call number.² The Committee stressed the importance of the standard number being introduced in parallel with any other national emergency call numbers.

Common market in telecommunications

2.1.69. At the Council meeting of 21 and 22 December, a common position was reached on the proposal for a Directive on the establishment of the internal market for telecommunications services through the implementation of open network provision,³ as amended⁴ following the opinions of Parliament⁵ and the Economic and Social Committee.⁶

Combined use of IT and telecommunications in general applications

Tedis programme

2.1.70. On a proposal from the Commission,⁷ and after Parliament⁸ and the Economic and Social Committee had delivered their opinions, on 22 November the Council adopted Decisions 89/689/EEC, 89/690/EEC, 89/691/EEC, 89/692/EEC, 89/693/EEC and 89/694/EEC⁹ concerning the conclusion of Agreements between the EEC and Austria, Finland, Iceland, Norway, Sweden and Switzerland on trade electronic data interchange using the communications networks (Tedis).

Delta programme

2.1.71. In accordance with Council Decision 88/417/EEC of 29 June 1988 on the Delta programme,¹⁰ on 20 December the Commission adopted for transmission to the Council and Parliament a communication concerning R&D in learning technology — developing European learning through technological advance (Delta): progress report 1989 and mid-term review.

The results described in the document are based on the report of various audits of the exploratory phase conducted by independent experts. The experts carried out an overall check on the objectives, scope and progress of the projects during the year.

The results of these audits show that the exploratory phase of Delta succeeded in its original objectives and suggest that the programme would continue to achieve satisfactory results in the future if a main phase were to be proposed.

Drive programme

2.1.72. In accordance with Council Decision 88/416/EEC of 29 June 1988 on the Drive programme,¹¹ on 20 December the Commission adopted for transmission to the Council and Parliament a communication on R&D in dedicated road infrastructure for vehicle safety in Europe (Drive): progress report 1989 and mid-term review. The report stresses that the Drive programme will result in significant advances in the European road transport and IT environment. In particular, it will lead to the development of:

¹ OJ C 193, 31.7.1989; Bull. EC 4-1989, point 2.1.64.
² OJ C 269, 12.10.1989; Bull. EC 9-1989, point 2.1.39.
³ OJ C 39, 16.2.1989; Bull. EC 12-1989, point 2.1.73.
⁴ OJ C 236, 14.9.1989; Bull. EC 6-1989, point 2.1.64.
⁵ OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.81.
⁶ OJ C 159, 26.6.1989; Bull. EC 4-1989, point 2.1.65.
⁷ OJ C 285, 11.11.1989; Bull. EC 10-1989, point 2.1.65.
⁸ OJ C 15, 22.1.1990.
⁹ OJ L 400, 30.12.1989.
¹⁰ OJ L 206, 30.7.1988; Bull. EC 6-1988, point 2.1.81.
¹¹ OJ L 206, 30.7.1988; Bull. EC 6-1988, point 2.1.83.

- bases for priority choices between technological options for implementation;
- technology based on the outcome of mainly theoretical and some experimental investigation of technical problems;
- user interaction at an early stage in the planning of the next generation of systems.

These results will help to raise awareness in Europe and provoke an early reaction from those involved in the field, thus making a significant contribution to enabling the European services, motor, transport and IT industries to obtain a strategic competitive advantage in the exploitation of the growing global market opportunities.

AIM programme

2.1.73. In accordance with Council Decision 88/577/EEC of 4 November 1988 on the AIM programme,¹ on 20 December the Commission adopted for transmission to the Council and Parliament a communication concerning advanced informatics in medicine (AIM): progress report 1989 and mid-term review. According to the report, the results of the AIM exploratory phase and the opinions of those involved in the sectors consulted indicate that further collaboration in the field of medical and bio-informatics is of great importance as well as being in line with Community objectives.

Eurotra programme

2.1.74. On 5 December the Commission adopted, for transmission to the Council, a proposal for a Decision adopting a specific programme concerning the preparation of the development of an operational Eurotra system.² The proposal aims in particular to support the development of an operational Eurotra system, develop methods and tools to enable lexical resources to be re-used in computerized applications and prepare standards for lexical and terminological data. These activities are a follow-up to the research and development programme for a machine translation system of advanced design (Eurotra), adopted by Council

Decision 82/752/EEC of 4 November 1982³ which comes to an end on 30 June 1990.

Promotion of innovation

Sprint programme

2.1.75. On 7 December the Commission published a call for tenders concerning technical support for the execution of the strategic programme for innovation and technology transfer (Sprint) (1989-93),⁴ the main phase of which was launched by Council Decision 89/286/EEC of 17 April 1989.⁵

The call for tenders concerns the provision of external expertise to assist the Commission in carrying out the daily management and follow-up of the technical execution of the Sprint projects in the following areas:

- (i) execution and follow-up of selected proposals, including preparation of draft contracts, administrative processing of interim reports, etc. and electronic processing of these operations;
- (ii) follow-up of new and existing networks and related projects through contacts, on-site visits, organization of annual or regional contractors' meetings, etc.;
- (iii) interconnection of networks, dissemination of 'best practices' and other methods to improve network efficiency;
- (iv) execution and follow-up of specific projects for intra-Community innovation transfer;
- (v) dissemination of information in the Member States on Sprint's various activities, notably for potential applicants and, where appropriate, in cooperation with existing Community information services

¹ OJ L 314, 22.11.1988; Bull. EC 11-1988, point 2.1.174.

² COM(89) 603 final.

³ OJ L 317, 13.11.1982; Bull. EC 11-1982, point 2.1.25.

⁴ OJ C 308, 7.12.1989.

⁵ OJ L 112, 25.4.1989; Bull. EC 4-1989, point 2.1.69.

such as Euroinfo Centres, and Press and Information Offices.

Information market and language industries

2.1.76. Under the fourth plan of action for the improvement of information transfer between European languages,¹ on 19 December the Commission published an invitation to tender for projects to be implemented in the field of machine-aided translation,² with the particular aim of assisting the continued development and use of the Systran system.

Competition

Eighteenth Report on Competition Policy

2.1.77. On 19 December the Economic and Social Committee adopted an opinion on the 18th Report on Competition Policy in which it emphasized the inconvenience caused by the protracted delay in adopting the Regulation on merger control. It also regretted that the annual report had been published considerably later than usual, as a result of the Commission's inadequate resources, and deplored the delays in decision-making. With an eye to the single market, the Committee put forward suggestions regarding the competition rules and copyright, State aid, the study programme, regional policies and agriculture and price comparisons. It also made proposals concerning the need for changes in Community competition policy.

General rules applying to businesses

Merger control

2.1.78. On 21 December the Council (Internal Market) adopted Regulation No

4064/89 on the control of concentrations between undertakings,³ the original proposal for which was formulated by the Commission in July 1973.⁴ In the meantime it has undergone repeated amendments⁵ to take account, in particular, of Parliament's opinions.⁶ The Regulation, which will both constitute a cornerstone of Community competition policy and contribute in no small measure of the successful completion of the internal market, is based on the following key principles:

- A clear distinction is made between mergers with a Community dimension, where the Commission will have the power to intervene, and those which have their main impact in the territory of one or other Member State, which will remain within the jurisdiction of the national authorities.
- The Regulation applies only to the former types of merger, i.e. those with a Community dimension. A merger is deemed to have a Community dimension where the following three criteria are satisfied:
 - (i) a threshold of an aggregate worldwide turnover of all the firms concerned of more than ECU 5 billion. For financial institutions and insurance companies, specific thresholds are laid down based on one-tenth of their total assets;
 - (ii) a threshold of an aggregate Community-wide turnover of each of at least two of the firms concerned of more than ECU 250 million;
 - (iii) a requirement of transnationality. There will be no Community vetting if each of the firms concerned achieves more than two-thirds of its aggregate Community-

¹ Bull. EC 10-1985, point 2.1.36.

² OJ C 317, 19.12.1989.

³ OJ L 395, 30.12.1989.

⁴ OJ C 92, 31.12.1973.

⁵ OJ C 36, 12.2.1982; Bull. EC 12-1981, point 2.1.31; OJ C 51, 23.2.1984; Bull. EC 2-1984, point 2.1.42; OJ C 324, 17.12.1986; OJ C 130, 19.5.1988; Bull. EC 3-1988, point 2.1.59; OJ C 22, 28.1.1989; Bull. EC 11-1988, point 2.1.90.

⁶ OJ C 144, 15.6.1981; OJ C 322, 28.11.1983; Bull. EC 10-1983, point 2.1.43; OJ C 309, 5.12.1988; Bull. EC 10-1988, point 2.1.52.

wide turnover within one and the same Member State.

The thresholds will be revised, probably downwards, not later than four years from the date of adoption of the Regulation.

- All mergers falling within the scope of the Regulation will be evaluated in accordance with clearly defined rules. The crucial test is that of 'dominant position'. The acquisition or strengthening of such a position will be declared incompatible with the common market if effective competition would be significantly impeded as a result. A merger which does not impede effective competition will be declared compatible with the common market. The evaluation process will take into account such factors as the structure of the markets concerned, actual or potential competition, the market position of the firms concerned, the opportunities open to third parties, barriers to entry, the interests of consumers, and technical and economic progress.

- The merger control arrangements include compulsory prior notification by the firms concerned. In its proceedings the Commission must observe the strict time-limits set.

- The Regulation is based on the exclusivity principle. Consequently, decisions on mergers with a Community dimension falling within the scope of the Regulation will normally be taken by the Commission, and in such cases the Member States have undertaken not to apply their national law. There are, however, two exceptions to this rule. Firstly, the Commission may refer a merger to the authorities of a Member State where a problem involving a dominant position in a distinct market within the Member States concerned cannot be solved satisfactorily by applying the Regulation. Secondly, the national authorities may take measures to protect 'legitimate interests' other than those provided for in the Regulation, such as public security, plurality of the media, and prudential rules. In such cases, a Member State may prohibit a merger or make its approval subject to additional conditions or requirements, but it may not authorize a merger prohibited by the Commission.

- The Regulation will enter into force on 21 September 1990. In the meantime, firms will have an opportunity to familiarize themselves with it, and the Commission will prepare the necessary implementing provisions.

Agreements, decisions and concerted practices in the insurance sector

2.1.79. On 18 December the Commission adopted, for transmission to the Council, Parliament and the Economic and Social Committee, a proposal for a Council Regulation authorizing the Commission to apply Article 85(3) of the EEC Treaty to certain categories of agreements, decisions and concerted practices in the insurance sector.¹ An examination of such agreements, decisions and concerted practices having shown that only a few of them do not fall within the scope of that article, the Commission is proposing that a blanket solution in the form of a block exemption be adopted to deal with the hundreds of notifications which have been or will be made by insurers and their associations.

Restrictive practices, mergers and dominant positions: specific cases

Prohibited horizontal agreements

Sugar beet

2.1.80. On 19 December the Commission adopted Decision 90/45/EEC² finding that the priority given under an inter-trade agreement to supplies of sugar beet produced by national growers and the exclusion of foreign growers from the network of traditional suppliers constituted infringements of Article 85(1) of the EEC Treaty.

¹ OJ C 16, 23.1.1990; COM(89) 641 final.

² OJ L 31, 2.2.1990.

Between 1976 and 1980, owing to the fact that beet production in Belgium fell short of the sugar quotas allocated to Belgian sugar manufacturers, Raffinerie Tirlemontoise concluded with growers in the Bavay-Maubeuge region of France a number of delivery contracts containing the same purchasing conditions as those granted to national suppliers.

After 1980 an increase in Belgian beet production and a fall in sugar prices on the world market meant that it was no longer possible to sell at a profit all the sugar that was produced. In 1985 the Belgian associations of beet growers and sugar manufacturers concluded fresh inter-trade agreements providing for the setting of quotas on beet supplies and giving priority to supplies of beet grown in Belgium. The implementation of this priority clause led, in 1986, to the exclusion of the Bavay-Maubeuge suppliers. As a result, a group of excluded suppliers lodged a complaint with the Commission in August 1987.

Following intervention by the Commission, in November 1989 the Belgian beet-growers' association notified to the Commission a new version of the inter-trade agreements which no longer contained any clauses giving priority to Belgian beet.

IATA

2.1.81. In December the Commission expressed doubts about the conformity of the IATA international air cargo tariff co-ordination system with the Community's competition rules.

As required by Article 5 of Regulation (EEC) No 3975/87,¹ a notice inviting interested third parties and the Member States to submit their comments was published in the Official Journal on 5 September 1989.²

In choosing not to grant the system automatic exemption under Article 85(3), the Commission found that it was liable to restrict competition in international air cargo transport between airports within the Community, and that IATA had failed to

show that there were any offsetting benefits to users.

Permissible forms of cooperation

Association pharmaceutique belge

2.1.82. On 14 December the Commission adopted Decision 90/33/EEC granting a standard agreement between the Association pharmaceutique belge (APB) and Belgian or foreign manufacturers of para-pharmaceutical products negative clearance under Article 85.³

The agreement concerns the distribution of para-pharmaceutical products through Belgian pharmacies. It gives manufacturers the right to affix the APB guarantee mark on their para-pharmaceutical products if they have been tested and approved by the APB. The manufacturer undertakes to sell products bearing the APB mark only through pharmacies.

Under an earlier version of the agreement, manufacturers were required to sell APB-tested and -approved para-pharmaceutical products only through pharmacies whether or not the APB mark was affixed. The Commission having objected to this requirement on the ground that it infringed the Community's competition rules, the agreement was amended along the above lines, thereby safeguarding and upholding the right of manufacturers and wholesalers to sell their products through all types of distribution channel.

TEKO

2.1.83. On 20 December the Commission adopted Decision 90/22/EEC⁴ granting the operation of TEKO (Technisches Kontor für die Maschinen-BU-Versicherung), a reinsurance pool in the Federal Republic of Germany, exemption under Article 85(3).

¹ OJ L 374, 31.12.1987; Bull. EC 12-1987, point 2.1.280.

² OJ C 228, 5.9.1989.

³ OJ L 18, 23.1.1990.

⁴ OJ L 13, 17.1.1990.

TEKO is a pool set up for the purpose of joint and mutual reinsurance in respect of the risks of loss of profits resulting from the breakdown of plant and machinery. It consists of 20 insurance companies with a combined market share of about 20%. The companies may, if they wish, place reinsurances with TEKO, but they are under no obligation to do so. TEKO concludes on behalf of the companies common reinsurance contracts which are administered by it.

In the Commission's opinion, the cooperation between the companies within TEKO results in substantial rationalization and cost-saving. Because of the small number of contracts involved and the diversity of risks covered, the individual companies do not have the expertise needed to transact direct insurance business, nor are they able individually to negotiate favourable reinsurance terms.

In reaching its decision, the Commission also took into account the fact that the participating companies face strong competition from other insurers operating in the relevant market.

Concordato Incendio

2.1.84. Also on 20 December, the Commission adopted Decision 90/25/EEC granting a 10-year exemption under Article 85(3) to the non-profit-making association of insurance companies known as the Concordato Italiano Incendio Rischi Industriali.¹ The association groups together 28 Italian fire offices which, in the industrial fire risks insurance class, account for 50% of the market. The association agreement between the companies was notified to the Commission on 4 February 1988. At the request of the Commission, which has sought comments from interested third parties,² several changes were made to the agreement, the obligation to apply the association's tariff and policy conditions being replaced by a simple recommendation and a clause being inserted to the effect that the anonymity of companies duly informing the association of any departure from the

standard general conditions will be respected.

Distribution

Bayer AG

2.1.85. On 14 December, acting under Article 85(1), the Commission adopted Decision 90/38/EEC fining Bayer, the chemicals company, ECU 500 000 for operating anti-competitive agreements with its customers in the feedingstuffs industry.³

Under the agreements, customers were required to purchase Bayo-n-ox Premix 10%, a growth promoter containing an active substance which leads to an improvement in feed conversion and in daily weight gain, solely to cover their own requirements in their own works.

Bayo-n-ox Premix 10% used to be protected by patents covering the active substance, the manufacturing process and/or the final product. In Germany, patent protection expired in 1985, as a result of which the price fell. This fall in the German price made it economically worthwhile for purchasers in neighbouring Member States to obtain supplies of Bayo-n-ox from Bayer's German customers.

The object and effect of the obligation to use the product exclusively for their own requirements was to prevent German purchasers of Bayo-n-ox from reselling it and hence from exporting it to other Member States of the Community in which patent protection still existed and where prices were consequently higher.

Bayer has terminated the agreements in response to the action taken by the Commission.

¹ OJ L 15, 19.1.1990.

² OJ C 259, 12.10.1989.

³ OJ L 21, 26.1.1990.

State aid¹

General schemes

Rules governing aid schemes of minor importance

2.1.86. On 20 December² the Commission decided to revise the rules governing aid schemes which have a minor impact on intra-Community trade and competition. Since 1985 the Commission has had simplified rules for dealing with such schemes³ and it has regularly approved them when they meet certain conditions. In principle, it will now not object to aid schemes of minor importance notified under Article 93(3) of the EEC Treaty which satisfy the following criteria:

(a) In the case of new aid schemes, except those in industries covered by specific Community guidelines (steel, shipbuilding, synthetic fibres and motor vehicles), and in the case of aid in the agricultural, fisheries, transport and coalmining sectors, where:

(i) the recipient firm does not employ more than 150 people and its annual turnover does not exceed ECU 15 million, and

(ii) the aid intensity does not exceed 7.5%, or

(iii) if the aid is intended to help create jobs, it amounts to no more than ECU 3 000 per job created, or

(iv) in the absence of specific investment or job creation objectives, the total amount of aid a recipient may be granted is not more than ECU 200 000.

The first criterion must be satisfied in all cases and at least one of the three others must be satisfied as well. All the above figures are before deduction of tax, i.e. gross. Member States must ensure that the recipient is not granted more aid than allowed according to the above criteria for the same project through repeated notification of aid schemes meeting the criteria or through such schemes being combined with other aid under general, regional or industry schemes.

(b) In the case of existing aid schemes previously approved by the Commission the rules laid down in 1985 will continue to apply.

All aids can be granted on a national, regional or local basis. Aids towards exports between Member States and all operating aids are excluded from the procedure.

Small businesses

Spain

2.1.87. Also on 20 December the Commission approved three training and advisory programmes and two financial contributions from the Basque Government in support of small and medium-sized firms in the Basque Country. Most of the measures will be co-financed under an ERDF programme for the region. The training and advisory programmes consist mainly of financial assistance, including for studies (total budget of ECU 3 million in 1990), advisory services (ECU 400 000) and information (ECU 600 000). The Commission approved the programmes because the assistance is in each case limited in amount, is intended for small businesses and will not be combined with other aid. One of the financial contributions is for a mutual guarantee company and amounts to ECU 3.8 million, of which ECU 1.1 million will be provided by the ERDF over three years. The Commission approved the contribution because, among other things, the company will create the conditions necessary for financing projects undertaken by small firms, the guarantees cover small amounts, the failure rate is low and, if the guarantee is called, the company will take legal steps to recover the amount involved.

The other financial contribution is a ECU 2.7 million grant to a venture capital company, of which half will be financed by the

¹ See the Agriculture, Transport, Energy and Fisheries sections for State aid measures in those fields.

² OJ C 40, 20.2.1990.

³ Nineteenth General Report, point 389.

ERDF over a three-year period. In the light of all the information supplied so far by the Spanish authorities, the Commission decided that holdings acquired by the company do not in principle constitute aid.

Research and development

Germany

2.1.88. That same day the Commission decided to raise no objection to the implementation by the German Government of an information technology R&D aid scheme entitled 'Mikrosystemtechnik'. The scheme, which is aimed at businesses, universities and scientific institutes, will have a budget of ECU 142.5 million for the period 1990-93 and the intensity of the aid will range from 50% for basic industrial research to 25.8% for applied research.

Belgium

2.1.89. On 17 December the Commission approved under Article 92(3)(c) of the EEC Treaty the refinancing for 1989 of a scheme entitled 'Belgian participation in European technological R&D programmes'. The scheme has a budget of ECU 8.4 million for the current year and under it aid is granted in the form of advances, repayable in the event of success, to all firms taking part in a European R&D project, and in particular Eureka projects.

Italy

2.1.90. On 20 December the Commission approved under Article 92(3)(c) the award of aid by the Italian Government to Eureka project 255. The project concerns the study of a fully automated system (reagents + instruments) for the serological determination of syphilis. Diesse, a microbiology company, is participating in the project to the tune of ECU 1.6 million and will receive assistance in the form of a direct grant equivalent to a gross intensity of 48.7% of eligible costs.

Regional aid

France

2.1.91. On 17 December the Commission approved the extension for 1989 and 1990 by the French authorities of two aid schemes in the department of Ariège, one for productive investment and one for tourism. In the case of the aid scheme for productive investment, which is a regional aid scheme, the Commission took into account the fact that the department of Ariège was eligible for this type of assistance, that the ceilings on regional aid in the department would be respected and that the aggregate amount of aid was very small. In the case of the aid scheme for tourism (improvement of leisure areas for rural tourism or winter sports, modernization or construction of tourist accommodation), the Commission considered that trade flows would not be affected to an extent contrary to the common interest, given the low intensity of the aid, the small amount involved and the limited period of application.

2.1.92. Again on 17 December the Commission terminated an inquiry under Article 93(2) of the EEC Treaty which it had initiated in April 1988¹ in respect of 24 regional planning grants made by the French authorities outside assisted areas. In its 1984 Decision on the regional planning grant scheme,² the Commission authorized the French Government to make regional planning grants outside assisted areas in 1985 and 1986 provided it secured the Commission's prior agreement after notifying cases where the investment or the intensity of aid exceeded certain thresholds. The Commission, on learning that this prior notification requirement did not appear to have been satisfied in 24 cases in 1985 and 1986, initiated a thorough inquiry. Having examined each case and taken the comments submitted into account, the Commission decided that 12 cases were in practice compatible with the common market

¹ Bull. EC 4-1988, point 2.1.75.

² Bull. EC 10-1984, point 2.1.45.

and that 12 others qualified for exemption under Article 92(3)(c) from the State aid ban, given the social and economic situation of the regions where the investments had been carried out. However, it reminded the French authorities that most of the decisions to grant aid were illegal since there had been no prior notification of the proposed aids as required by the Treaty.

Industry schemes

Chemicals

France

2.1.93. On 20 December the Commission approved the aid granted by the French Government to the chemical company Orkem (formerly CDF-Chimie) in 1986 and 1987, in respect of which the Commission had initiated Article 93(2) inquiry proceedings on 7 May 1986¹ and 2 December 1987.² The aid, which involved the relinquishing of advances and loans amounting to FF 4.37 billion (ECU 631 million) and two capital grants of FF 2 billion (ECU 289 million) and FF 2.1 billion (ECU 303 million), was intended to speed the company's return to financial health by helping to finance major cuts in fertilizer and petrochemical production capacity. The Commission took the view that the aid did not affect conditions on the market to an extent contrary to the general interest as the capacity cuts were in a sector suffering from serious structural problems at Community level and were contributing towards its recovery.

Shipbuilding

Shipbuilding aid ceiling

2.1.94. Also on 20 December, the Commission fixed the new production aid ceiling for shipbuilding at 20% as from 1 January 1990. The decision was taken under the sixth Directive on shipbuilding aid,³ which requires the Commission to set a ceiling for aid on an annual basis. The ceiling sets a

maximum level of production aid for contracts for building new vessels. The lowering of the aid ceiling from the prevailing 26% to 20% reflects a clear and continuing improvement in world market prices for building new ships and an improvement in the comparative cost structure of the most efficient Community yards. The Commission also decided to reduce the maximum level of aid for small ships costing less than ECU 6 million from the present level of 16% to 14%.

Germany

2.1.95. On 17 December the Commission decided to raise no objection to a proposal by the Berlin Senate to award aid to Deutsche Industrie Werke. The aid, which is in the form of a loan to help pay the annual ground rent due to the *Land* of Berlin, is intended to strengthen the shipyard's financial position. It does not exceed the ceiling set by the sixth shipbuilding aid Directive.

2.1.96. On the same day the Commission decided to initiate the Article 93(2) inquiry procedure in respect of aid granted by the German Government to Schiffswerft Gernersheim, first in 1988 in the form of a guarantee covering 90% of a DM 1.8 million (ECU 888 000) loan and then in 1989 in the form of a guarantee covering 95% of a DM 20.7 million (ECU 10.2 million) loan, to keep the yard in operation.

2.1.97. On 20 December the Commission approved German aid proposals for the shipbuilding industry in Flensburg, Schleswig-Holstein. The aid involves the foundation of a new company Howaldtswerke Deutsche Werft — Flensburger Schiffbau Gesellschaft GmbH on 1 January 1990 and the liquidation of the Neue Flensburger Schiffbau Gesellschaft and the Flensburger Schiffbau Gesellschaft, the latter being at present in bankruptcy. Howaldtswerke Deutsche Werft, Kiel, will be a 51% shareholder

¹ Bull. EC 5-1986, point 2.1.57.

² Bull. EC 12-1987, point 2.1.120.

³ OJ L 69, 12.3.1987; Bull. EC 12-1986, point 2.1.122.

and managing operator of the new company. Employment in the new company will involve the present workforce of 525 persons, though this will be reduced to 430 by end 1990. The financial support given by the public authorities concerns the provision of 49% shareholding capital of DM 3.626 million, investment grants amounting to DM 3.202 million (ECU 1.6 million) and subsidies amounting to DM 0.5 million (ECU 250 000) for the execution of a social plan. Several guarantees are provided by the *Land* of Schleswig-Holstein on loans for working capital of the new company and for future yields on the shareholding capital.

Domestic appliances

Spain

2.1.98. After completion of the Article 93(2) inquiry proceedings initiated on 23 November 1988,¹ the Commission adopted on 20 December a negative decision with regard to aid granted to Magefesa, a Spanish group producing stainless steel articles and small electrical appliances. The aid was paid in 1986 and 1987 by the Spanish central Government and the governments of the autonomous communities of Andalusia, Cantabria and the Basque Country in view of the serious financial difficulties besetting the companies in the group. The aid formed a rescue package consisting of loan guarantees amounting to PTA 1.830 billion (ECU 13.9 million), the subsidized refinancing of a PTA 2.085 billion (ECU 15.9 million) loan from Fogasa, outright grants totalling PTA 1.095 billion (ECU 8.3 million) and an interest rebate of PTA 9 million (ECU 68 600). The Commission concluded that the aid had helped keep the companies artificially in operation, no viable restructuring plan having been adopted, and that it should be recovered by the Spanish authorities.

Pharmaceuticals

Belgium

2.1.99. On 20 December the Commission adopted a negative decision regarding the

aid awarded to Belgian pharmaceutical companies through the conclusion of programme contracts.² The Belgian Government imposes certain controls on the market for pharmaceutical products in order to limit the cost of sickness insurance. In Belgium the prices of pharmaceutical products are frozen at a relatively low level and price rises are permitted only under very strict conditions. The Belgian authorities have devised an alternative by permitting the conclusion of programme contracts. These contracts authorize price increases within the framework of the present price-fixing system in return for certain undertakings by the beneficiary, without the medicines ceasing to be eligible for reimbursement from the sickness insurance funds. The companies concluding a contract have to give an undertaking concerning investments and research projects, job creation and/or an increase in exports — normal and typical activities for all firms in the pharmaceutical industry. Accordingly, permitting aid in the form of selective price increases under a strict price-fixing system would place the recipient firms' competitors at a disadvantage which could force them to withdraw from the market. The Commission therefore called upon the Belgian Government not to conclude any further contracts.

Machine tools

France

2.1.100. Also on 20 December the Commission took a final negative decision with regard to aid granted to Brisard Machine-Outil and Berthiez Productics, in respect of which it had initiated the Article 93(2) inquiry procedure on 14 December 1988.³ These newly-formed companies had purchased the assets of the bankrupt French machine-tool producer MFL (Machines Françaises Lourdes). In 1988, to help the

¹ Bull. EC 11-1988, point 2.1.102.

² Initiation of the proceedings: Bull. EC 7/8-1986, point 2.1.73.

³ Bull. EC 12-1988, point 2.1.128.

companies start up, the French authorities granted them interest-free loans of FF 25 million (ECU 3.6 million) and FF 17 million (ECU 2.5 million) on highly favourable repayment terms. This government assistance was unlawful, the French authorities having failed to notify the Commission in advance. In reaching its decision, the Commission took into account the disruptive effects of the aid in the machine-tool sector, where there is intense competition between Community producers, and the fact that the aid was not linked to any restructuring of the companies involving definitive reductions in capacity such as might justify the payment of aid. It is therefore asking the French Government to recover the FF 25 million loaned to Brisard Machine-Outil. The recovery of the FF 17 million-worth of aid granted to Berthiez Productics has not been requested as that company is being wound up.

Paper

Germany

2.1.101. Again on 20 December the Commission adopted a negative decision prohibiting North Rhine-Westphalia from granting paper manufacturers Strepp GmbH & Co KG regional aid amounting to DM 3.6 million (ECU 1.8 million).¹ The aid was to have helped the firm expand its toilet paper production capacity. The associated investment, totalling DM 60 million (ECU 29.6 million), will be carried out in the municipality of Kreuzau in the Düren labour market area, an area which does not have designated status for aid purposes. In the light of the socio-economic situation there, the granting of regional aid was judged to be incompatible with the common market.

Mining

Greece

2.1.102. That same day the Commission decided to terminate the Article 93(2) pro-

ceedings it had initiated on 21 December 1988² in respect of the award of DR 2.7 billion (ECU 15.6 million) in aid to Bauxite Mines of Eleusis (Elbaumin). Granted under Law 1386/83 empowering the Greek Government to assist Greek industry, the aid sought to secure the company's recovery through its financial reorganization and the introduction of the necessary restructuring measures. In reaching its decision, the Commission took account of the considerable shortfall in Community bauxite production, the low intensity of Community competition and the fact that additional restructuring measures were being taken by the company.

Restructuring the Italian public steel sector

2.1.103. Following the Council's assent, given on 14 November, the Commission adopted, on 13 December, a Decision extending certain time-limits, e.g. postponing the date for the closure of Bagnoli to 31 December 1990, and amending the payment conditions specified in Article 6(4) of Decision 89/218/ECSC.³ At the Council meeting on 14 November the Italian authorities had agreed not to make any further requests for extensions of the time-limits set by the Commission for the closures which have to be made in return for the aid authorized.

Employment and social policy

Social dimension of the internal market

2.1.104. At the Strasbourg European Council (→point 1.1.1), the Heads of State and Government of 11 Member States adopted the Community Charter of the Fundamental Social Rights of Workers, a draft

¹ Initiation of the proceedings: Bull. EC 2-1989, point 2.1.68.

² Bull. EC 12-1988, point 2.1.136.

³ OJ L 86, 31.3.1989; Bull. EC 12-1988, point 2.1.30.

version of which had been adopted by the Commission on 27 September¹ and examined by the Council (Social Affairs) on 30 October.² The main fundamental rights included in the Charter are: freedom of movement, freedom to choose and engage in an occupation and fair remuneration for that occupation, improvements in living and working conditions, social protection, vocational training, worker information, consultation and participation, protection of health and safety at the workplace, and protection of elderly persons and disabled persons. The European Council also took note of the fact that the Commission has drawn up an action programme³ on the application of the Charter and called on the Council to discuss the Commission's proposals in the light of the social dimension of the internal market and having regard to national and Community responsibilities.

Employment

Employment and labour market

2.1.105. On 15 December, the Commission adopted for transmission to the Council, the European Parliament, the Economic and Social Committee and other interested bodies a report on social developments covering the Community's main activities in the social field in 1988. The areas in question are as follows: employment, education, vocational training, social dialogue and industrial relations, working conditions and labour law, wages and incomes, living conditions and family affairs, social security, safety and health at work, and health protection.

Financial instruments

European Social Fund

2.1.106. On 20 December, the Commission adopted for transmission to the Council, the European Parliament and the

Economic and Social Committee the 17th report on the activities of the European Social Fund (1988). The report describes in detail ESF activities in 1988. During the year ECU 2 870 million (over 29% of the appropriations available) was committed for ESF operations, including ECU 2.386 million (75% of the amounts approved) for young people under 25, ECU 685 million (21.5%) for people over 25, and ECU 107 million for specific innovative operations. The total amount approved (ECU 3.178 million) exceeds the appropriations available because ECU 323 million was used in advance in December 1987 to cover some applications for 1988. In 1988 ESF activities were carried out against the background of an employment situation that was better than in the past. As a result of improvements in the economic situation some three million new jobs were created during the year.

2.1.107. On 15 December, the Commission adopted Decision 90/5/EEC⁴ on the maximum eligible amounts of aid from the European Social Fund for expenditure on recruitment subsidies, aid for the setting-up of self-employed activities, and employment premiums.

2.1.108. On 20 December, the Commission approved the Community support framework for objectives No 3 (combatting long-term unemployment) and No 4 (occupational integration of young people) for Belgium, Denmark, France, Germany, Italy, Luxembourg, the Netherlands and the United Kingdom. The negotiations which preceded adoption of the Community support frameworks made it possible to establish, in a spirit of partnership, a dialogue with the Member States on the problems encountered in the field of training and employment and to define a number of priorities for Community financial support for the period 1990-92. Preference was given to

¹ Bull. EC 9-1989, point 2.1.55.

² Bull. EC 10-1989, point 2.1.83.

³ Bull. EC 11-1989, point 2.1.80.

⁴ OJ L 3, 6.1.1990.

transnational operations which contribute to the modernization of the production structure, in particular in SMEs, and to training in new technologies, especially those related to Community research and development programmes. The amounts granted to the Member States in question for 1990-92 are as follows: ECU 174 million for Belgium, ECU 99 million for Denmark, ECU 872 million for France, ECU 573 million for Germany, ECU 585 million for Italy, ECU 7 million for Luxembourg, ECU 230 million for the Netherlands and ECU 1 025 million for the United Kingdom.

2.1.109. On 15 December, the Commission set the eligible amounts per person for recruitment subsidies, aid for the setting-up of self-employed activities and employment premiums schemes for the 1990 financial year pursuant to Council Regulation (EEC) No 4255/88¹ of 19 December 1988.

Aid for disaster victims

2.1.110. On 20 December the Commission decided to grant emergency aid for the victims of the torrential rains and storms which hit Portugal from 3 to 5 December (ECU 300 000) and France, Spain and the United Kingdom on 17 and 18 December (ECU 300 000 for each country).

2.1.111. On 14 December the European Parliament adopted three resolutions on the storm in the Algarve, the floods occurring in the Iberian Peninsula and heavy rainfall on the island of Rhodes.² Parliament called on the Commission to grant emergency aid to the local inhabitants.

Aid for ECSC workers

Social support measure for the coalmining industry

2.1.112. In December, the Commission adopted a decision approving the criteria for applying Article 56 (1)(c) of the ECSC Treaty. For the first time aid was granted to 4 067 mineworkers affected by the intro-

duction of new processes and equipment. The aid granted amounted to some ECU 9.20 million, the allocation of which is shown in Table 1.

Table 1 — *Aid for mineworkers*

Member State	Workers	Amounts (ECU)
Spain	422	1 115 180
United Kingdom	3 645	8 081 438
Total	4 067	9 196 618

Social support measures for the steel industry

2.1.113. In December, the Commission decided to grant ECU 25 million to a supplementary social programme for 14 735 steelworkers affected by restructuring measures. This programme will contribute either to early retirement or to re-employment of the workers in question. The allocation of this aid is shown in Table 2 below.

Table 2 — *Supplementary social programme for steelworkers*

Member State	Workers	Amounts (ECU)
FR of Germany	4 460	5 398 625
Greece	16	29 920
Spain	1 633	3 282 450
France	2 994	5 525 490
Italy	3 700	7 085 625
Luxembourg	555	1 050 890
Netherlands	234	473 935
Portugal	756	1 392 340
United Kingdom	387	760 725
Total	14 735	25 000 000

¹ OJ L 374, 31.12.1988; Bull. EC 12-1988, point 2.1.200.

² OJ C 15, 22.1.1990.

Redeployment aid

2.1.114. In December, the Commission approved supplementary redeployment aid for ECSC workers affected by restructuring measures. Totalling ECU 136.24 million, this aid will go to 46 579 workers.

The budget resources available also made it possible to release aid held back under the

20% reserve clause applied to the decision taken in July 1989¹ and the balance was committed for the countries referred to. The amount of aid allocated in 1989 under Article 56(2)(b) was thus ECU 183.86 million.

The allocation of the ECU 136.24 million granted is shown in Table 3.

Table 3 — *Supplementary redeployment aid for ECSC workers*

Member State	Steel		Coal		Iron mines	
	Workers	Amount (ECU)	Workers	Amount (ECU)	Workers	Amount (ECU)
Belgium	130	255 677				
FR of Germany	3 914	13 446 081	7 871	32 440 452		
Greece	12	24 600				
Spain	1 633	5 225 600	781	2 343 000		
France	9 589	28 767 000	4 195	18 617 256	276	1 969 683
Italy	3 306	6 480 224				
Netherlands	521	1 453 171				
Portugal			84	137 400		
United Kingdom	595	2 783 857	13 672	22 297 173		
Total	19 700	58 436 210	26 603	75 835 281	276	1 969 683

Living and working conditions — Social protection

Social integration of disabled persons

2.1.115. On a proposal from the Commission² and after receiving the opinions of the European Parliament³ and the Economic and Social Committee,⁴ the Council formally adopted on 18 December Decision 89/658/EEC⁵ amending Council Decision 88/23/EEC of 18 April 1988 on the establishment of a Second Community action programme for disabled persons (Helios).⁶ The Decision ensures the continuation from 1 January 1990 to 31 December 1992 of the computerized information system on disability questions (Handynet) described in the annex to Decision 88/231/EEC. It makes possible the launching in the course of 1990

of the Handynet module which, by means of a computerized information system, will provide detailed information in the nine Community languages on technical aids for persons with impaired motor, visual, hearing, mental or communication faculties.

Health and safety

Public health

Cancer

2.1.116. On 19 December, the Economic and Social Committee adopted an opinion

¹ Bull. EC 7/8-1989, point 2.1.101.

² OJ C 272, 25.10.1989; Bull. EC 9-1989, point 2.1.62.

³ OJ C 323, 27.12.1989; Bull. EC 11-1989, point 2.1.87.

⁴ Bull. EC 11-1989, point 2.1.88.

⁵ OJ L 393, 30.12.1989.

⁶ OJ L 192, 22.7.1988; Bull. EC 4-1988, point 2.1.92.

on the proposal for a Directive on advertising in the press and by means of bills and posters of tobacco products.¹ The Committee approved the proposal while opposing measures threatening to jeopardize the activities of tobacco producers and distributors and advertising agencies. The strictness of the ban on indirect advertising was deemed disproportionate in relation to the restrictions provided for direct advertising, penalizing companies which had opted for diversification and threatening to cause job losses.

AIDS

2.1.117. On 22 December the Council and the Ministers for Health meeting within the Council adopted a resolution on the fight against AIDS,² on which they had reached agreement on 13 November.³

Drugs

2.1.118. On 19 December the Commission adopted for transmission to the Council a proposal for a decision⁴ concluding on behalf of the European Economic Community the United Nations Convention against illicit traffic in narcotic drugs and psychotropic substances, which was adopted in Vienna on 19 December 1988⁵ and signed on behalf of the European Economic Community on 8 June. On 15 November, 10 Member States signed the Convention and the remaining Member States have initiated the national procedures necessary for signature. The purpose of the proposal is conclusion of the Convention on behalf of the Community and the simultaneous submission before 30 June 1990 of the instruments of ratification and accession by the Community and its Member States.

Health and safety at the workplace

2.1.119. In December the Commission adopted a communication⁶ concerning the assessment of the safety aspects of personal protective equipment with a view to the choice and use thereof when the Council

Directive of 30 November 1989 is implemented.⁷

Human resources, education, training and youth

2.1.120. On 14 December⁸ the Council adopted conclusions on relations with Eastern European countries in the field of education and training (→ point 2.2.22).

Cooperation in the field of education

2.1.121. On 14 December⁸ the Council and the Ministers for Education meeting within the Council adopted a resolution on failure at school, in which they stated that measures to combat failure should be one of the priorities of the education policies of the Member States, involving, at national and Community level, improvements in the field of primary education, better initial and in-service training of teachers and the taking into account by schools of the cultural, social and economic context.

2.1.122. On 14 December⁸ the Council and the Ministers for Education meeting within the Council also adopted conclusions on the possible amendment of the Statute of the European School and the utilization of their education experience.

Higher education

2.1.123. On a proposal from the Commission⁹ and in the light of the opinions of

¹ OJ C 124, 19.5.1989; Bull. EC 3-1989, point 2.1.85.

² OJ C 10, 16.1.1990.

³ Bull. EC 11-1989, point 2.1.95.

⁴ COM(89) 654 final.

⁵ Bull. EC 12-1988, point 2.2.69.

⁶ OJ C 328, 30.12.1989.

⁷ OJ L 393, 30.12.1989; Bull. EC 11-1989, point 2.1.102.

⁸ OJ C 27, 6.2.1990.

⁹ Proposal: OJ C 150, 17.6.1989; Bull. EC 4-1989, point 2.1.93; revised proposal: OJ C 232, 9.9.1989; Bull. EC 7/8-1989, point 2.1.114; amended proposal: OJ C 40, 20.2.1990; COM(89) 639 final.

the European Parliament¹ and the Economic and Social Committee,² the Council and the Ministers for Education meeting within the Council formally adopted, on 14 December, Decision 89/663/EEC³ which, amending Council Decision 87/327/EEC⁴ of 15 June 1987, provides the basis for the second phase of the Community action programme on student mobility (Erasmus II). Basing itself on the experience gained from the first years of the programme's operation, this decision seeks, by amending a number of constraints inherent in the first phase, to make possible an increase in the number of students taking advantage of the programme, improved adaptation to the requirements of the universities and a more balanced distribution among the Member States of the funds earmarked for student grants. Taking into account the judgment handed down on 30 May by the Court of Justice,⁵ it clarifies the scope of the programme by avoiding any ambiguity about the fact that it does not cover research.

2.1.124. Pursuant to Council Decision 87/327/EEC⁴ of 15 June 1987 adopting the Erasmus programme, the Commission adopted, on 13 December for transmission to the Council and the European Parliament its report on the experience gained in implementing the programme (1987-89). The report summarizes the various monitoring and assessment measures taken by the Commission during the first two years the programme has been in operation.

Vocational training

2.1.125. On 7 December the Commission adopted for transmission to the Council a proposal⁶ for a decision on the conclusion of Agreements between the European Economic Community and the EFTA countries establishing cooperation in the field of training in connection with implementation of the Comett II programme (1990-94).⁷ This proposal is the outcome of negotiations between the Commission and EFTA representatives, negotiations in which the Commission was authorized to participate

by the Council Decision of 22 May.⁸ Six bilateral Cooperation Agreements were signed on 19 December. Identical in content, they provide for participation in Comett II by Austrian, Finnish, Icelandic, Norwegian, Swedish and Swiss universities and undertakings in return for a financial contribution to the programme budget from the countries in question. Though entitled to the same treatment as Member State projects, EFTA projects put forward for Comett financing will have to include among the partners involved organizations from at least two Member States.

2.1.126. At its meeting on 11 and 12 December, the Council adopted a decision authorizing the Commission to negotiate on behalf of the Community an Agreement with the Principality of Liechtenstein also establishing cooperation in the field of training under the Comett II programme.

2.1.127. On 14 December the Council and the Ministers for Education meeting within the Council adopted conclusions on technical and vocational education and initial training.⁹ They stressed the importance of technical and vocational education and training at national and European Community level, and called on the Commission to evaluate all the Community programmes now under way with a view to drafting proposals designed to adapt and reinforce existing programmes and to implement a package of specific measures.

Education and training for technological change

2.1.128. On a proposal from the Commission,¹⁰ in the light of the opinions of the

¹ OJ C 323, 27.12.1989; Bull. EC 11-1989, point 2.1.105.

² OJ C 329, 30.12.1989; Bull. EC 10-1989, point 2.1.96.

³ OJ L 395, 30.12.1989.

⁴ OJ L 166, 25.6.1987; Bull. EC 5-1987, points 1.3.1 to 1.3.2.

⁵ Case 242/87, *Commission v Council*: OJ C 153, 21.6.1989; Bull. EC 5-1989, point 2.7.26.

⁶ COM(89) 613 final.

⁷ OJ L 13, 17.1.1989; Bull. EC 12-1988, point 2.1.159.

⁸ Bull. EC 5-1989, point 2.1.121.

⁹ OJ C 27, 6.2.1990.

¹⁰ OJ C 242, 22.9.1989; Bull. EC 7/8-1989, point 2.1.116; OJ C 32, 10.2.1990; COM(89) 612 final.

European Parliament¹ and of the Economic and Social Committee,² the Council formally adopted on 18 December Decision 89/657/EEC on a second Community action programme (1990-94) in the field of vocational training and technological change (Eurotecnet II),³ on which it had reached agreement on 30 November.⁴ Intended to follow on from the first programme (1985-88),⁵ the scope of which it develops and deepens, Eurotecnet II will have a budget of ECU 7.5 million for the first three years and will receive additional support from the European Social Fund.

Information, communication and culture

Culture

Europe's cultural heritage

2.1.129. On 2 December the Commission published a notice calling for the submission of pilot projects for the conservation and/or restoration of monuments or sites in towns or villages.⁶ The deadline for applications is 20 February 1990 and a decision will be taken in July on the provision of financial support for the pilot schemes declared eligible. This operation forms part of the policy to support the conservation and promotions of the Community's architectural heritage adopted on 13 November 1986 by the Council and the Ministers for Cultural Affairs meeting within the Council.⁷

The theme adopted by the Commission for 1990 is historic buildings and groups of buildings which characterize an urban or rural pattern.

A fresh boost for culture

2.1.130. On 20 December the Economic and Social Committee adopted a supplementary opinion on a fresh boost for culture in the Community,⁸ in which it

discussed the cultural area and the social impact of technological progress in the field of television and the audiovisual industry. The Committee concluded by expressing the hope that the European Convention on transfrontier television would be ratified promptly by all Member States. It also called for a number of advances in the Community's media policy.

Regional policies

Implementation of regional policy

Regional plans and Community support frameworks

2.1.131. On 20 December the Commission formally adopted, in agreement with the Member States concerned, the Community support frameworks (CSFs) for the regions seriously affected by industrial decline (Objective 2 of the reform of the structural Funds⁹) in Belgium, Denmark, France, Germany, Italy, Luxembourg, the Netherlands and the United Kingdom. It noted that discussions were continuing with a view to the early adoption of the CSF for the corresponding regions in Spain. The financial allocation for each region was determined, on the basis of the share-out between the Member States laid down by the Commission in October,¹⁰ in partnership with the national and regional authorities. These allocations are indicated in Table 4 below.

In general, the development priorities adopted in the CSFs are geared to: improving the conditions for the creation and

¹ OJ C 323, 27.12.1989; Bull. EC 11-1989, point 2.1.108.

² OJ C 329, 30.12.1989; Bull. EC 10-1989, point 2.1.97.

³ OJ L 393, 30.12.1989.

⁴ Bull. EC 11-1989, point 2.1.108.

⁵ Bull. EC 4-1989, point 2.1.57.

⁶ OJ C 303, 2.12.1989.

⁷ OJ C 320, 13.12.1986; Bull. EC 11-1986, point 2.1.128.

⁸ OJ C 175, 4.7.1988; Bull. EC 4-1988, point 2.4.52.

⁹ OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.1.159.

¹⁰ Bull. EC 10-1989, point 2.1.101.

expansion of productive activities, wherever possible using derelict industrial land; stimulating the creation of new businesses based on local potential; improving the environment as a means of attracting new economic activities; promoting tourism so as to facilitate the establishment or growth of a local tourist industry; supporting R&D and vocational training; and stepping up transfrontier cooperation.

Table 4 — *Financial allocations for the regions under the CSFs (Objective No 2)*

Region	Amount (million ECU)
Belgium	
Antwerpen prov.	24
Hainaut	22
Liège prov.	27
Limburg	56
Luxembourg	31
	160
Denmark	
Nakskov	4.4
Alborg	16.7
	21.1
Federal Republic of Germany	
Nordrhein-Westfalia	157.0
Bremen	25.5
Salzgitter/Peine	5.3
Emden	2.3
Saarland	20.0
Rheinland Pfalz	10.2
Berlin	60.0
	280.3
France	
Champagne-Ardenne	13
Picardie	35
Haute-Normandie	30
Basse-Normandie	10
Bourgogne	12
Nord-Pas-de-Calais	179

Region	Amount (million ECU)
Lorraine	107
Franche-Comté	18
Pays de la Loire	35
Bretagne	17
Poitou-Charentes	15
Aquitaine	6.5
Midi-Pyrénées	22.2
Rhône-Alpes	19
Auvergne	12
Languedoc-Roussillon	11
Provence-Alpes-Côte d'Azur	13.5
	555.2
Italy	
Piemonte	70.6
Valle d'Aosta	6.2
Liguria	40.9
Lombardia	6.3
Veneto	8.7
Toscana	41.8
Umbria	17.5
Marche	7.0
Lazio	10.0
	209.0
Luxembourg	
Luxembourg	7.0
Netherlands	
Groningen/Drenthe	48.1
Overijssel	10.7
Limburg	15.3
	74.1
United Kingdom	
North East	156
East	214
Midlands	193
North West	268
West Cumbria	10
North Wales	32
South Wales	107
West Scotland	246
East Scotland	63
	1 289

Commission initiatives

2.1.132. On 17 December the Commission approved the guidelines for a Community initiative concerning the economic conversion of the areas most seriously affected by the decline of the coalmining industry (Rechar); it had taken the financial decision in November.¹ Rechar will enable the Community to step up the measures it has already taken in those areas under the structural Funds and other financial instruments. Priority will be given to environmental improvement, to the promotion of new economic activities outside the industry and to the development of human resources.

The operational programmes approved under Rechar will be jointly financed by the Member State concerned and the Community. The total contribution from the European Regional Development Fund and the European Social Fund during the period 1990-93 is estimated at ECU 300 million. In addition, the European Coal and Steel Community will provide up to ECU 120 million in interest rebates on loans and some ECU 40 million in supplementary redeployment aids in 1990, with further assistance being granted up to 1993 subject to the availability of resources.

2.1.133. On 19 December the Commission adopted Decision 90/9/EEC on the inclusion of the department of Loire-Atlantique and the employment areas of Marseille, Aubagne-La Ciotat, Toulon-La Seyne and Dunkirk among the areas eligible for the Community programme to assist the conversion of shipbuilding areas (Renaval),² which was instituted by Council Regulation (EEC) No 2506/88 of 26 July 1988.³

Assistance granted

Regional operational programmes

2.1.134. On 15 December the Commission approved the granting of ERDF assistance totalling ECU 18.02 million for a national programme of Community interest (NPCI)

in Saarland (Germany) for the period 1989-91.

2.1.135. On 21 December the Commission formally adopted decisions on implementation of the second phase of four integrated Mediterranean programmes (IMPs) in Greece (Northern Greece,⁴ Western Greece and the Peloponnese,⁴ Aegean Islands,⁵ Central and Eastern Greece)⁶ and seven in France (Languedoc-Roussillon,⁷ Midi-Pyrénées,⁷ Aquitaine,⁸ Ardèche,⁹ Corsica,¹⁰ Drôme¹⁰ and Provence-Alpes-Côte d'Azur¹¹) which it had approved in July.¹²

2.1.136. On the same date the Commission approved ERDF assistance for the following operational programmes:

(i) Germany: two programmes for the period 1989-91: industrial conversion in North Rhine-Westphalia (ECU 108.3 million); industrial conversion of Berlin (ECU 39 million);

(ii) Ireland: two programmes for the period 1989-93: industrial development (ECU 534 million) and tourism (ECU 152 million);

(iii) France: conversion programme in Nord-Pas-de-Calais (ECU 41.89 million for the period 1989-91);

(iv) Italy: four programmes for the period 1989-93: natural gas supplies (ECU 783 million); infrastructure of industrial estates (ECU 128 million); water resources (ECU 331 million); telephone communications (ECU 81 million);

(v) Portugal: development of access routes (ECU 549.87 million for the period 1989-93);

¹ Bull. EC 11-1989, point 2.1.110.

² OJ L 7, 10.1.1990.

³ OJ L 225, 15.8.1988; Bull. EC 7/8-1988, point 2.1.98.

⁴ OJ L 191, 22.7.1988; Bull. EC 7/8-1987, point 2.1.155.

⁵ OJ L 140, 7.6.1988; Bull. EC 10-1987, point 2.1.109.

⁶ OJ L 143, 10.6.1988; Bull. EC 10-1987, point 2.1.109.

⁷ OJ L 12, 16.1.1988; Bull. EC 7/8-1987, point 2.1.153.

⁸ OJ L 14, 19.1.1988; Bull. EC 7/8-1987, point 2.1.153.

⁹ OJ L 21, 27.1.1988; Bull. EC 7/8-1987, point 2.1.153.

¹⁰ OJ L 32, 4.2.1988; Bull. EC 7/8-1987, point 2.1.153.

¹¹ OJ L 34, 6.2.1988; Bull. EC 7/8-1987, point 2.1.153.

¹² Bull. EC 7/8-1989, point 2.1.118.

(vi) United Kingdom: transport in Northern Ireland (ECU 137 million for 1989-93); six programmes for the period 1989-91 (three in North-West England: Manchester-Salford-Trafford ECU 59.5 million; Mersey Basin ECU 48.7 million; Merseyside ECU 71.9 million; two in North-East England: Tyne and Wear — South-East Northumberland ECU 58.32 million; Durham-Cleveland

ECU 49.68 million; and one for industrial development in South Wales: ECU 57.34 million).

Projects

2.1.137. On 15 and 21 December the Commission approved the ninth, 10th, 11th and 12th allocations of ERDF grants for 1989 (Table 5).

Table 5 — ERDF grants: ninth, 10th, 11th and 12th allocations (1989)

Member State	Number of grant decisions	Number of investment projects	Investment assisted (million ECU)	Assistance granted (million ECU)
Belgium	3	4	5.83	2,24
Spain	74	98	546.29	261.34
France	1	6	14.54	7.50
Greece	1	1	373.25	136.11
Italy	29	91	342.83	145.80
Portugal	3	3	149.65	47.19
United Kingdom	9	43	39.71	16.32
Total	120	246	1 472.10	616.50

The total of ECU 616.50 million breaks down as follows:

- ECU 32.88 million to help finance 14 projects in industry, craft industries or the service sector;
- ECU 583.62 million to help finance 232 infrastructure projects.

Technical assistance and studies

2.1.138. On 21 December the Commission decided to grant financial support to the following pilot projects involving transfrontier cooperation:

- (i) Alsace du Nord — Südpfalz/Mittlerer Oberrhein (ECU 977 500);
- (ii) Wallonia — Nord-Pas-de-Calais (ECU 1 900 000);
- (iii) France — Spain (ECU 2 346 575);
- (iv) Schleswig — Sønderjylland (ECU 2 954 816);

(v) Saarland — Lorraine — Luxembourg — Trier (ECU 954 870);

(vi) Euregio (ECU 2 197 000);

(vii) Meuse-Rhine (ECU 2 967 366);

(viii) Centraal Benelux Middengebied (ECU 1 841 617);

(ix) European Development Pole (ECU 450 500);

(x) Ems-Dollart (ECU 1 146 669);

(xi) Rhine-Waal (ECU 523 396);

(xii) Rhine-Meuse-Nord (ECU 961 669);

(xiii) Greek external (ECU 525 000).

Business and innovation centres

2.1.139. The Commission decided in December to make financial contributions towards three industrial conversion measures (ECU 400 000, ECU 395 000 and ECU 168 000) in Palermo and Fresinone (Italy)

and in Nottingham (United Kingdom). The aid is intended to enable business and innovation centres to be set up or completed.

Coordination of structural policies

2.1.140. The European Council welcomed the implementation of the reform of the structural policies within the period laid down (→ point 1.1.5).

General coordination of structural policies

2.1.141. On 17 December the Commission, before submitting them to the Member States for consultation pursuant to Council Regulation (EEC) No 4253/88 of 19 December 1988 concerning coordination of the activities of the different structural Funds,¹ approved two draft Regulations, one on the arrangements for using the ecu for the purposes of budgetary management of the structural Funds and the other on the payment of interest on sums paid in error.

*

Measures to assist the Community's remoter regions

2.1.142. On a proposal from the Commission,² as amended on 21 December,³ and in the light of the opinions of the Economic and Social Committee (27 April)⁴ and Parliament (14 December),⁵ the Council on 21 December adopted Decisions 89/687/EEC and 89/688/EEC⁶ establishing a programme of options specific to the remote and insular nature of the French overseas departments (Poseidom) and on the dock dues arrangements, on which the Council (General Affairs) reached agreement at its meeting on 18 and 19 December.

Poseidom is a programme scheduled to be implemented from 1 January 1990 to 31 December 1992, with the Council or the

Commission, as appropriate, adopting the requisite legal instruments. It provides for a series of adjustments to Community policies to take account of the special features of the overseas departments (e.g. their remoteness, the fact that most of them are islands and the types of products peculiar to them) in order to enable them to catch up in economic and social terms. In the case of agriculture, for example, there are special arrangements for the supply of foodstuffs and of inputs for livestock farming, and a Community contribution to the development of certain local products. As the structural Fund reforms are implemented, allowance must also be made for the constraints peculiar to the overseas departments so that the reforms are as effective as possible.

The decision on dock dues, a levy dating from the nineteenth century and currently applied to all goods brought into an overseas department, provides for the levy to be retained in its present form until 31 December 1992; it will then be made non-discriminatory while remaining a local resource administered by the regional authorities; from 1 January 1993 to 31 December 2002 the regional authorities may make exemptions on which the Commission will have two months to give its views; if it does not react within that time, the exemptions will be regarded as having been approved.

Environment

2.1.143. The European Council confirmed the desire of the Community and its Member States to play a greater part in the devising of international strategies for combating the dangers which threaten the environment (→ point 1.1.6).

¹ OJ L 374, 31.12.1988; Bull. EC 12-1988, point 2.1.200.

² Poseidom programme: OJ C 53, 2.3.1989; Bull. EC 11-1988, point 2.1.157; dock dues arrangements: OJ C 39, 16.2.1989; Bull. EC 11-1988, point 2.1.157.

³ OJ C 22, 31.1.1990; COM(89) 677 final.

⁴ OJ C 159, 26.6.1989; Bull. EC 4-1989, point 2.1.108.

⁵ OJ C 15, 22.1.1990.

⁶ OJ L 399, 30.12.1989.

Action by the Community relating to the environment

2.1.144. To help prepare its Green Paper on the urban environment, the Commission held a symposium in Avignon from 18 to 20 December on the subject of responsibilities and strategies for coordinated action on the urban environment. This symposium was for representatives of towns in the south of the Community; another is being held in Bremen for towns in the north from 24 to 26 January 1990. Many of the participants welcomed the fact that the Commission, with the European Parliament's support, wishes to establish its objectives and role in the protection of the urban environment. Discussions at the symposium revealed the differences of approach and the different problems encountered, and resulted in a preliminary list of possible solutions, although there will be further input from the Bremen symposium.

Prevention and reduction of pollution and nuisance

Water

2.1.145. On 14 December the Commission adopted Decision 90/2/EEC¹ amending Annex I to Council Decision 77/795/EEC of 12 December 1977 establishing a common procedure for the exchange of information on the quality of surface fresh water in the Community.² The amendment concerns sampling and measuring stations.

Air

Motor vehicle pollution

2.1.146. Pursuant to Council Directive 89/458/EEC³ of 18 July, amending for cars below 1.4 litres the provisions of Directive 70/220/EEC of 20 March 1970 relating to air pollution from motor vehicles,⁴ the Commission, on 20 December, approved for transmission to the Council and Parliament, a proposal for a consolidated Directive on

air pollution by vehicles with other cubic capacities (between 1.4 and 2 litres, and over 2 litres).⁵ The aims of the proposal are:

- (i) to align the provisions concerning vehicles of other cubic capacities on the dates and standards laid down in the above-mentioned Directive 89/458/EEC, based on an improved European test procedure;
- (ii) for the purposes of this improved test procedure, to transpose the emission levels already set for small cars by Directive 89/458/EEC to make European standards at least as strict as those in the USA;
- (iii) to set emission standards in respect of pollutant gases for all capacities of petrol and diesel engines;
- (iv) to prescribe stricter emission standards for particulates from diesel engines than those laid down in Council Directive 88/436/EEC of 16 June 1988;⁶
- (v) to introduce additional requirements in respect of the durability of purification equipment and fuel evaporation losses.

Noise

2.1.147. On a proposal from the Commission⁷ and after consulting Parliament⁸ and the Economic and Social Committee⁹ for their opinions, the Council, at its meeting on 4 and 5 December, adopted Directive 89/629/EEC on the limitation of noise emission from civil subsonic jet aeroplanes¹⁰ which it had approved in October.¹¹

Waste

2.1.148. On 11 December, acting on a proposal from the Commission,¹² the Council

¹ OJ L 1, 4.1.1990.

² OJ L 334, 24.12.1977.

³ OJ L 226, 3.8.1989; Bull. EC 7/8-1989, point 2.1.128.

⁴ OJ L 81, 14.4.1970.

⁵ COM(89) 662.

⁶ OJ L 214, 6.8.1988; Bull. EC 6-1988, point 2.1.178.

⁷ OJ C 37, 14.2.1989; Bull. EC 11-1988, point 2.1.171.

⁸ OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.149.

⁹ OJ C 221, 28.8.1989; Bull. EC 7/8-1989, point 2.1.130.

¹⁰ OJ L 363, 13.12.1989.

¹¹ Bull. EC 10-1989, point 2.1.113.

¹² Bull. EC 9-1989, point 2.1.81.

adopted a decision on the Community's acceptance of an OECD decision-recommendation on the control of transfrontier movements of hazardous waste, which seeks to encourage OECD member countries to ratify the Basle Convention as soon as possible.¹

International cooperation

2.1.149. On 4 December, acting on a proposal from the Commission,² the Council authorized the Commission to represent the Community at the first European Conference on Environment and Health, organized with the aim of adopting a European Charter.

Nuclear safety

Radiation protection

Basic standards

2.1.150. On 21 December, acting on a proposal from the Commission,³ the Council adopted Regulation (EEC) No 4003/89⁴ amending Regulation (EEC) No 3955/87 on the conditions governing imports of agricultural products originating in non-member countries following the accident at the Chernobyl nuclear power station.⁵ The new Regulation extends the present system by three months (until 31 March 1990).

2.1.151. On 5 and 6 December the second meeting of the Standing Conference on Health and Safety in the Nuclear Age was held in Brussels.⁶ The subject of the meeting was information on improvements in recent years in emergency planning and coping with nuclear accidents.

Inspections

2.1.152. On 20 December the Commission decided to resume the inspections provided for under Article 35 of the Euratom Treaty of the facilities in the Member States for

checking the level of radioactivity in the environment and ensuring compliance with basic Community standards on health protection against ionizing radiation. This provision of the Euratom Treaty had not been applied for several years.

Consumers

Physical protection and product safety

Cosmetics

2.1.153. On a proposal from the Commission,⁷ in cooperation with the European Parliament⁸ and after consultation of the Economic and Social Committee,⁹ the Council adopted, on 21 December, Directive 89/679/EEC¹⁰ amending Directive 76/768/EEC¹¹ of 27 July 1976 relating to the approximation of legislation on cosmetics, on which it had adopted a common position in May.¹² This amendment confirms the regulatory committee procedure for adapting the annexes.

Accident information

2.1.154. On 19 December, the Economic and Social Committee endorsed the proposal¹³ for an amendment to Council

¹ Bull. EC 3-1989, point 2.1.113.

² Bull. EC 11-1989, point 2.1.129.

³ Bull. EC 11-1989, point 2.1.132.

⁴ OJ L 382, 30.12.1989.

⁵ OJ L 371 of 30.12.1989; Bull. EC 12-1987, point 2.1.291.

⁶ First meeting: Bull. EC 10-1987, point 2.1.95.

⁷ Proposal: OJ C 214, 16.8.1988; Bull. EC 6-1988, point 2.1.192; re-examined proposal: OJ C 296, 24.11.1989; Bull. EC 11-1989, point 2.1.139.

⁸ First reading: OJ C 47, 27.2.1989; Bull. EC 1-1989, point 2.1.52; second reading: OJ C 256, 9.19.1989; Bull. EC 9-1989, point 2.1.87.

⁹ OJ C 56, 6.3.1989; Bull. EC 12-1988, point 2.1.226.

¹⁰ OJ L 398, 30.12.1989.

¹¹ OJ L 262, 27.9.1976.

¹² Bull. EC 5-1989, point 2.1.171.

¹³ Bull. EC 11-1989, point 2.1.138.

Decision 86/138/EEC¹ of 22 April 1986 concerning a demonstration project with a view to introducing a Community system of information on accidents involving consumer products (Ehlass). The Committee suggested that Ehlass be integrated into a comprehensive information system aimed at consumers, that administrative procedures be improved and the concept of consumer products be re-examined.

Protection of economic and legal interests

Package travel

2.1.155. At its meeting on 21 and 22 December the Council (Internal Market) adopted a common position on the proposal² for a Directive on package travel, including package holidays and package tours. The Member States have to comply with its provisions by no later than 31 December 1992.

Promotion of consumer interests and representation — Relations with other policies

2.1.156. On 17 December, the Commission adopted Decision 90/55/EEC³ revising the status of the Consumers Consultative Committee (CCC) so as to improve its representativeness and effectiveness in its role as an advisory body to the Commission. It will be known henceforth as the Consumers Consultative Council and will consist of 39 members.

Agriculture

Continuing reform of the CAP

2.1.157. On 14 November Parliament adopted two resolutions on the French Presidency's achievements in agriculture and forestry and one on the Council state-

ment on Council measures in the farming sector.⁴ Parliament spoke out against the increasing tendency within the Council to take decisions on agricultural matters without awaiting Parliament's opinion. It also stressed that the reform of the CAP — some elements of which it endorsed, such as making the system of milk quotas more flexible — should be supplemented by a proper policy on improvement of rural society.

The future of rural society

Adjustment of structures policy

2.1.158. On a proposal from the Commission⁵ and in the light of the opinions of Parliament⁶ and the Economic and Social Committee,⁷ the Council, on 12 December, adopted Regulation (EEC) No 3808/89⁸ amending Regulations (EEC) Nos 797/85,⁹ 1096/88,¹⁰ 1360/78,¹¹ 389/82¹² and 1696/71¹³ with a view to expediting the adjustment of agricultural production structures, on which it had reached a political agreement at its November meeting.¹⁴

Organic farming

2.1.159. The Commission, on 1 December, adopted a proposal for a Council Regulation on organic production of agricultural products and indications referring thereto on agricultural products and food-

¹ OJ L 109, 26.4.1986; Bull. EC 4-1986, point 2.1.100.
² Proposal: OJ C 96, 12.4.1988; Bull. EC 3-1988, point 2.1.134, amended proposal: OJ C 190, 27.7.1989; Bull. EC 7/8-1989, point 2.1.142.
³ OJ L 38, 10.2.1990.
⁴ OJ C 15, 22.1.1990.
⁵ OJ C 240, 20.9.1989; Bull. EC 5-1989, point 2.1.174.
⁶ OJ C 304, 4.12.1989; Bull. EC 10-1989, point 2.1.149.
⁷ Bull. EC 11-1989, point 2.1.155.
⁸ OJ L 371, 20.12.1989.
⁹ OJ L 93, 30.3.1985.
¹⁰ OJ L 110, 29.4.1988.
¹¹ OJ L 166, 23.6.1978.
¹² OJ L 51, 23.2.1982.
¹³ OJ L 175, 4.8.1971.
¹⁴ Bull. EC 11-1989, point 2.1.154.

stuffs.¹ The aim of the proposal is to set up a harmonized framework for the production, labelling and inspection of agricultural products and foodstuffs containing these agricultural products bearing indications referring to organic production methods. At this stage it covers only crops and food products consisting essentially of ingredients of plant origin.

It will provide a framework enabling farmers in the Community to take advantage of the substantial demand thought to exist for organic produce. The Commission takes the view that this sector will experience rapid growth in view of the growing interest in food production methods.

Non-food use of agricultural commodities

2.1.160. In response to the request expressed by the European Council at its meeting in Brussels in February 1988,² the Commission, on 6 December, adopted a report to the Council on the use of agricultural commodities in the non-food sector.³ The Commission hopes to encourage greater use of Community agricultural products for non-food purposes. The proportion is currently very small (estimated at 2% of agricultural production). The report stresses that the Commission's commitment to promoting non-food uses is already reflected in various Community policies (R&D, market measures, etc.). The current initiative is aimed at increasing and concentrating Commission action on non-food use in line with the present objectives of the CAP.

The report is accompanied by the following recommendations and proposals:

- (i) creation of a special committee to ensure better coordination and cooperation in the development of new initiatives to develop non-food markets;
- (ii) implementation of a multiannual programme of agro-industrial demonstration projects;

(iii) extension of the set-aside scheme to allow some of the land left fallow to be used for growing cereals for non-food uses. A subsidy would be paid to farmers setting aside at least 30% of their holdings, 50% of which could then be used for growing cereals for non-food uses. The premium is set at 70% of the set-aside premium.

Set-aside

2.1.161. On 15 December Parliament amended and then rejected⁴ the proposal for a Regulation⁵ amending Regulation (EEC) No 797/85⁶ as regards the rates of reimbursement for the set-aside of arable land. As the Commission maintained its proposal, it was referred to the Agriculture Committee.

2.1.162. The Commission, for its part, on 20 December, adopted Regulation (EEC) No 3981/89⁷ amending Regulation (EEC) No 1272/88 laying down detailed rules for applying the set-aside incentive scheme for arable land.⁸ In the light of experience gained during the first year of application, the new Regulation introduces amendments aimed at:

- (i) defining in greater detail what arable land is eligible for aid;
- (ii) authorizing a certain annual change in the areas withdrawn from and included in a crop rotation;
- (iii) making express provision for obtaining the consent of the owner to the afforestation or use for non-agricultural purposes of land set-aside;
- (iv) linking the set-aside contract to an early retirement contract and authorizing the transition from the former to the latter under certain circumstances.

¹ COM(89) 552 final.

² Bull. EC 2-1988, point 1.1.1 (Annex IV.B).

³ OJ C 31, 9.2.1990; COM(89) 597 final.

⁴ OJ C 15, 22.1.1990.

⁵ OJ C 268, 20.10.1989; Bull. EC 7/8-1989, point 2.1.171.

⁶ OJ L 93, 30.3.1985; Bull. EC 3-1985, point 2.1.111.

⁷ OJ L 380, 29.12.1989.

⁸ OJ L 121, 11.5.1988.

System of transitional aids

2.1.163. On 19 December the Commission adopted Regulation (EEC) No 3813/89¹ laying down detailed rules for the application of the system of transitional aids to agricultural income established by Council Regulation (EEC) No 768/89 of 21 March.²

Agricultural prices and related measures, 1990/91

2.1.164. The Commission approved the proposals on the prices for agricultural products and on related measures for the 1990/91 marketing year on 20 December.³ These proposals confirm the Commission's will to pursue a policy aimed at achieving balance between supply and demand. The Commission wants to encourage Community farmers to make their holdings more efficient. In this context, stabilizers, which have recently been extended or improved, now form an integral part of the CAP. The Commission thus takes the view that for the majority of products the common prices applied in 1989/90 should be maintained, disregarding the consequences of the application of stabilizers.

As far as related measures are concerned, there are already modulation measures in several market organizations (differentiated aids for small producers or aids restricted to certain categories of producer, limitation on the number of animals eligible for certain premiums, exemption from the milk co-responsibility levy, etc.). In the overall strategy on rural society the Commission takes the view that greater recourse to modulation would enable market policy to make an effective contribution to rural development by targeting mainly on income support for vulnerable family farms, encouraging alternative lines of production suited to certain less-favoured areas and compensating for handicaps linked to particular geographical situations. Further details will be given once the proposals are adopted formally in January.

Agri-monetary measures

2.1.165. On a proposal from the Commission,⁴ the Council, on 11 December, adopted Regulation (EEC) No 3756/89⁵ amending Regulation (EEC) No 1678/85 fixing the conversion rates to be applied in agriculture.⁶

Market organizations

Measures concerning exports

2.1.166. On 20 December the Commission adopted Regulation (EEC) No 3947/89⁷ amending Regulation (EEC) No 3665/87⁸ as regards export refunds in the case of transshipment or transit operations within the Community of products deemed to have left the customs territory of the Community. This Regulation imposes a 28-day time-limit on transshipment or transit operations in the Community involving products exported with refund which have already left the customs territory of the Community.

Transitional measures following accession

2.1.167. On a proposal from the Commission,⁹ and having regard to the opinion of Parliament,¹⁰ on 18 December the Council adopted Regulation (EEC) No 3849/89¹¹ amending, as regards Spain, Regulation (EEC) No 4008/87 extending the period referred to in Articles 90(1) and 257(1) of the Act of Accession of Spain and Portugal.¹² The purpose of the amendment is to extend until 31 December 1990 the

¹ OJ L 371, 20.12.1989.

² OJ L 84, 29.3.1989; Bull. EC 3-1989, point 2.1.118.

³ COM(89) 660.

⁴ Bull. EC 10-1989, point 2.1.122.

⁵ OJ L 365, 15.12.1989.

⁶ OJ L 164, 24.6.1985.

⁷ OJ L 379, 28.12.1989.

⁸ OJ L 351, 14.12.1987.

⁹ OJ C 282, 8.11.1989; Bull. EC 10-1989, point 2.1.123.

¹⁰ OJ C 15, 22.1.1990.

¹¹ OJ L 374, 22.12.1989.

¹² OJ L 378, 31.12.1987; Bull. EC 12-1987, point 2.1.203.

period during which the Commission may adopt traditional measures to facilitate the switchover from the arrangements existing in Spain before accession to those resulting from the application of the common organization of the markets.

2.1.168. On 20 December the Commission also adopted Regulation (EEC) No 3980/89 on licences and certificates issued under the supplementary trade mechanism for certain products no longer subject to that mechanism.¹ The purpose of this Regulation is to release operators from their obligations under the supplementary trade mechanism in respect of certificates no longer applicable with effect from 1 January 1990 and thus enable them to apply for the release of the securities provided.

Free food

2.1.169. On 22 December the Commission adopted Decision 90/17/EEC adopting the 1990 plan allocating to the Member States resources to be charged to the 1990 budget year for the supply of food from intervention stocks to designated organizations for distribution to the most deprived persons in the Community.² The plan indicates in particular the quantity of each type of product that may be withdrawn from intervention stocks for distribution in each Member State.

Cereals and rice

2.1.170. On a proposal from the Commission,³ and having regard to the opinion of Parliament,⁴ on 4 December the Council adopted Regulation (EEC) No 3707/89⁵ amending Regulation (EEC) No 2727/75 on the common organization of the market in cereals.⁶ This amendment gives the Commission the power, for the 1989/90 marketing year, to reimburse the additional co-responsibility levy where the amount is minimal.

2.1.171. On 14 December the Commission adopted Regulation (EEC) No 3772/89⁷

amending Regulation (EEC) No 3295/89 fixing the additional levy and the reimbursement in the cereals sector for the 1989/90 marketing year.⁸ This amendment makes it possible to waive the additional co-responsibility levy for the 1989/90 marketing year, the principle of which was agreed to by the Council in November.⁹

2.1.172. Under the agreement between the Community and the United States,¹⁰ the Commission adopted Regulations (EEC) Nos 3624/89,¹¹ 3688/89¹² and 3791/89,¹³ on 1, 8 and 15 December respectively, enabling the commitments relating to imports of maize and sorghum from non-member countries into Spain in 1989 to be met.

2.1.173. On 14 December the Commission adopted Regulation (EEC) No 3771/89 laying down detailed rules for the production aid for high-quality flint maize.⁷ This Regulation defines, among other things, the areas suitable for growing this crop.

2.1.174. On 19 December the Economic and Social Committee broadly endorsed the proposal for a Regulation¹⁴ amending Regulation (EEC) No 2727/75,⁶ accompanied by a report on the co-responsibility levy scheme for cereals.

Fruit and vegetables

2.1.175. On a proposal from the Commission,¹⁵ the Council, on 4 December, adopted Regulation (EEC) No 3709/89 lay-

¹ OJ L 380, 29.12.1989.

² OJ L 10, 12.1.1990.

³ OJ C 300, 29.11.1989; Bull. 11-1989, point 2.1.141.

⁴ OJ C 323, 27.12.1989.

⁵ OJ L 363, 13.12.1989.

⁶ OJ L 281, 1.11.1975.

⁷ OJ L 365, 15.12.1989.

⁸ OJ L 320, 1.11.1989.

⁹ Bull. EC 11-1989, point 2.1.141.

¹⁰ OJ L 98, 10.4.1987; Bull. EC 1-1987, points 1.2.1 and 1.2.2.

¹¹ OJ L 351, 2.12.1989.

¹² OJ L 360, 9.12.1989.

¹³ OJ L 367, 16.12.1989.

¹⁴ OJ C 260, 13.10.1989; Bull. EC 9-1989, point 2.1.92.

¹⁵ Bull. EC 9-1989, point 2.1.95.

ing down general rules for implementing the Act of Accession of Spain and Portugal as regards the compensation mechanism on imports of fruit and vegetables originating in Spain.¹

2.1.176. The Commission also adopted, on 19 December, Regulation (EEC) No 3815/89 laying down detailed rules for the application of the compensation mechanism to imports of fruit and vegetables from Spain.² This Regulation, which enables Council Regulation No 3709/89¹ to be implemented, is based largely on the rules for the application of the reference prices system.

2.1.177. On 19 December the Commission adopted Regulation (EEC) No 3814/89 fixing the Community offer prices for lemons, apples, pears, artichokes, cabbage, lettuce, broad-leaf (Batavian) endives, mandarins, clementines and sweet oranges applicable to Spain for the period 1 January 1990 to the end of the 1989/90 marketing year.² The offer prices are equal to the reference prices in force for the 1989/90 marketing year for all the products in question, apart from lemons, apples and clementines, for which they are lower.

2.1.178. Lastly, on 20 December the Commission adopted Regulation (EEC) No 3832/89³ amending Regulation (EEC) No 1523/89 fixing the consequences to the basic and buying-in prices for the 1989/90 marketing year of an overrun in the intervention threshold for lemons in Spain for the 1988/89 marketing year.⁴ This Regulation reduces the basic and buying-in prices for lemons applicable in Spain from 1 January 1990 to 31 May 1990 by 6% as a consequence of the overrun in the intervention threshold for the 1988/89 marketing year.

Wine

2.1.179. On a proposal from the Commission,⁵ the Council, on 11 December, adopted Regulation (EEC) No 3886/89⁶ amending Regulation (EEC) No 2392/89 laying down general rules for the descrip-

tion and presentation of wines and grape musts.⁷

On account of the abuses detected as regards the use of statements on wine bottle labels indicating that wines had been bottled by the producer, this Regulation specifies that such statements may be used by a group of vineyards only if the wine was produced from grapes produced in those vineyards and checked by the group.

2.1.180. On a proposal from the Commission,⁸ the Council also adopted, on 11 December, Regulation (EEC) No 3887/89⁶ amending Regulation (EEC) No 2390/89 laying down general rules for the import of wines, grape juice and grape must⁷ and Regulation (EEC) No 3888/89⁶ amending for the third time Regulation (EEC) No 1873/84⁹ authorizing the offer or disposal for direct human consumption of certain imported wines which have undergone oenological processes not provided for in Regulation (EEC) No 337/79.¹⁰ The purpose of these Regulations is to extend until 31 July 1990 the time-limit on derogations relating to wine sector products originating in non-Community countries.

2.1.181. On 15 December the Commission adopted Regulation (EEC) No 3793/89 authorizing the conclusion of long-term storage contracts for table wine, grape must, concentrated grape must and rectified concentrated grape must in respect of the 1989/90 wine year.¹¹ This Regulation enables long-term storage contracts to be concluded given that the forward estimate¹² indicates that the qualities of table wine

¹ OJ L 363, 13.12.1989.

² OJ L 371, 20.12.1989.

³ OJ L 372, 21.12.1989.

⁴ OJ L 149, 1.6.1989.

⁵ Bull. EC 5-1988, point 2.1.132; amended proposal: Bull. EC 3-1989, point 2.1.128.

⁶ OJ L 378, 27.12.1989.

⁷ OJ L 232, 9.8.1989; Bull. EC 7/8-1989, point 2.1.150.

⁸ COM(89) 620 final.

⁹ OJ L 176, 3.7.1984.

¹⁰ OJ L 54, 5.3.1979.

¹¹ OJ L 367, 16.12.1989.

¹² OJ C 320, 22.12.1989.

available at the beginning of the wine year exceed normal use over the year by more than four months' supply.

Milk and milk products

2.1.182. On a proposal from the Commission,¹ the Council, on 12 December, adopted Regulation (EEC) No 3895/89² amending Regulation (EEC) No 987/68 laying down general rules for granting aid for skimmed milk processed into casein or caseinates.³ This Regulation extends the restrictions in force for three months so that final conclusions can be drawn on the effects of such restrictions.

2.1.183. On a proposal from the Commission,⁴ the Council also adopted, on 11 December, Regulation (EEC) No 3894/89² amending Regulation (EEC) No 2967/89 relating to the continued import of New Zealand butter into the United Kingdom on special terms.⁵ The amendment is designed to reduce the special levy on imports of New Zealand butter as a result of changes in the intervention buying procedures, the quantities in stock and the level of the intervention price.

2.1.184. On a proposal from the Commission,⁶ and having regard to the opinions of Parliament⁷ and the Economic and Social Committee,⁸ the Council formally adopted, on 11 December, Regulations (EEC) Nos 3879/89, 3880/89, 3881/89, and 3882/89,² the purpose of which is to resolve a number of specific problems arising in the operation of the milk quota system and provide for related measures designed to ensure budgetary status quo, in accordance with the guidelines agreed by the Council on 20 and 21 November.⁹

2.1.185. On a proposal from the Commission,¹⁰ and having regard to the opinions of Parliament⁷ and the Economic and Social Committee,⁸ the Council also adopted, on 11 December, Regulation (EEC) No 3883/89 fixing the intervention price for butter and skimmed-milk powder as from 1 March 1990.²

2.1.186. On 20 December the Commission adopted Regulation (EEC) No 3835/89¹¹ amending Regulation (EEC) No 1546/88¹² laying down detailed rules for the application of the additional levy referred to in Article 5c of Regulation (EEC) No 804/68.¹³ The purpose of this Regulation is to allocate the Community reserve of 600 000 tonnes of milk intended for producers who, by reason of a commitment entered into under the scheme of premiums for the non-marketing of milk products (SLOM), were unable to obtain reference quantities when the milk quota system was introduced.

Beef/veal

2.1.187. On 20 December the Commission adopted Regulation (EEC) No 3913/89 withdrawing certain products from the list of beef and veal products subject to the supplementary trade mechanism, and Regulation (EEC) No 3914/89 fixing the quotas for 1990 applying to imports into Spain of beef and veal products from third countries.¹⁴ The purposes of these two Regulations is to adapt the STM between Spain and the Community of Ten.

2.1.188. In the same connection, on 22 December the Commission adopted Regulation (EEC) No 4026/89 laying down detailed rules for the application of the supplementary trade mechanism in the beef and veal sector for 1990.¹⁵

¹ COM(89) 608 final.

² OJ L 378, 27.12.1989.

³ OJ L 169, 18.7.1968.

⁴ COM(89) 609 final.

⁵ OJ L 281, 30.9.1989.

⁶ OJ C 242, 22.9.1989; Bull. EC 7/8-1989, point 2.1.156.

⁷ OJ C 323, 27.12.1989.

⁸ OJ C 329, 30.12.1989; Bull. EC 10-1989, point 2.1.138.

⁹ Bull. EC 11-1989, point 2.1.151.

¹⁰ OJ C 265, 12.10.1988.

¹¹ OJ L 372, 21.12.1989.

¹² OJ L 139, 4.6.1988.

¹³ OJ L 148, 28.6.1988.

¹⁴ OJ L 375, 23.12.1989.

¹⁵ OJ L 382, 30.12.1989.

Sheepmeat and goatmeat

2.1.189. On a proposal from the Commission,¹ the Council, on 12 December, adopted Regulation (EEC) No 3901/89 defining lambs fattened as heavy carcasses.² The purpose of this Regulation is to permit differentiation of light lamb and heavy lamb producers within a mixed holding. Such a definition, which, among other things, sets the average minimum weight per lamb at the end of fattening at 25 kilograms live weight, had become necessary following the adoption of the new basic Council Regulation (EEC) No 3013/89 of 25 September.³

2.1.190. On 12 December the Council adopted Decision 89/673/EEC adjusting the voluntary restraint agreements with Argentina and Australia.⁴ In the case of Argentina the quantities agreed for the period 1989 to 1992 are reduced from 23 000 tonnes to 19 000 tonnes with more flexibility as regards quantities for the sensitive areas (France and Ireland) and a quantitative restriction for chilled meat. In the case of Australia, there is no reduction in quantities but the other conditions apply. For both countries the tariff level is reduced from 10% to zero with effect from 1 January 1989.

2.1.191. Following the Council decision concerning the voluntary restraint agreements with Argentina and Australia,⁴ the Commission, on 20 December, adopted Decision 90/12/EEC amending Decision 89/310/EEC on the quantities of sheepmeat and goatmeat that may be imported in 1989 into certain sensitive marketing zones from certain non-member countries.⁵

2.1.192. The Commission also adopted, on 1 December, Regulation (EEC) No 3618/89 on the application of the guarantee limitation arrangements for sheepmeat and goatmeat for the 1990 marketing year.⁶ Under the system of agricultural stabilizers this Regulation fixes the provisional reduction coefficients for the next marketing year. These are 11% for Great Britain and 7.25% for the rest of the Community.

2.1.193. On 20 December the Commission also adopted Regulation (EEC) No 3984/89⁷ amending Regulation (EEC) No 3007/84 laying down detailed rules for the application of the premium for producers of sheepmeat.⁸ This Regulation gives effect to certain conditions laid down in the basic Council Regulation (EEC) No 3013/89 of 25 September³ and introduces some changes as regards applications, in particular concerning application dates.

Processed fruit and vegetables

2.1.194. On a proposal from the Commission,⁹ and following the opinion delivered by Parliament on 15 December,¹⁰ on 18 December the Council adopted Regulation (EEC) No 3848/89 laying down special measures to encourage the processing of mandarins, satsumas, clementines and oranges.¹¹

The purpose of this Regulation is to fix, for the calculation of financial compensation for oranges, the same system as for lemons processed into juice.

Cotton

2.1.195. On 8 December the Commission adopted a proposal for a Council Regulation instituting a special system of aid for small cotton producers,¹² accompanied by a report on the situation of such producers. The proposal concerns the introduction of special arrangements for small cotton producers under the co-responsibility scheme.

¹ COM(89) 622 final.

² OJ L 375, 23.12.1989.

³ OJ L 289, 7.10.1989; Bull. EC 9-1989, point 2.1.104.

⁴ OJ L 396, 30.10.1989.

⁵ OJ L 8, 11.1.1990.

⁶ OJ L 351, 2.12.1989.

⁷ OJ L 380, 29.12.1989.

⁸ OJ L 283, 27.10.1984; Bull. EC 10-1984, point 2.1.102.

⁹ OJ L 282, 8.11.1989; Bull. EC 10-1989, point 2.1.144.

¹⁰ OJ C 15, 22.1.1990.

¹¹ OJ L 374, 22.12.1989.

¹² OJ C 2, 5.1.1990; COM(89) 611 final.

Agricultural legislation

Animal health and animal husbandry

2.1.196. On a proposal from the Commission,¹ and having regard to the opinions of Parliament² and the Economic and Social Committee,³ the Council, on 11 December, adopted Directive 89/662/EEC concerning veterinary checks in intra-Community trade.⁴ With a view to completion of the internal market, this Directive restructures the system of veterinary controls for most livestock products. Veterinary inspections at the frontiers are to be eliminated. Inspections at the point of departure will be stepped up and spot checks can be carried out at the place of destination and during transport in cases of suspected fraud. Special procedures are laid down to be applied if irregularities are detected or where justified on serious animal or public health grounds. A new safeguard scheme is introduced. The primary responsibility lies with the sending Member State. The Commission's powers are increased. Lastly, the Council has undertaken to settle problems concerning live animals and inspections at external frontiers before 31 December 1990. This Directive thus represents a significant step forward towards the single market in the veterinary sector.

2.1.197. On 20 December the Commission adopted a proposal for a Council Decision on expenditure in the veterinary field.⁵ This proposal aims to reinforce Community financial action to protect and raise the level of public and animal health in the Community, by participating in emergency measures, national schemes and the implementation of the new veterinary control strategy for completion of the internal market.

2.1.198. The Commission adopted, also on 20 December, a proposal for a Directive⁶ amending Directive 64/432/EEC⁷ as regards enzootic bovine leukosis. The purpose of the proposal is to enable Member States or regions of Member States to declare themselves enzootic bovine leukosis

free so that systematic screening of all herds can be avoided. It also describes the rules governing maintenance of EBL-free status and a procedure for restoring it after an outbreak has been dealt with.

2.1.199. The Economic and Social Committee, on 20 December, adopted two opinions on the two proposals for Regulations concerning minimum standards for the protection of pigs and calves kept in intensive farming systems.⁸ The Committee supports the Commission's proposals but has some reservations about the approach adopted, which it considers too systematic and precipitate.

2.1.200. The Economic and Social Committee also broadly endorsed on 20 December the various Commission proposals adopted in October concerning health conditions and rules (intra-Community trade in frozen cattle semen, marketing of rodents, marketing of melted animal fats and intra-Community trade in equidae) and the eradication of diseases (foot-and-mouth disease, African swine fever in Sardinia and brucellosis in sheep and goats).⁹

Plant health

2.1.201. On 20 December the Commission adopted two proposals for Council Directives¹⁰ amending Directive 77/93/EEC¹¹ on protective measures against the introduction into the Member States of organisms harmful to plants or plant products, the first of which lays down rules concerning responsibility and the second of which,

¹ OJ C 225, 31.8.1988; Bull. EC 7/8-1988, point 2.1.185.

² OJ C 326, 19.12.1988; Bull. EC 11-1988, point 2.1.220.

³ OJ C 56, 6.3.1989; Bull. EC 12-1988, point 2.1.290a.

⁴ OJ L 395, 30.12.1989.

⁵ COM(89) 666 final.

⁶ OJ C 17, 24.1.1990; COM(89) 652 final.

⁷ OJ 121, 29.7.1964.

⁸ OJ C 214, 21.8.1989; EC 6-1989, point 2.1.160.

⁹ Bull. EC 10-1989, points 2.1.155, 2.1.157, 2.1.158, 2.1.159, 2.1.161, 2.1.163 and 2.1.164.

¹⁰ OJ C 31, 9.2.1990; COM(89) 646 final; COM(89) 647 final.

¹¹ OJ L 26, 31.1.1977.

covering five titles of the White Paper, contains all the other measures required for adapting the Community plant health regime to the single market situation.

Seeds and plants

2.1.202. Also on 20 December the Commission adopted three proposals for Council Regulation concerning the marketing of the following:

- (i) young vegetable plants and propagating material, other than seeds;
- (ii) ornamental plant propagating material and ornamental plants;
- (iii) fruit plant propagating material and fruit plants intended for fruit production.¹

State aid

2.1.203. Under Articles 92 to 94 of the Treaty the Commission decided to raise no objection to the following schemes, which had been duly notified by Member States:

Germany

- Amendment to existing measures concerning market structure rules (aids for the creation and operation of producers' organizations); the amendment consists in extending the list of products concerned.
- Improvement of agricultural structures and protection of coasts (measures outside the scope of Bund-Länder joint tasks).
- Improvement of agricultural structures and protection of coasts for the period 1989 to 1992 (measures forming part of Bund-Länder joint tasks).

Most of the measures are covered by the Community socio-structural measures; as regards aids subject to the review procedure laid down in Articles 92 and 93 of the Treaty, these involve renewing existing measures with a few minor amendments.

Schleswig-Holstein

- Aid for the extensification of agricultural production for the purpose of protection of the environment — programme for the protection of land adjacent to water.
- measures to encourage the development of forests.

Rhineland-Palatinate

- Aid for renting additional storage facilities for wine for the distillation of wine; since the Council had decided pursuant to Article 93(2) that these aids were to be considered compatible with the common market, the Commission did not adopt a decision on them.

Baden-Württemberg

- Amendment to existing farm investment aids for the purposes of protection of the environment.

Lower Saxony

- Measures to assist Wendeland-Stärke GmbH in Lüchow, a manufacturer of potato starch located in areas affected by the division of Germany (measure in the form of mobilization of the State guarantee granted when the undertaking was set up; with no objection from the Commission). The purpose of the measure is to permit the purchase of the undertaking by the Avebe cooperative in the Netherlands.

Belgium

- Aid for the promotion of potatoes, hops, seeds and propagating materials financed partly from compulsory levies on the production of major crops.

¹ COM(89) 649 final; COM(89) 650 final; COM(89) 651 final.

Spain

- Measures to assist *Acrididae* control.
- Aid for the construction of new facilities to modernize the Matadero de Bilbao SA slaughterhouse.
- Measures to assist the restructuring of vineyards in accordance with the criteria laid down in Regulation (EEC) No 2741/89.¹
- Royal Decree of 31 July 1987 concerning the compensatory allowance in mountain farming areas and Royal Decree of 24 July 1987 concerning aids for joint investments to improve farms in less-favoured areas. The proposed aids are covered by the provisions of Regulation (EEC) No 797/85² concerning less-favoured areas.

Rioja

- Draft regional order laying down measures to improve the efficiency of agricultural structures, family farms, young farmers and small agri-food industries.

France

- Special aid for farmers in the South West affected by the storm on 6 July 1983.
- Special aid for cereal growers affected by the heavy rains in spring 1988.
- Measures to assist farmers who were the victims of the drought in 1989.

Greece

- Programme of demonstration, research and other activities relating to crop production for 1989 (renewal of existing measures).

United Kingdom

- Aid for O'Kane Poultry Ltd for the rebuilding of poultrymeat processing facilities following a fire, with no increase in production capacity.

Isle of Man

- Beef quality scheme.

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

Belgium

- Aid for the promotion of poultry and small livestock products, these aids also being funded from taxes on products imported from other Member States at the slaughter stage and imports of compound feedingstuffs.

Spain**Murcia**

Draft regional order introducing compensatory allowances in certain areas of Lorca not included in the list of less-favoured areas with the meaning of Directive 75/268/EEC.³

Italy

- Measures concerning sheep's cheese (storage aid).

2.1.205. The Commission decided to send a negative decision pursuant to Article 93(2) of the EEC Treaty concerning the following aid:

France

- Aid for livestock and cereal farmers in the form of reimbursement of the special fiscal and parafiscal charges on the purchase of feedingstuffs.

2.1.206. The Commission decided to terminate the procedure concerning Italian aid

¹ OJ L 264, 12.9.1989.

² OJ L 93, 30.3.1985; Bull. EC 3-1985, point 2.1.111.

³ OJ L 128, 19.5.1975.

for private storage of olive oil, since the aid was not granted.

2.1.207. The Commission regarded the following measures compatible with Regulation (EEC) No 1545/89 on transitional measures for the grant of agricultural income aid:¹

Germany

Rhineland-Palatinate

- Renewal of aid for agricultural holdings in difficulty.

Baden-Württemberg

- Extension of aid for holdings in danger of going out of business.

Belgium

- Interest-rate subsidies and State guarantee on loans to some young farmers established for less than 10 years whose farms are in difficulty.

European Agricultural Guidance and Guarantee Fund

Guarantee Section

2.1.208. On a proposal from the Commission,² the Council, on 11 December, adopted Regulation (EEC) No 3757/89³ amending Regulation (EEC) No 3247/81 on the financing by the EAGGF Guarantee Section of certain intervention measures, particularly those involving the buying-in, storage and sale of agricultural products by intervention agencies.⁴ In the interests of sound management of intervention measures, it was thought appropriate to establish inventories of products in store at regular intervals, for the purpose of making comparisons with the stock records and financial accounts for these products. This new Regulation creates the legal basis for such inventories.

2.1.209. On a proposal from the Commission,⁵ as amended⁶ following the opinion of Parliament,⁷ the Council adopted Regulation (EEC) No 4045/89⁸ on 21 December on scrutiny by Member States of transactions forming part of the system of financing by the Guarantee Section of the European Agricultural Guidance and Guarantee Fund and repealing Directive 77/435/EEC,⁹ which provided for the same type of scrutiny. This Regulation is one of the initiatives taken by the Commission to combat frauds and irregularities to the detriment of the Community budget. It concerns checks after payment on the commercial documents of undertakings receiving payments from or making payments to the EAGGF Guarantee Section, with special emphasis on the prevention and detection of frauds and irregularities.

The new Regulation amends the abovementioned old Directive in several respects, the most important being the following: the number of checks is increased substantially; national scrutiny programmes aimed at harmonization at Community level are to be communicated to the Commission and, in each Member State, a special department is to be responsible for scrutiny and coordination thereof. The additional expenditure arising from the increase in checks, i.e. staff remuneration, training of personnel and the setting up of the new departments is to be funded partially by the Community for a period of five years.

¹ OJ L 151, 3.6.1989; Bull. EC 6-1989, point 2.1.130.

² Bull. EC 6-1989, point 2.1.166.

³ OJ L 365, 15.12.1989.

⁴ OJ L 327, 14.11.1981; Bull. EC 11-1981, point 2.1.109.

⁵ OJ C 192, 29.7.1989; Bull. EC 6-1989, point 2.1.166.

⁶ OJ C 14, 20.1.1990; COM(89) 623 final.

⁷ OJ C 291, 20.11.1989; Bull. EC 10-1989, point 2.1.173.

⁸ OJ L 388, 30.12.1989.

⁹ OJ L 172, 12.7.1977.

Fisheries

Resources

Internal aspects

Community measures

TACs and quotas

2.1.210. On 19 December the Council, acting on a proposal from the Commission,¹ adopted Regulation (EEC) No 4047/89 fixing, for certain fish stocks and groups of fish stocks, the total allowable catches (TACs) for 1990, the Community share thereof, the allocation of this share among the Member States, and the conditions under which these quotas may be fished. It applies with effect from 1 January 1990.²

2.1.211. On 20 December the Commission adopted Regulation (EEC) No 3828/89³ amending Regulation (EEC) No 4208/88 laying down, for the 1989 fishing year, the annual import quotas for the fishery products subject to the rules for the application of quantitative restrictions by Spain and Portugal.⁴

Control measures

2.1.212. On 18 December the Council, acting on a proposal from the Commission⁵ and in the light of Parliament's opinion,⁶ adopted Decision 89/648/EEC⁷ amending Decision 87/278/EEC on a Community financial contribution towards the development of the monitoring and supervision facilities necessary for applying the Community arrangements for the conservation of fishery resources.⁸ The purpose of this amendment is to extend the validity of Decision 87/278/EEC by one year (until 31 December 1990) in view of the delays encountered by certain Member States in implementing their programme for the acquisition of surveillance equipment.

2.1.213. On 18 December the Council, acting on a proposal from the Commission,⁹ adopted Regulation (EEC) No 3972/89 fixing, for 1990, certain measures for the conservation and management of fishery resources, applicable to vessels flying the flag of a Member State, other than Spain and Portugal, in waters falling under the sovereignty or within the jurisdiction of Portugal.⁷

Also on 18 December the Council, acting on a proposal from the Commission,⁹ adopted Regulation (EEC) No 3973/89 fixing, for 1990, certain measures for the conservation and management of fishery resources applicable to vessels flying the flag of Portugal in waters falling under the sovereignty or within the jurisdiction of a Member State apart from Spain and Portugal.⁷

On 19 December the Council, acting on a proposal from the Commission, adopted Regulation (EEC) No 3974/89 fixing, for 1990 certain measures for the conservation and management of fishery resources, applicable to vessels flying the flag of a Member State, other than Spain and Portugal, in waters falling under the sovereignty or within the jurisdiction of Spain.⁷

2.1.214. On 18 December the Council, acting on a proposal from the Commission,¹⁰ adopted Regulation (EEC) No 3939/89 laying down for 1990 certain measures for the conservation and management of fishery resources applicable to vessels flying the flag of certain non-member countries in the 200-nautical-mile zone off the coast of the French Department of Guyana.¹¹

¹ COM(89) 630 final.

² OJ L 389, 30.12.1989.

³ OJ L 372, 21.12.1989.

⁴ OJ L 371, 31.12.1988.

⁵ OJ C 303, 2.12.1989; COM(89) 562 final.

⁶ OJ C 15, 22.1.1990.

⁷ OJ L 380, 29.12.1989.

⁸ OJ L 135, 23.5.1987; Bull. EC 5-1987, point 2.1.181.

⁹ Bull. EC 11-1989, point 2.1.165.

¹⁰ COM(89) 637 final.

¹¹ OJ L 379, 28.12.1989.

Technical measures

2.1.215. On 19 December the Council, acting on a proposal from the Commission,¹ adopted Regulation (EEC) No 4056/89² amending for the ninth time³ Regulation (EEC) No 3094/86 laying down certain technical measures for the conservation of fishery resources.⁴ The purpose of this amendment is to make certain technical adjustments to the existing rules on the conservation of fishery resources.

2.1.216. On 11 December the Commission adopted Regulation (EEC) No 3699/89 establishing for 1990 the list of vessels exceeding eight metres length overall and permitted to fish for sole within certain areas of the Community using beam trawls whose aggregate length exceeds nine metres.⁵

External aspects

Norway

2.1.217. On 19 December the Council, acting on a proposal from the Commission,⁶ adopted Regulation (EEC) No 4048/89 laying down for 1990 certain measures for the conservation and management of fishery resources applicable to vessels flying the flag of Norway.²

2.1.218. On 19 December the Council, acting on a proposal from the Commission,⁶ also adopted Regulation (EEC) No 4049/89 allocating, for 1990, certain catch quotas among the Member States for vessels fishing in the Norwegian exclusive economic zone and the fishing zone around Jan Mayen.²

Sweden

2.1.219. On 19 December the Council, acting on a proposal from the Commission,⁷ adopted Regulation (EEC) No 4057/89² amending for the second time Regulation (EEC) No 4198/88 allocating, for 1989, catch quotas among the Member States for vessels fishing in Swedish waters.⁸

2.1.220. On 19 December the Council, acting on a proposal from the Commission,⁹ adopted Regulation (EEC) No 4050/89 laying down, for 1990, certain measures for the conservation and management of fishery resources applicable to vessels flying the flag of Sweden.²

2.1.221. On 19 December the Council, acting on a proposal from the Commission,⁹ also adopted Regulation (EEC) No 4051/89 allocating, for 1990, catch quotas among the Member States for vessels fishing in Swedish waters.²

Faeroe Islands

2.1.222. On 19 December the Council, acting on a proposal from the Commission,¹⁰ adopted Regulation (EEC) No 4052/89 laying down for 1990 certain measures for the conservation and management of fishery resources applicable to vessels registered in the Faeroe Islands.²

2.1.223. On 19 December the Council, acting on a proposal from the Commission,¹¹ adopted Regulation (EEC) No 4053/89 allocating for 1990 certain catch quotas among the Member States for vessels fishing in Faeroese waters.²

Greenland

2.1.224. On 19 December the Council, acting on a proposal from the Commission,¹⁰ adopted Decision 89/650/EEC on the conclusion of an agreement in the form of an exchange of letters concerning the provisional application of the protocol laying

¹ Bull. EC 11-1989, point 2.1.169.

² OJ L 389, 30.12.1989.

³ Most recent amendment: Bull. EC 7/8-1989, point 2.1.184.

⁴ OJ L 288, 11.10.1986.

⁵ OJ L 362, 12.12.1989.

⁶ COM(89) 631 final.

⁷ COM(89) 604 final.

⁸ OJ L 369, 31.12.1988.

⁹ COM(89) 632 final.

¹⁰ COM(89) 634 final.

¹¹ COM(89) 617 final.

down the conditions relating to fishing as provided for in the fisheries agreement between the Community, on the one hand, and Denmark and Greenland, on the other, for the period from 1 January 1990 to 31 December 1994.¹ The Council also gave its provisional approval to the Regulation concerning the conclusion of the said protocol.

2.1.225. On 19 December the Council, acting on a proposal from the Commission,² also adopted Regulation (EEC) No 4054/89 allocating, for 1990, Community catch quotas in Greenland waters.¹

German Democratic Republic

2.1.226. On 13 and 14 December a first round of negotiations was held in Brussels between the Community and the GDR with a view to the possible conclusion of a fisheries agreement.

Guinea

2.1.227. On 7 December the Council, acting on a proposal from the Commission,³ adopted a Decision on the conclusion of an agreement in the form of an exchange of letters concerning the interim extension of the protocol to the agreement between the Community and the Government of the Republic of Guinea on fishing off the coast

of Guinea for the period from 8 August to 31 December 1989.⁴

Guinea-Bissau

2.1.228. On 18 December the Council, acting on a proposal from the Commission,⁵ adopted Decision 89/675/EEC on the conclusion of an agreement in the form of an exchange of letters concerning the provisional application of the protocol determining the fishing possibilities and the financial compensation provided for in the agreement between the Community and the Government of the Republic of Guinea-Bissau on fishing off the coast of Guinea-Bissau for the period from 16 June 1989 to 15 June 1991.⁶

North-West Atlantic Fisheries Organization (NAFO)

2.1.229. On 19 December the Council, acting on a proposal from the Commission,⁷ adopted Regulation (EEC) No 4055/89 fixing catch possibilities for 1990 for certain fish stocks and groups of fish stocks in the regulatory area as defined in the NAFO Convention.¹ The quotas were fixed at the following levels:

¹ OJ L 389, 30.12.1989.

² COM(89) 633 final.

³ COM(89) 463 final.

⁴ OJ L 29, 30.1.1987; Bull. EC 1-1987, point 2.1.117.

⁵ COM(89) 601 final.

⁶ OJ L 398, 30.12.1989.

⁷ COM(89) 635 final.

Species	Zone	Total quota (tonnes)
Cod	NAFO 2J + 3KL	32 000
Cod	NAFO 3NO	7 000
Cod	NAFO 3M	0
Redfish	NAFO 3M	12 000
Redfish	NAFO 3LN	6 000
American plaice	NAFO 3M	500
American plaice	NAFO 3LNO	500
Witch flounder	NAFO 3NO	1 200
Yellowtail flounder	NAFO 3LNO	200
Capelin	NAFO 3NO	750
Squid	NAFO sub-zones 3 + 4	p.m.

2.1.230. On 12 December the Commission adopted, for transmission to the Council, a proposal for a Regulation laying down certain technical measures for the conservation of fishery resources in the regulatory area defined by the International Convention on future multilateral cooperation in the North-West Atlantic fisheries.¹

International Commission for the South-East Atlantic Fisheries (ICSEAF)

2.1.231. The Community participated as an observer at the 10th annual meeting of the ICSEAF, which was held in Palma from 4 to 9 December. The purpose of the meeting was to consider what measures should apply in 1990 to fishing activities in the area concerned, and in particular off the coast of Namibia.

Market organization

Guide prices

2.1.232. On 20 December the Commission adopted a set of 14 Regulations on prices for the 1990 fishing year and the transitional measures provided for in the Act of Accession:

(i) Regulation (EEC) No 3958/89² fixing, for the 1990 fishing year, the withdrawal and selling prices for fishery products listed in Annex I(A), (D) and (E) of Regulation (EEC) No 3796/81;³

(ii) Regulation (EEC) No 3971/89² amending Regulation (EEC) No 3510/82 fixing the conversion factors applicable to tuna;⁴

(iii) Regulation (EEC) No 3959/89 fixing the reference prices for fishery products for the 1990 fishing year;²

(iv) Regulation (EEC) No 3960/89 fixing the standard values to be used in calculating the financial compensation for fishery products withdrawn from the market during the

1990 fishing year and the advance pertaining thereto;²

(v) Regulation (EEC) No 3961/89 fixing the amount of the carry-over premium for certain fishery products for the 1990 fishing year;²

(vi) Regulation (EEC) No 3962/89 fixing the amount of the flat-rate premium for certain fishery products for the 1990 fishing year;²

(vii) Regulation (EEC) No 3963/89 fixing the storage premium for certain fishery products for the 1990 fishing year;²

(viii) Regulation (EEC) No 3964/89 opening tariff quotas for the 1990 fishing year for fishery products coming from joint ventures set up between natural or legal persons from Spain and from other countries;²

(ix) Regulation (EEC) No 3965/89 suspending for the 1990 fishing year the duties applicable to fresh fishery products originating in Morocco and coming from joint fisheries ventures set up between natural or legal persons from Portugal and Morocco, on the direct landing of such products in Portugal;²

(x) Regulation (EEC) No 3666/89 fixing, for the 1990 fishing year, the annual import quotas for the fishery products subject to the rules for application of quantitative restrictions by Spain and Portugal;²

(xi) Regulation (EEC) No 3967/89 fixing, for the 1990 fishing year, the overall foreseeable level of imports for the products subject to the supplementary trade mechanism in the fisheries sector;²

(xii) Regulation (EEC) No 3968/89 fixing the guaranteed minimum price for Atlantic sardines of the species *Sardina pilchardus*;²

(xiii) Regulation (EEC) No 3969/89 fixing the compensatory allowance for Mediter-

¹ COM(89) 644 final.

² OJ L 385, 30.12.1989.

³ OJ L 379, 31.12.1981.

⁴ OJ L 368, 28.12.1982.

ranean sardines of the species *Sardina pilchardus*;¹

(xiv) Regulation (EEC) No 3970/89 fixing the reference prices for intra-Community trade in Atlantic sardines of the species *Sardina pilchardus* for the 1990 fishing year.¹

Structures

Processing and marketing

2.1.233. On 19 December the Council, acting on a proposal from the Commission,² adopted Regulation (EEC) No 4042/89 on the improvement of the conditions under which fishery and aquaculture products are processed and marketed.³ This new Regulation repeals Regulation (EEC) No 355/77⁴ with effect from 1 January. It takes account of both the objectives of the reform of the structural Funds⁵ and the specific features of the fisheries and aquaculture sector. Its provisions are tailored to meet the needs of processing and marketing in this sector, as distinct from the corresponding activities in the agricultural sector.

2.1.234. On 19 December the Commission, acting under Council Regulation (EEC) No 355/77 of 15 February 1977 on common measures to improve the conditions under which agricultural and fishery products are processed and marketed,⁴ approved a specific programme submitted by Italy and relating to freshwater fishery products. The estimated investment costs amount to some ECU 10.4 million (ECU 8.7 million for structural measures to improve the processing and preserving of fishery products and ECU 1.7 million for the modernization, expansion and automation of fish markets).

Community aid

2.1.235. On 20 December the Commission, acting under Council Regulation (EEC) No 4028/86 of 18 December 1986 on

Community measures to improve and adapt structures in the fisheries and aquaculture sector,⁶ decided to grant aid totalling some ECU 0.88 million towards four projects for the provision of facilities at fishing ports (two Spanish projects, one French project and one Portuguese project).

2.1.236. Acting under Title V of the same Regulation,⁶ the Commission decided to grant incentive premiums totalling some ECU 3.82 million towards seven exploratory fishing projects submitted by Italy (three projects), Denmark (two projects), Ireland (one project) and Portugal (one project).

2.1.237. On 20 December the Commission, acting under the same Regulation,⁶ adopted the maximum level of eligible expenditure by Member States on measures to adjust capacity in the fisheries sector (temporary or permanent withdrawal of certain vessels from fishing operations). The maximum level was set at ECU 51.4 million. Of this total ECU 25.7 million would be borne by the Commission.

2.1.238. On 20 December the Commission, acting under Council Regulation (EEC) No 3252/87 of 19 October 1987 on the coordination and promotion of research in the fisheries sector,⁷ granted aid totalling some ECU 3.1 million towards 14 projects. These projects, which were selected from the 302 applications submitted to the Commission following the call for proposals published on 1 July 1988,⁸ relate to research into fisheries management, fishing techniques, aquaculture and the upgrading of fishery products. A second call for proposals⁹ was published on 13 December.

¹ OJ L 385, 30.12.1989.

² OJ C 143, 9.6.1989.

³ OJ L 388, 30.12.1989.

⁴ OJ L 51, 23.2.1977.

⁵ OJ L 185, 15.7.1988.

⁶ OJ L 376, 31.12.1986.

⁷ OJ L 314, 4.11.1987.

⁸ OJ L 172, 1.7.1988.

⁹ OJ C 313, 13.12.1989.

2.1.239. On 22 December the Commission, acting under Council Regulation (EEC) No 355/77 of 15 February 1977,¹ granted, as the second tranche of aid for 1989, a total of some ECU 34.68 million towards 102 investment projects in the fisheries sector. These projects, the purpose of which is to expand or rationalize undertakings engaged in the treatment, processing or marketing of fishery and aquaculture products, provide for investments in the auctioning, wholesaling, cold storage, freezing and processing of the said products. The granting of this aid reflects the fact that the reform of the structural Funds was intended to direct Community assistance mainly towards certain regions of the Community.

aquaculture, investment aid for the processing of fishery products and aid to offset damage caused to sea fisheries. The Commission also took note of two schemes notified by Greece. As regards fisheries development schemes for 1988 and 1989, Portugal gave notice of a draft measure whereby aid would be granted for the temporary or permanent laying-up of fishing boats and Germany gave notice of an aid scheme for the processing and marketing of fishery products. The Commission also approved two schemes notified by France, one concerning aid for the adjustment of fishing capacity (in Languedoc-Roussillon) and the other concerning aid for the construction of fishing vessels measuring over 16 metres (in Brittany).

Table 6 — Aid granted under Regulation (EEC) No 355/77, by Member State

Member State	Number of projects	Aid (million ECU)
Belgium	2	0.33
Denmark	16	1.30
FR of Germany	5	0.80
Greece	3	4.70
Spain	17	5.38
France	9	2.04
Ireland	6	3.33
Italy	14	7.56
Netherlands	2	0.62
Portugal	15	6.25
United Kingdom	13	2.37
Total	102	34.68

Transport

2.1.241. The European Council stressed the need for further progress in the transport sector (→ point 1.1.4).

Inland transport

Railways

2.1.242. At its meeting on 4 and 5 December the Council adopted a resolution calling on the Commission to set up a high-level working party to work out a master plan for a European high-speed rail network.

Road transport

2.1.243. Acting on a proposal from the Commission² and in the light of the opinions of the European Parliament³ and the

State aid

2.1.240. In December the Commission was notified of seven aid schemes in the fisheries sector. The three schemes notified by Italy relate to investment aid for the expansion and development of fisheries and

¹ OJ L 51, 23.2.1977.

² OJ C 349, 31.12.1985; Bull. EC 11-1985, point 2.1.166.

³ OJ C 255, 13.10.1986; Bull. EC 9-1986, point 2.1.148.

Economic and Social Committee,¹ the Council approved at its meeting on 4 and 5 December and adopted on 21 December Regulation (EEC) No 4059/89 laying down the conditions under which non-resident carriers may operate national road passenger transport services within a Member State (cabotage).² During a transitional phase up to 31 December 1992 an annual cabotage quota of 15 000 authorizations, each valid for two months, will apply. This quota will be increased each year by at least 10%. The Regulation contains safeguard clauses in the event of cabotage having an adverse effect, in particular if 30% of cabotage operations were confined to one single Member State. The Council will work out the final arrangements which are due to come into force on 1 January 1993.

Fixing of rates

2.1.244. Acting on a proposal from the Commission³ and in the light of the opinions of the European Parliament⁴ and the Economic and Social Committee⁵ the Council adopted, on 21 December, Regulation (EEC) No 4058/89 on the fixing of rates for the carriage of goods by road between Member States,² on which it had reached agreement in October.⁵

Technical aspects

2.1.245. In the light of the opinion of the European Parliament⁶ the Commission adopted on 7 December, for transmission to the Council, an amendment⁷ to its proposal for a Directive relating to the maximum permitted alcohol concentration for vehicle drivers.⁸

Social conditions

2.1.246. Acting on a proposal from the Commission⁹ and in the light of the opinions of the European Parliament¹⁰ and the Economic and Social Committee¹¹ the

Council approved, at its meeting on 4 and 5 December, and adopted on 21 December, Directive 89/684/EEC on vocational training for certain drivers of vehicles carrying dangerous goods by road.¹² The Directive requires such drivers to hold a vocational training certificate and lays down the conditions for its award. The Directive will enter into force on 1 July 1992 in the case of the carriage of dangerous goods in tankers and of explosives, and on 1 January 1995 for the carriage of any other form of dangerous goods.

International cooperation

2.1.247. On 4 and 5 December the Council adopted conclusions on the continuation of negotiations with Austria, Switzerland and Yugoslavia on the basis of a Commission progress report on negotiations with these transit countries. It underlined the importance of developing the railways and combined transport in the medium and long term and the need to reduce the nuisance caused by transit traffic. The Council also expressed its concern to see reciprocal concessions on access to the road haulage market.

Inland waterways

Structural improvements

2.1.248. On 8 December the Commission adopted Regulation (EEC) No 3685/89¹³

¹ OJ C 180, 8.7.1987; Bull. EC 5-1987, point 2.4.37.

² OJ L 390, 30.12.1989.

³ OJ C 152, 20.6.1989; Bull. EC 4-1989, point 2.1.169.

⁴ OJ C 323, 27.12.1989; Bull. EC 11-1989, point 2.1.185.

⁵ Bull. EC 10-1989, point 2.1.187..

⁶ OJ C 158, 26.6.1989; Bull. EC 5-1989, point 2.1.213.

⁷ OJ C 11, 17.1.1990; COM(89) 640 final.

⁸ OJ C 25, 31.1.1989; Bull. EC 11-1989, point 2.1.255.

⁹ OJ C 322, 15.12.1988; Bull. EC 6-1988, point 2.1.263.

¹⁰ OJ C 47, 27.2.1989; Bull. EC 1-1989, point 2.1.95.

¹¹ OJ 56, 6.3.1989; Bull. EC 12-1988, point 2.1.335.

¹² OJ L 398, 30.12.1989.

¹³ OJ L 360, 9.12.1989.

amending Regulation (EEC) No 1102/89 of 27 April 1989 laying down measures to implement structural improvements in inland waterway transport.¹ The new Regulation introduces new rates for annual contributions and scrapping premiums and the adjustment coefficient for push barges in an attempt to encourage the scrapping of these inland waterway vessels.

Shipping

2.1.249. On 4 and 5 December the Council adopted conclusions on shipping and called on the Member States and the Commission to discuss the improvement of controls pursuant to the Memorandum of Understanding on Port State Control, and called on the Commission:

- (i) to take initiatives concerning the shipping of food aid;
- (ii) to find ways of removing the legal uncertainties concerning consortia and multimodal transport containing a shipping leg;
- (iii) to give suitable priority in the next research framework programme (1990-94) to shipping research;
- (iv) to put forward a proposal on the mutual recognition of existing international technical standards on vessel transfer;
- (v) to submit a short general proposal for the transfer of ships between registers in the Community;
- (vi) to ensure that the December 1986 Regulations² are effectively implemented with a view to strengthening the competitive position of Community fleets, and to submit a report on this subject.

Civil aviation

2.1.250. On 4 and 5 December the Council held a full-scale policy discussion of the Commission's proposals concerning the second phase in the development of civil aviation in the Community.³ The Council adopted a number of conclusions regarding

liberalization, external policy, harmonization, air-space congestion, market access, cabotage, capacity, fares, competition and relations between the State of registration and its carriers to enable decisions to be taken within the time-limit laid down by the provisions adopted in December 1987.⁴ A transitional period was agreed on for 1991 and 1992 and confirmation given that the Commission's proposals would be implemented by 1 January 1993.

Licences

2.1.251. On 1 December the Commission adopted, for transmission to the Council, a proposal for a Directive on the mutual acceptance of licences for persons working in civil aviation.⁵ The proposal defines acceptance procedures for Member States of licences for persons working in civil aviation in another Member State. Once adopted the proposal will ensure greater mobility for workers in this sector by increasing job opportunities and will help to overcome serious staff shortages in some Member States.

Energy

Specific aspects

Solid fuels

2.1.252. In its communication of 19 December the ECSC Consultative Committee, taking note of the conclusions of the Commission's report of 10 March⁶ as regards foreseeable short-term developments in the solid fuel market, expressed its

¹ OJ L 116, 28.4.1989; Bull. EC 4-1989, point 2.1.176.

² OJ L 378, 31.12.1986; Bull. EC 12-1986, point 2.1.300.

³ OJ C 258, 11.10.1989; Bull. EC 7/8-1989, point 2.1.202.

⁴ OJ L 374, 31.12.1987; Bull. EC 12-1987, point 2.1.280.

⁵ OJ C 10, 16.1.1990; COM(89) 472 final.

⁶ Bull. EC 3-1989, point 2.1.161.

concern at the continuing or even worsening downturn in the Community coal market. It expressed reservations about the guarantee of greater security of supply supposedly represented by the growing share of supplies from OECD partner countries.

Nuclear energy

2.1.253. On 20 December the Economic and Social Committee unanimously endorsed the Commission's communication on the Community's illustrative nuclear programme.¹ It supported the Commission's analysis of the design and construction of nuclear power stations, and the steps it intends to take with a view to completing the internal market in this sector.

The international dimension

Oapec annual meeting

2.1.254. On 4 and 5 December the Commission and the Organization of Arab Pet-

roleum Exporting Countries (Oapec) held their annual meeting² in Brussels. It took place at ministerial level for the first time since 1978. Both sides stressed the need to step up technical cooperation and trade and the importance of maintaining the stability of the oil markets.

Oapec emphasized the role of the regional groups, such as the Arab Maghreb Union, the Arab Cooperation Council and the Gulf Cooperation Council, in the process of integrating infrastructures and energy markets, in particular in the gas and electricity sectors. A common approach to the search for solutions beneficial to the environment, in particular through continued efforts to restructure and modernize refining and distribution emerged. The delegations also agreed to step up technical cooperation on training and extend it to include the transfer of technologies and energy efficiency.

¹ Bull. EC 7/8-1989, point 2.1.214.

² Previous meeting: Bull. EC 12-1988, point 2.1.344.

2. External relations

Commercial policy

General matters

Commercial policy instruments

Easing of restrictive measures

2.2.1. Under Council Regulation (EEC) No 3420/83 of 14 November 1983 on import arrangements for products originating in State-trading countries, not liberalized at Community level,¹ the Commission opened quotas for certain products² and abolished quantitative restrictions on the release for free circulation of a number of industrial products.³

Trade protection

2.2.2. The following trade protection measures were adopted in December:

Anti-dumping measures adopted by the Council

2.2.3. Regulation (EEC) No 3844/89 extending the provisional duty on imports of potassium permanganate originating in Czechoslovakia
OJ L 374, 22.12.1989
(acceptance of undertakings: OJ L 339, 2.12.1986)
(provisional duty: OJ L 245, 22.8.1989).

Anti-dumping measures adopted by the Commission

2.2.4. Notice of initiation of a proceeding concerning imports of beach slippers originating in the People's Republic of China
OJ C 314, 14.12.1989.

2.2.5. Notice of initiation of a review of the measures concerning imports of oxalic acid originating in Brazil
OJ C 318, 20.12.1989.

2.2.6. Notice of the expiry of measures concerning fibre building board originating in Czechoslovakia, Poland or Sweden, upright pianos originating in the German Democratic Republic, and synthetic fibre hand-knitting yarn originating in Turkey
OJ C 308, 7.12.1989.

Community surveillance

2.2.7. On 28 December the Commission adopted Regulation (EEC) No 4029/89⁴ amending Regulation (EEC) No 235/86 introducing Community surveillance on videotape recorders originating in South Korea.⁵

2.2.8. On the same date the Commission adopted Regulation (EEC) No 4030/89 extending the validity of the Community surveillance on imports of certain products originating in Japan.⁶

2.2.9. The Commission also adopted Regulation (EEC) No 4031/89 extending the validity of retrospective Community surveillance measures on imports of certain products originating in Japan.⁷

Safeguard measures

2.2.10. On 17 December, the Commission adopted Decision 89/644/EEC⁸ renewing and amending Decision 85/594/EEC⁹ authorizing the Hellenic Republic to take certain safeguard measures.

¹ OJ L 346, 8.12.1983.

² OJ C 317, 19.12.1989.

³ OJ C 315, 15.12.1989.

⁴ OJ L 382, 30.12.1989.

⁵ OJ L 29, 4.2.1986 (initial Regulations: OJ L 35, 9.2.1982, OJ L 113, 30.4.1986; OJ L 361, 29.12.1988).

⁶ OJ L 382, 30.12.1989 (initial Regulations: OJ L 35, 9.2.1982; OJ L 113, 30.4.1986; OJ L 77, 23.3.198; OJ L 361, 29.12.1988).

⁷ OJ L 382, 30.12.1989 (initial Regulations: OJ L 35, 9.2.1982; OJ L 113, 30.4.1986; OJ L 150, 2.6.1989).

⁸ OJ L 372, 21.12.1989.

⁹ OJ L 373, 31.12.1985.

Individual sectors

Iron and steel products

2.2.11. At the end of the negotiations with the United States authorities¹ on replacing the arrangements on steel and the export restrictions on certain iron and steel products,² the Commission adopted the following measures on 11 December:³

— Decision No 3724/89/ECSC on the restriction of exports of certain steel products to the United States

— Regulation (EEC) No 3725/89 on the monitoring by the Community of exports of certain steel products to the United States

— Regulation (EEC) No 3726/89 on the monitoring by the Community of exports of steel tubes and pipes to the United States

— Decision No 3727/89/ECSC on the monitoring by the Community of exports of certain steel products to the United States

— Decision 89/636/ECSC on the conclusion of an arrangement and a consensus with the United States of America concerning trade in certain steel products.

The decisions supplement Council Regulations (EEC) No 3722/89 of 6 November on the restriction of exports of certain steel products to the United States and No 3723/89, also of 6 November, on the restriction of exports of steel pipes and tubes to the United States of America, and Decisions 89/634/EEC and 89/635/EEC of 6 November on the conclusion of arrangements with the United States concerning these products.³

Autonomous measures

2.2.12. On 20 December the Commission adopted Recommendation No 3979/89/ECSC on Community surveillance of imports of certain iron and steel products covered by the ECSC Treaty originating in non-member countries.⁴

Textile products

Agreements and arrangements with non-Community countries

2.2.13. Acting on a proposal from the Commission,⁵ the Council adopted on 18 December Decision 89/672/EEC concerning the provisional application of an agreed minute amending the agreement between the Community and Hong Kong on trade in textile products.⁶

2.2.14. Acting on a proposal from the Commission,⁷ the Council adopted on the same date Decision 89/674/EEC concerning the provisional application of the agreement between the Community and the Soviet Union on trade in textile products from 1 January 1990.⁸ The decision is the result of the negotiations between the Commission and the Soviet Union in accordance with directives received from the Council in June,⁹ which led to the initialling of a textile agreement on 11 December.

2.2.15. Following negotiations conducted by the Commission in accordance with the guidelines adopted by the Council on 11 March 1986,¹⁰ the administrative cooperation arrangements governing trade in textile products with Morocco and Turkey were renewed on 19 and 22 December respectively for a period of two years (1990-91).

Industrialized countries

United States

2.2.16. The annual ministerial meeting between the Commission and the United

¹ Bull. EC 10-1989, point 2.2.8.

² Bull. EC 11-1982, point 2.2.12; Bull. EC 7/8-1986, point 2.1.31.

³ OJ L 368, 18.12.1989.

⁴ OJ L 380, 29.12.1989.

⁵ Bull. EC 10-1989, point 2.2.5.

⁶ OJ L 396, 30.12.1989.

⁷ COM(89) 661 final.

⁸ OJ L 397, 30.12.1989.

⁹ Bull. EC 6-1989, points 2.2.6 and 2.2.18.

¹⁰ Bull. EC 3-1986, point 2.2.1.

States was held in Brussels on 15 December.¹ The Commission was represented by Mr Delors, Mr Andriessen, Mr Bangemann, Mr Mac Sharry, Mr Ripa di Meana and Mr Matutes. The US delegation was led by the Secretary of State, Mr Baker, and also included Mr Yeutter, Secretary of Agriculture, Mr Mosbacher, Secretary of Commerce, Mrs Hills, Special Representative for Trade Negotiations, and Mr Reilly, Administrator of the Environmental Protection Agency.

The two sides held a wide-ranging discussion on East-West relations, European integration and the completion of the internal market, the Uruguay Round, the environment, the strengthening of relations between the Community and the United States, and the economic cooperation initiative in the Asia-Pacific region.

The meeting gave both sides an opportunity to confirm the importance they attach to bilateral relations between them and to situate their economic relations in the broader context of common interests, taking into account progress towards European integration and the changes under way in Central and Eastern Europe.

At the close of the meeting the following joint declaration was adopted:

'The Commission and the United States consider it opportune, at this juncture, to reaffirm the importance they attach to EC-US relations and to declare their intent to strengthen further their relationship.

The steady progress of the European Community towards greater integration represents an important element of stability in the evolving situation in Europe. The United States has consistently supported this process. As Europe changes, the instruments for Western cooperation must adapt: world stability is enhanced by a strong EC-US relationship.

As President Bush suggested in Boston, and as the US stated this week, closer cooperation will help the EC and the US both to meet their shared responsibilities and to work together with their other partners to bring about the world-wide cooperation needed to face the challenges of the coming decade.

With this in mind, representatives of the EC Commission and the United States will meet early in

1990 to examine ways of strengthening coordination in the growing number of areas of common interest. Our goal is to assure the continued vitality of transatlantic ties at a time of accelerating European integration.'

Japan

2.2.17. On 14 December Mr Nakayama, Japan's Foreign Minister, in Brussels for the meeting of the Group of 24 (→ point 2.2.23), had meetings with Mr Delors and Mr Andriessen. With Mr Delors he discussed the situation in the Central and Eastern European countries and the implications for the Community, and bilateral relations between the Community and Japan. With Mr Andriessen he discussed quantitative restrictions, motor vehicles, the Community's relations with the Eastern European and EFTA countries, the political situation in Japan and bilateral relations between Japan and the United States.

2.2.18. The Commission discussed agricultural matters with a Japanese delegation at meetings in Brussels on 30 November and 1 December. The discussions covered the two sides' positions on the Uruguay Round negotiations, improved access to the Japanese market for various European food products and the relaxation of specific laws, mostly relating to plant health. The Commission repeated requests made at previous meetings² and asked the Japanese authorities to comply with their commitments on agriculture.

2.2.19. Informal consultations on the residual quantitative restrictions which Member States apply to imports from Japan continued in Brussels on 18 and 19 December.³ The Commission offered to abolish some 30 of these quantitative restrictions, and the Japanese authorities, considering that this proposal represented reasonable progress towards the ultimate elimination of all such restrictions, decided

¹ Previous meeting: Bull. EC 12-1988, point 2.2.13.

² Bull. EC 7/8-1988, point 2.2.24.

³ Previous meeting: Bull. EC 3-1989, point 2.2.5.

not to refer the matter to GATT. The two sides agreed to continue the consultations next autumn.

European Free Trade Association

2.2.20. As agreed at their meeting on 20 March,¹ the Ministers of the Member States, the Commission — represented by Mr Delors and Mr Andriessen — and the Ministers of the EFTA countries met in Brussels on 19 December. At the close of the meeting they adopted a joint declaration in which they undertook to open as soon as possible, and in any case in the first half of 1990, formal negotiations with a view to concluding an overall agreement establishing a more structured framework for cooperation between the Community and the EFTA group of countries. The Ministers noted the high quality of the preparatory work carried out by the group of high-level officials from the Commission and the EFTA countries,² and agreed that this work should be continued with a view to achieving the best possible conditions for the opening of the forthcoming negotiations.

Agreements were signed between the Community and the EFTA countries concerning the exchange of information on draft technical regulations and the participation of EFTA countries in the Community's Commert II programme.

2.2.21. On 14 December Parliament adopted a resolution on relations between the Community and the EFTA countries.³ Parliament supported the plan to create a single economic area including the EFTA countries, while stressing that the four basic freedoms of the internal market must be achieved at the same time and be accompanied by measures to fulfil social and environmental requirements. Parliament also sought assurance that closer cooperation with the EFTA countries would not erode the Community's decision-making autonomy, while not ruling out the possibility of institutional solutions.

Eastern European countries

2.2.22. At its meeting on 14 December the Council and the Education Ministers meeting within the Council adopted conclusions⁴ on relations with the East European countries in the field of education and training. They expressed the wish to step up cooperation with countries of Central and Eastern Europe which intend to base themselves on the principles of democracy, pluralism and the rule of law. Education and training were particularly important in this context, both in order to develop the close links between the Community and these countries and to help the latter implement educational reforms. The Ministers proposed *inter alia* to encourage the participation of citizens of the countries concerned in educational and training programmes along the lines of Community programmes and to take the necessary decisions early in 1990 for the establishment of a European Foundation for Vocational Training.

Coordinated aid for Poland and Hungary

2.2.23. The Commission continued its action at two levels: coordination of assistance to Poland and Hungary from the Group of 24 and detailed preparations for its own assistance programme.⁵

A ministerial meeting of the Group of 24 was held in Brussels on 13 December. The participants adopted a declaration in which they confirmed their commitment to assist Poland and Hungary in restructuring their economies by continued food aid to Poland and by trade and economic assistance measures in both countries covering agriculture, training, the environment and investment. They welcomed the many initiatives taken

¹ Bull. EC 3-1989, point 2.2.7.

² Bull. EC 10-1989, point 2.2.13.

³ OJ C 15, 22.1.1990.

⁴ OJ C 27, 6.2.1990.

⁵ Bull. EC 10-1989, point 1.1.1; Bull. EC 11-1989, points 2.2.22 and 2.2.23.

by individual members of the Group of 24 and in particular the commitment of substantial financial resources intended to support stabilization and restructuring in Poland and Hungary. They supported the work in hand towards the establishment of a USD 1 000 million stabilization fund for Poland and the granting of a ECU 1 000 million adjustment loan to Hungary. They called on the Commission to continue its coordination work, to establish new priorities for further action by the 24 and to develop new initiatives. They welcomed the conclusions of the European Council (→ point 1.1.14) concerning the setting-up of a European Bank for Reconstruction and Development, the establishment of a foundation for vocational training and the proposed exchange programmes for young students.

Ministers also indicated their willingness to respond positively to requests for assistance from other countries in Central and Eastern Europe when the latter put in place the necessary political and economic reforms.

In order to implement the Community's own programme of assistance, the Commission has set up an operational unit to administer restructuring projects covering agriculture, the environment, training and investment.

2.2.24. On 4 December, acting on a proposal from the Commission¹ and following the political agreement reached at the meeting of the Council (General Affairs) on 27 November,² the Council adopted Regulation (EEC) No 3691/89³ suspending non-specific quantitative restrictions in respect of Poland and Hungary and amending Regulation (EEC) No 3420/83⁴ accordingly.

2.2.25. On 18 December, acting on a proposal from the Commission⁵ and after consulting Parliament,⁶ the Council adopted Regulation (EEC) No 3906/89 on economic aid to Hungary and Poland.⁷

2.2.26. On 17 December the Commission approved a recommendation to the Council

concerning the negotiation of agreements with Poland and Hungary on trade and commercial and economic cooperation for ECSC products. The recommendation is in response to a wish expressed by the Hungarian and Polish authorities and is aimed at the conclusion of agreements with Hungary and Poland on products covered by the ECSC Treaty to back up the agreements signed on 26 September 1988⁸ and 19 September 1989⁹ on trade and commercial and economic cooperation.

2.2.27. On 13 December Parliament delivered a favourable opinion⁶ on the Commission proposal¹⁰ that it should indemnify the EIB against losses resulting from loans for projects in Hungary and Poland.

Bilateral relations

Hungary

2.2.28. On 6 December the Commission adopted a proposal for a Council Decision providing medium-term financial assistance for Hungary.¹¹ The aim is to empower the Commission to conclude a borrowing programme of a maximum of ECU 1 000 million, together with budgetary cover to guarantee its payments, and to authorize it to lend the proceeds to Hungary in order to overcome structural adjustment problems.

Poland

2.2.29. On 27 December the Commission adopted a proposal for a Council Decision on the conclusion of an Agreement in the form of an exchange of letters between the

¹ Bull. EC 10-1989, point 1.1.5.

² Bull. EC 11-1989, point 2.2.21.

³ OJ L 362, 12.12.1989.

⁴ OJ L 346, 8.12.1983.

⁵ OJ C 296, 24.11.1989; Bull. EC 10-1989, point 1.1.8.

⁶ OJ C 15, 22.1.1990.

⁷ OJ L 375, 23.12.1989.

⁸ Bull. EC 9-1988, point 2.2.32; Bull. EC 11-1988, point 2.2.29; OJ L 327, 30.11.1988.

⁹ Bull. EC 9-1989, point 2.2.11.

¹⁰ OJ C 283, 9.11.1989; Bull. EC 10-1989, point 1.1.3.

¹¹ OJ C 20, 27.1.1990; COM(89) 627 final.

Community and Poland amending the Agreement on trade and commercial and economic cooperation.¹ The exchange of letters would suspend the provisions on agricultural concessions set out in Annexes IV and V to the Agreement to make way for more substantial concessions granted by the Community under its generalized preferences system (→ point 2.2.61).

2.2.30. On 20 December the Commission decided to grant ECU 2 497 593 in medical aid to Poland. Medicines and small items of medical equipment will be supplied via the Red Cross and the German Doctors' Association for Cooperation.

German Democratic Republic

2.2.31. Mr Andriessen paid an official visit to the German Democratic Republic on 4 and 5 December. He had talks with many members of the government including Mr Modrow, Prime Minister, and Mr Fischer, Foreign Minister, and with representatives of various opposition groups.

2.2.32. On 21 December, acting on a proposal from the Commission, the Council adopted a decision authorizing the Commission to negotiate an agreement between the Community and the GDR on trade and commercial and economic cooperation. The directives accompanying the decisions, which were broadened in scope following the major changes in the GDR's political and economic structures announced in November, are similar to those which led to the conclusion of the Agreement with the Soviet Union (→ point 2.2.35).

Romania

2.2.33. On 22 and 24 December the Commission decided to grant a total of ECU 5.5 million in emergency aid to the people of Romania (→ point 2.2.70). A Community delegation, made up of representatives of the Member States and the Commission, visited Romania in December to assess its rehabilitation and reconstruction needs.

The measures proposed by the Commission and adopted by the Council on 21 December, when the situation was deteriorating, which would have withdrawn from Romania certain advantages such as eligibility under the generalized preferences system, were not actually implemented as the Ceauşescu regime fell so quickly.

Czechoslovakia

2.2.34. On 22 December, acting on a proposal from the Commission, the Council adopted Regulation (EEC) No 4061/89² implementing certain provisions of the Agreement between the Community and Czechoslovakia on trade in industrial products.³ The Regulation replaces the annexes to the Agreement with a new version including the Combined Nomenclature codes and abolishes certain Community and regional quantitative restrictions in line with a commitment contained in the Agreement.

Soviet Union

2.2.35. Following the conclusion of the negotiations in November,⁴ the Agreement between the EEC, Euratom and the Soviet Union on economic and commercial cooperation was signed in Brussels on 18 December by Mr Dumas, President of the Council, and Mr Andriessen, Vice-President of the Commission, for the Community and Mr Shevardnadze, Foreign Minister, for the Soviet Union. The Commission also transmitted to the Council a proposal for a decision on the conclusion of the Agreement.

During his visit to Brussels Mr Shevardnadze met Mr Delors and Mr Andriessen and had talks with the Foreign Ministers of the Twelve.

¹ Bull. EC 9-1989, point 2.2.11.

² OJ L 390, 30.12.1989.

³ Bull. EC 10-1988, point 2.2.47; Bull. EC 12-1988, point 2.2.37; OJ L 88, 31.3.1989.

⁴ Bull. EC 11-1989, point 2.2.27.

Mediterranean, Gulf and Arabian Peninsula countries

Mediterranean countries

2.2.36. The Strasbourg European Council stated that the Community should in the months to come flesh out its policy of neighbourly relations with the Mediterranean countries with which it has long had preferential ties (→ point 1.1.15).

Turkey

2.2.37. On 17 December, in accordance with Article 237 of the Treaty, the Commission adopted for transmission to the Council a communication on Turkey's application for accession to the Community, formulated on 14 April 1987.¹ The Commission underlined the overriding importance of realizing the objectives of the Single Act and stated that, unless exceptional circumstances intervened, it could not recommend starting accession negotiations with any country before 1993 at the earliest. As far as Turkey is concerned, the Commission, having reviewed in depth the economic and social situation in that country, concluded that Turkey would find it hard to cope with the adjustment constraints with which it would be confronted in the medium term if it acceded to the Community. There was also the need to bear in mind certain substantial political problems such as the expansion of political pluralism, the continuation of the positive trend with regard to human rights and the rights of minorities, the persistence of disputes with a Member State and the lack of a solution to the Cyprus problem. Nevertheless, the Community wished to strengthen its relations with Turkey within the framework of the 1963 Association Agreement.² Accordingly, without casting doubt in any way on Turkey's eligibility to accede, it proposed a set of measures aimed at helping the country to modernize politically and economically.

Andorra

2.2.38. On 14 December a draft trade agreement in the form of an exchange of letters was initialled in Brussels with a view to creating a customs union between Andorra and the Community. The agreement, negotiations on which started in April,³ provides for the elimination of customs duties and charges having equivalent effect and of quantitative restrictions in trade between the two parties, and also the adoption by Andorra of the import formalities applied by the Community to non-member countries. It also includes provisions needed for the operation of the customs union. Relatively liberal tax exemptions have been granted to travellers in consideration of the specific nature of the Andorran economy, for which the tourist trade is essential. With regard to agricultural products, the Community will admit free of import duties products originating in Andorra. In addition, a specific solution has been found with regard to manufactured tobacco. There is provision for a joint committee to define certain details of the agreement and to administer its application.

Yugoslavia

2.2.39. In December the Council adopted Regulations concerning Decisions Nos 3/89 and 4/89 of the EEC-Yugoslavia Cooperation Council.⁴ The two decisions are designed to modify Protocol 3 to the Cooperation Agreement,⁵ concerning the definition of the concept of 'originating products' and methods of administrative cooperation, as a result of the introduction of the harmonized commodity description and coding system⁶ and the accession of Spain and Portugal.

¹ Bull. EC 4-1987, points 1.3.1, 1.3.2 and 2.2.20.

² OJ L 217, 29.12.1964.

³ Bull. EC 4-1989, point 2.2.18.

⁴ Bull. EC 11-1989, point 2.2.32.

⁵ OJ L 41, 14.2.1983; Bull. EC 1-1983, point 2.2.1.

⁶ OJ L 198, 20.7.1987; Bull. EC 4-1987, point 2.1.49.

Algeria

2.2.40. On 20 December in Brussels Mr Matutes received a delegation led by Mr Goumeziane, Algerian Deputy Minister responsible for trade arrangements. Talks were held on the progress of political and socio-economic reforms under way in Algeria and the support which the Community might be able to give to the country to promote the development of its economy, particularly in the agri-food sector.

2.2.41. On 15 December the Commission approved a grant of ECU 500 000 in aid under Article 956 of the budget to help the victims of the earthquake on 29 October in the Chenoua region. The aid is to be administered by the Algerian Red Crescent and will guarantee drinking water supplies to approximately 10 000 people.

Morocco

2.2.42. On 6 and 7 December in Brussels Mr Abdellatif Filali, Minister for Foreign Affairs, met Mr Delors, Mr Marín and Mr Matutes. Talks centred on the recent Commission communication to the Council,¹ setting out new Mediterranean policy guidelines for the coming decade. Morocco welcomed the communication and declared its willingness to step up dialogue on this new basis.

Tunisia

2.2.43. On 4 December, acting on a proposal from the Commission,¹ the Council adopted Regulation (EEC) No 3900/89² concerning application of Decision No 2/89 of the EEC-Tunisia Cooperation Council³ amending the protocol concerning the definition of the concept of originating products and methods of administrative cooperation to take account of the accession of Spain and Portugal to the European Communities.⁴

Israel

2.2.44. On 15 December Parliament adopted four resolutions⁵ on the

implementation of the trade protocols with Israel.⁶ It expressed its concern that Israel was not correctly applying the provisions agreed with the Community for the direct export to the Community and the marketing of Palestinian products and that human rights were not being respected in the occupied territories. Parliament proposed various initiatives with a view to a full evaluation of the situation and did not exclude, in this general context, suspension of economic cooperation between the Community and Israel.

Euro-Arab dialogue

2.2.45. The Commission, represented by Mr Delors and Mr Matutes, attended the Euro-Arab ministerial conference which was held in Paris on 22 December on the initiative of the French Presidency.⁷ Although held outside the formal framework of the Euro-Arab dialogue, the conference permitted a resumption of the latter, to be taken up at the sixth meeting of the General Committee of the Dialogue,⁸ which is planned for early June 1990 in Dublin. The two sides, having reviewed the structures and procedures of the dialogue, expressed their determination to restructure it to make it more efficient. One of the aspects of the restructuring will be the functional separation of the political component from the economic, technical, cultural and social components of Euro-Arab dialogue. The political component will in future be covered by a tripartite ministerial meeting which will be held every year and which will be able to take decisions on summoning plenary ministerial conferences. The economic, technical, social and cultural components will be covered by the General Committee, which will be the central body

¹ Bull. EC 11-1989, point 2.2.29.

² OJ L 375, 23.12.1989.

³ Bull. EC 2-1989, point 2.2.13.

⁴ OJ L 141, 28.5.1976.

⁵ OJ C 15, 22.1.1990.

⁶ OJ L 327, 30.11.1988; Bull. EC 11-1988, point 2.2.22.

⁷ Bull. EC 10-1989, point 2.7.29.

⁸ Fifth meeting: Bull. EC 12-1983, point 2.2.42.

and will have the task of setting out the duties of the three working committees on economic, technical, and social and cultural matters. In addition, the conference adopted guidelines for future work on these components and identified seven projects for which studies are at a sufficiently advanced stage and which should be given priority for presentation to the next General Committee meeting.

Countries of the Gulf and the Arabian Peninsula

2.2.46. On 19 December the Council (General Affairs) approved negotiating guidelines for a trade agreement between the Community and the customs union to be set up by the Gulf countries, with a view to supplementing the Cooperation Agreement between the Community and its Member States and the Gulf Cooperation Council and its member states,¹ which was signed in Luxembourg on 15 June 1988² and should come into force on 1 January 1990 after ratification by all parties.

2.2.47. From 4 to 6 December Mr Matutes paid an official visit to Saudi Arabia and Oman where he met members of the governments of the two countries, the General Secretary of the Gulf Cooperation Council and trade and industry representatives from the region.

Asia

South Asia

Sri Lanka

2.2.48. The 19th meeting of the EEC-Sri Lanka Joint Commission was held in Brussels on 14 December.³ It provided an opportunity for the Sri Lankan delegation to explain the social, economic and financial difficulties the country was experiencing

and to express its wish for stronger ties with the Community.

Trade between the two sides was balanced and the Sri Lankan authorities were convinced that the completion of the internal market would provide them with further export opportunities. Discussion continued on the possible conclusion of a fisheries agreement, depending on the outcome of the negotiations begun during the year. The Sri Lankan delegation announced recent sea transport liberalization measures taken by its government; these were welcomed by the Community delegation. The Community delegation also welcomed the aims of the anti-poverty campaign put forward by the Sri Lankan authorities; a cooperation project would be finalized at the beginning of 1990.

Financial and technical cooperation

2.2.49. On 18 December, following a favourable opinion from the Committee on Aid to Developing Countries in Latin America and Asia, the Commission granted funds from Article 930 of the Community budget for two projects:

- (i) ECU 10 million for roads in Tharparker, Pakistan.
- (ii) ECU 4.4 million for integrated watershed management in Bhimtal, India.

Asean

Financial and technical cooperation

2.2.50 On 18 December, following a favourable opinion from the Committee on Aid to Developing Countries in Latin America and Asia, the Commission granted funds

¹ Saudi Arabia, Kuwait, Qatar, Bahrain, United Arab Emirates and Oman.

² Bull. EC 6-1988, point 2.2.39.

³ Ninth meeting: Bull. EC 11-1987, point 2.2.29.

from Article 930 of the Community budget for two projects:

- (i) ECU 29 million for a water management and irrigation system improvement project in North-East Thailand.
- (ii) ECU 16.5 million for an agricultural programme in Southern Mindanao in the Philippines.

Latin America

2.2.51. The European Council meeting in Strasbourg stressed that the Community should step up its cooperation with the countries of Latin America, notably by lending its support to the Andean countries in their campaign against drugs (→ point 1.1.16).

Multilateral relations

Andean Pact

2.2.52. On 18 December, following a favourable opinion from the Committee on Aid to Developing Countries in Latin America and Asia, the Commission granted ECU 3.7 million from Article 930 of the Community budget for an Andean Pact project for the monitoring of new technology.

Bilateral relations

Argentina

2.2.53. At its meeting on 18 and 19 December the Council (General Affairs) reached agreement on a decision authorizing the Commission to negotiate an agreement between the Community and Argentina on trade and economic cooperation. This decision followed an official request presented to the Commission on 7 November by the Argentine Government.

Haiti

2.2.54. On 18 December, following a favourable opinion from the Committee on Aid to Developing Countries in Latin America and Asia, the Commission granted ECU 5.5 million from Article 930 of the Community budget for a microprojects programme covering various sectors of the Haitian economy.

African, Caribbean and Pacific (ACP) countries and overseas countries and territories (OCTs)

Renewal of the ACP-EEC Convention

2.2.55. The new ACP-EEC Convention, which reinforces and broadens the special relations between the Community and the ACP States, was signed in Lomé on 15 December (→ points 1.2.1 to 1.2.3), an event welcomed by the Strasbourg European Council.

Trade cooperation

2.2.56. Regulation (EEC) No 4040/89¹ on the application of Decision No 1/89 of the ACP-EEC Council of Ministers amending Protocol 1 to the third ACP-EEC Convention concerning the definition of the concept of 'originating products' and methods of administrative cooperation² was adopted by the Council on 4 December, as was Regulation (EEC) No 4041/89² amending Annex II, concerning the definition of the concept of 'originating products' and methods of administrative cooperation, to Decision 86/283/EEC on the association of

¹ OJ L 387, 30.12.1989.

² OJ L 86, 31.3.1986; Bull. EC 4-1986, point 2.2.31.

the overseas countries and territories with the European Economic Community.¹

ECU 500 000 for bananas was to compensate for the loss of earnings resulting from the damage caused by hurricane Hugo in September.

Stabex

Financial and technical cooperation

Advances

2.2.58. In December the Commission allocated resources from the fifth and sixth EDFs totalling ECU 89.319 million to finance projects, programmes and emergency aid operations which it administers (see Table 7).

2.2.57. The Commission decided on 20 December to accord Dominica an advance under the export earnings stabilization system in respect of transfer rights for the 1989 application year. The advance of

¹ OJ L 175, 1.7.1986; Bull. EC 6-1986, point 2.2.43.

Table 7 — *Financing of operations under the fifth and sixth EDFs*

Country/sector	Project/programme	Amount	
		Grants	Special loans
<i>(million ECU)</i>			
<i>Economic infrastructure</i>			
Regional (Comoros, Madagascar, Mauritius, Indian Ocean and the Seychelles)	Regional meteorology programme	1.000	4.000
Burundi (Northern and Central Corridors)	Transport programme for landlocked country	23.600	9.400
<i>Rural production</i>			
Caricom ¹	Agriculture — applied research	5.300	
Malawi	Agriculture	13.950	
All ACP	1990 budget of the Technical Centre for Agricultural and Rural Cooperation (TCARC)	5.957	
<i>Industrialization</i>			
All ACP	1990 budget of the Centre for the Development of Industry (CDI)	9.272	
<i>Social development</i>			
Guinea	Education infrastructure	5.500	
<i>Other</i>			
All ACP and OCT	Information: <i>The Courier</i>	1.340	
<i>Emergency aid</i>			
Ethiopia	Contribution to relief programmes for victims of the famine in the north	10.000	
	Total	75.919	13.400

¹ Caribbean community.

Industrial cooperation

2.2.59. The third EEC-Central Africa Industrial Forum, which took place in Yaoundé from 5 to 8 December, was sponsored by the Central African Customs and Economic Union and the Commission.¹ The aim of the forum, which was almost wholly financed by the EDF with organizational support from the Centre for Industrial Development, was to promote technical, financial and trade cooperation between Community firms and those of the region and between firms of the region. Some 400 African promoters and 299 potential partners from the 12 Member States were present and as a result some cooperation agreements were concluded, notably in the agri-food, clothing, construction and tourism sectors. A day was set aside for discussion of financing questions with the European and Central African financial institutions present.

Visits

2.2.60. On 4 December Mr Kengo Wa Dondo, First State Commissioner of Zaire, and Mr Karl I Bond, State Commissioner for Foreign Affairs, met Mr Marín in Brussels. Mr Kengo Wa Dondo reported on Zaire's structural adjustment programme, which was being implemented with highly satisfactory results, and asked the Commission to remind the Member States of the need to implement promptly their undertakings concerning the financing of the programme. Mr Marín assured him of the Community's support for the policy of reform and financial austerity and noted that the Commission had made available its promised financial contribution (ECU 30 million) in June. He also referred to the provisions on debt of the new ACP-Convention, which were designed to tackle the causes or aid ACP States to deal with the consequences of indebtedness (→ point 1.2.2).

General development cooperation

Generalized preferences

Proposed scheme for 1990

2.2.61. On 18 December the Council, acting on a proposal from the Commission,² and having received the opinions of Parliament³ and the Economic and Social Committee,⁴ adopted Regulation (EEC) Nos 3896 to 3898/89 on the application of generalized tariff preferences for 1990 to certain industrial, agricultural and textile products originating in developing countries.⁵ On the same date, the representatives of the governments of the ECSC Member States meeting in the Council adopted Decision 89/645/ECSC on certain iron and steel products.⁵

The main feature of the generalized system of preferences (GSP) for 1990 is its extension to Hungary and Poland,⁶ which have been confronted with difficulties similar to those in the developing countries. They will therefore gain the benefits of the GSP for the duration of their economic restructuring, estimated at five years, in respect of all agricultural, industrial and textile products with the exception of ECSC products and, in the case of Poland, fishery products. In addition, Cuba and El Salvador have been included amongst the beneficiaries for MFA textile products as a result of having given undertakings similar to those provided by the signatories to the bilateral agreements.

The agricultural scheme has been greatly improved for all beneficiaries through the increase in the preferential margin for seven products and the inclusion of 23 new products; the latter include eight products in respect of which the preference is a

¹ Second forum: Bull. EC 12-1987, point 2.2.60.

² OJ C 165, 3.7.1989; Bull. EC 5-1989, point 2.2.46.

³ OJ C 256, 9.10.1989; Bull. EC 9-1989, point 2.2.20.

⁴ OJ C 298, 27.11.1989; Bull. EC 9-1989, point 2.2.21.

⁵ OJ L 383, 30.12.1989.

⁶ Bull. EC 10-1989, point 1.1.6.

reduction of 50% in the levy, within the framework of overall amounts. This is the first time since the Community implemented its scheme in 1971 that it has granted a levy reduction under the GSP.

For industrial products, most of the preferential amounts for sensitive products have been increased by 5%, while the reference base for non-sensitive products and the amounts relating to ECSC products remain unchanged.

The policy of increased differential treatment has been continued in the industrial and textile sectors. It can be seen in the withdrawal of the preferential exemption for six Saudi Arabian petrochemical products and for four categories of non-MFA textile products from Brazil, and in the 50% reduction (first stage of differential treatment) in the preferential amounts for two MFA categories for China, one category for Brazil and one for Mexico. These measures are the result of the application of the criteria laid down in the 1986 GSP scheme for industrial products¹ and the 1988 scheme for textiles.² Another feature of the policy is the 50% reduction in the preferential amounts available to State-trading (China, Romania) or dominant (South Korea, Hong Kong, Macao) countries for the most sensitive categories, in other words those in Group I.

Full application of the Court of Justice ruling in Case 51/87³ has been ensured by the fact that the industrial and agricultural quotas have not been allocated amongst the Member States, having become fixed amounts at zero or reduced-rate duty, and by the compulsory nature of the return to Community reserves of the Member States' unused shares of quotas for those MFA textile products in respect of which the Court has ruled that allocation is justified. Lastly, the suspension of preferences with regard to South Korea applied in 1988⁴ and 1989⁵ is to be continued in 1990.

2.2.62. On 18 December the Council, acting on a proposal from the Commission⁶ and having received a favourable opinion

from Parliament,⁷ adopted Regulation (EEC) No 3899/89 reducing for 1990 the levies on certain agricultural products originating in developing countries.⁸

Commodities and world agreements

Cocoa

2.2.63. The Executive Committee of the International Cocoa Agreement held its 65th meeting in London on 14 and 15 December⁹ with a view to studying the current market situation, which is particularly depressed, and ways of reducing excess supply. Since the current Agreement,¹⁰ which has been in abeyance since February 1988 following the breakdown of the system, expires in September 1990, the possibility was raised of renewing it without its economic clauses with a view to providing the basis for more effective cooperation.

Food aid

Standard food aid

2.2.64. On 20 December the Commission approved the following food aid operations, the Food Aid Committee having returned a favourable opinion:

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- ¹ OJ L 352, 31.12.1985; Bull. EC 12-1989, point 2.3.37.
 - ² OJ L 350, 12.12.1987; OJ L 367, 28.12.1987; Bull. EC 11-1987, point 2.2.42.
 - ³ Ruling of 27.9.1988, Case 51/87, *Commission v Council*: OJ C 284, 8.11.1988.
 - ⁴ OJ L 369, 29.12.1987; Bull. EC 12-1987, point 2.2.42; OJ L 40, 13.2.1988; Bull. EC 2-1988, point 2.2.14.
 - ⁵ OJ L 375, 31.12.1988; Bull. EC 12-1988, point 2.2.46.
 - ⁶ Bull. EC 11-1989, point 2.2.48.
 - ⁷ OJ C 15, 22.1.1990.
 - ⁸ OJ L 383, 30.12.1989.
 - ⁹ Previous meeting: Bull. EC 9-1989, point 2.2.24.
 - ¹⁰ OJ L 69, 12.3.1987; Bull. EC 1-1987, point 2.2.27.

Table 8 — *Food aid programme*

Recipient organizations or countries	Vegetable oils	Cereals	Milk powder	Butteroil	Other products	Value
	<i>(tonnes)</i>				<i>(million ECU)</i>	
Licross	- 285				0.800	0.920
Unbro/WFP						4.000
WFP/UNHCR		80 280	1 300		1.000	20.403
NGOs		49 720	2 175			14.530
	1 860			- 872		- 1.940
Ethiopia	800	20 000		- 955	2.000	2.400
	500		600		0.300	1.715
Total	2 875	150 000	4 075	- 1 827	6.500	43.918

Licross: League of Red Cross and Red Crescent Societies.
 Unbro: United Nations Border Relief Operation.
 UNHCR: United Nations High Commission for Refugees.
 WFP: World Food Programme.
 NGOs: Non-governmental organizations.

Emergency food aid

2.2.65. As a result of the drought and threat of famine in Ethiopia, the Commission approved on 6 and 28 December the grant of ECU 11.2 million for two emergency food aid operations to provide 44 000 tonnes of cereals and 900 tonnes of milk powder. This aid is in addition to the ECU 10 million granted on 14 December under Article 203 of Lomé III.

2.2.66. On 28 December the Commission also decided to allocate to the UNHCR 10 158 tonnes cereal equivalent to a total value of ECU 2.3 million. This aid operation is intended for refugees living in Senegal (3 650 tonnes) and Mozambican refugees in Malawi (6 508 tonnes).

2.2.67. On 14 December Parliament adopted a resolution on the famine in Ethiopia¹ in which, in view of the urgency and the seriousness of the crisis, it called for every effort to be made to find a negotiated solution to the conflict and asked the Commission to increase its medical and food aid in collaboration with local aid organizations.

Storage programmes and early warning system

2.2.68. On 20 December, following the favourable opinion delivered by the Food Aid Committee, the Commission granted ECU 600 000 to improve cereal storage capacity in Burkina Faso.

2.2.69. On 22 December it decided to grant ECU 254 150 to increase food aid storage capacity in Ethiopia.

Emergency aid

Romania

2.2.70. In view of the critical situation resulting from events in Romania, the Commission decided in 22 December to grant ECU 1 million in emergency aid to help the people affected. The aid operation, intended to provide essential relief (medicines and drugs, medical equipment, etc.), was administered by Médecins sans frontières

¹ OJ C 15, 22.1.1990.

(ECU 450 000), Médecins du monde (ECU 175 000), the French Red Cross (ECU 85 000), the International Committee of the Red Cross (ECU 80 000), and the German Red Cross (ECU 210 000).

Because of the size of the needs still to be covered, the Commission decided on 24 December to grant a further ECU 5.5 million in aid to the Romanian people. This is intended to supply essential food products, medicines and drugs, medical equipment and surgical teams. The medical aid is being administered by Médecins sans Frontières (ECU 1.5 million), Médecins du Monde (ECU 500 000), the German Red Cross (ECU 400 000), and the Italian Red Cross (ECU 200 000). The food aid is being handled by Caritas (ECU 2.4 million), and the 'Romanian villages' operation (ECU 205 000) will deal with the transport costs for the food and other relief.

Cooperation via non-governmental organizations

2.2.71. In the period from 1 to 31 December the Commission committed a total of ECU 71.1 million for the cofinancing in developing countries of 446 projects presented by 175 NGOs. The Commission also contributed a total of ECU 7 984 803 towards 103 projects aimed at increasing European public awareness of development issues.

Aid to promote self-sufficiency of refugee groups

2.2.72. On 19 December the Commission adopted a proposal for a Council Decision on the conclusion of the Convention between the Community and the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) concerning aid to refugees in the countries of the Near East.¹ The proposal is aimed at concluding and implementing the new Convention² negotiated by the Commission for a period of three years (1990-92) as a result of the Council Decision of 3 October.³

2.2.73. On 8 December the Commission decided to finance under Article 936 of the budget two aid projects for Guatemalan refugees in Mexico (ECU 1 465 000) and repatriated Afghans in the Detch Valley (ECU 210 000).

2.2.74. The Commission also approved in December a number of aid operations for refugees in Africa under Article 204 of Lomé III. The aid, totalling ECU 3.3 million covers four projects for Mozambican refugees in Malawi (ECU 1 828 000), two projects for Somali refugees in Ethiopia (ECU 845 000), two projects for Chadian and Eritrean refugees in Sudan (ECU 389 000), and food and hygiene supplies to refugees along the Senegal river (ECU 270 000).

North-South cooperation in the fight against drugs

2.2.75. On 19 December the Commission adopted a proposal for a Council Decision on the conclusion on behalf of the Community of the United Nations Convention against illicit traffic in narcotic drugs and psychotropic substances, adopted in Vienna on 19 December 1988.⁴ The Commission proposed the simultaneous deposit of instruments of ratification or accession to the Convention by the Community and its Member States before 30 June 1990.

Positive measures for victims of apartheid

2.2.76. The Commission approved a new ECU 17.3 million contribution to finance 20 projects to help victims of apartheid. This decision is one of a series⁵ taken following the ministerial-level political cooperation meeting held in Luxembourg on 10

¹ COM(89) 664 final.

² Current Convention: Bull. EC 6-1987, point 2.2.45.

³ Bull. EC 10-1989, point 2.2.43.

⁴ COM(89) 654 final; Bull. EC 12-1988, point 2.2.69.

⁵ Previous decision: Bull. EC 10-1989, point 2.2.45.

September 1985;¹ the total granted is now ECU 91.7 million for 307 projects.

Cooperation in international forums

OECD Development Aid Committee

2.2.77. The OECD Development Aid Committee (DAC) held its annual high-level meeting in Paris on 4 and 5 December.² At the meeting, during which the Commission presented the new ACP-EEC Convention (→ points 1.2.1 to 1.2.3), a declaration on development cooperation in the 1990s was adopted. Among the declaration's main guidelines, the DAC noted that the vicious circle of underdevelopment (rapid increase in population, poverty, malnutrition, illiteracy and degradation of the environment) can be broken only by economic and development strategies and policies combining the following objectives: promotion of lasting economic growth; greater participation by the whole population in production activities and a fairer share-out of the benefits from these activities; respect for the environment and a reduction in population growth in the many countries where it is too great to permit long-term development.

The DAC also acknowledged that there will have to be a much greater effort as far as the volume of aid to developing countries in the next decade is concerned. This Committee's member countries noted the objective already set by the international organizations for the future level of official development aid (0.7% of GNP) and declared that they would work together to obtain new and substantial increases in the overall level of aid.

In addition, while acknowledging the importance of the fundamental political changes in Central and Eastern Europe and declaring their support for the major process of economic reform being undertaken there, the DAC members nevertheless affirmed that such support would not shake their determination to give a high priority

to development cooperation with the Third World.

International organizations and conferences

General Agreement on Tariffs and Trade

Uruguay Round

2.2.78. At its meeting on 18 and 19 December, the Council concluded after a wide-ranging exchange of views on the Commission communication on agriculture that the document could be submitted to the GATT negotiating group on agriculture at the meeting on 19 and 20 December as the Community contribution. The Council noted that the Commission would ensure that the basic principles underlying the CAP would be safeguarded and that the Community's position was still based on the aim of reducing overall support.

In this comprehensive proposal the Community reiterates the basic principle of dual pricing and undertakes to reduce the support given to agricultural production over an initial phase of five years. In addition, it is willing to accept some 'tariffication', on condition that the problem of rebalancing can be resolved. In addition, special and differentiated treatment would be granted to developing countries.

Management of the Agreement

2.2.79. At the beginning of December, the panel responsible for examining premiums and subsidies paid by the Community to processors of oilseeds and protein plants for animal feed³ sent its report to the Contracting Parties. It noted that the Community

¹ Bull. EC 9-1985, point 2.5.1.

² Previous meeting: Bull. EC 12-1988, point 2.2.44.

³ Bull. EC 1-1988, point 2.2.9; Bull. EC 5-1988, point 2.2.55.

systems was not in line with GATT rules and accordingly asked the Community to amend it within a reasonable period.

At its meeting on 18 and 19 December the Council indicated that it was willing to accept the conclusions of the GATT panel and to adapt Community rules when implementing the results of the Uruguay Round, subject to the conclusions being accepted by the United States as well, without prejudice to the comments to be made by the Community on the findings and provided that the United States forgoes unilateral measures against the Community.

2.2.80. In December the Council adopted a Decision on the conclusion of the Protocol of accession of Bolivia to the General Agreement on Tariffs and Trade.

Diplomatic relations

2.2.81. The Apostolic Nuncio, HE Archbishop Giovanni Moretti, Head of Mission of the Holy See to the European Communities, whose appointment took effect on 21 December, presented his letters of credence to the President of the Council and the President of the Commission.

3. Intergovernmental cooperation

European political cooperation

Philippines

2.3.1. The Twelve issued the following joint statement in Madrid and Brussels on 1 December:

'The Twelve have learned with dismay the news of the attempted *coup d'état* against the democratic Government of the Philippines.

Faced with this challenge to democracy in that country, the Twelve declare their solidarity with the elected government.

They condemn all illegal use of force and reaffirm their support to the democratic process led by the Philippine Government. The Community and its Member States recall that it is only in a climate where democratic institutions are respected that their cooperation with the Philippines can continue.'

Chile

2.3.2. The Twelve issued the following joint statement in Paris, Brussels and Santiago on 15 December following the elections in Chile:

'Following the presidential and legislative elections in Chile, the Community and its Member States welcome the return of a great and friendly country in Latin America to the path of freedom.

They share the joy of all Chilean democrats and welcome the President-elect to whom they send warm wishes for success in the great task which awaits him.

Supporters of Chile, its trials, the Community and its Member States intend to be at the side of that country henceforth, by means of increased cooperation, as it takes the road to peace, justice and development.'

Romania

2.3.3. The Twelve issued the following joint statement in Paris and Brussels on 19 December. It was adopted during the Council meeting (General Affairs) held in Brussels on that day:

'The Ministers for Foreign Affairs of the Twelve are deeply dismayed by the news of the Romanian authorities' violent and brutal repression of popular demonstrations.

They condemn in the strongest terms the attitude of a regime which, turning its back on all its commitments concerning human rights to which it has subscribed in the CSCE framework is capable only of repressing by force the legitimate aspiration of the Romanian people to freedom.

The European Community has already made clear in several ways, in particular by suspending negotiations on an economic cooperation agreement, its severe disapproval of the present regime in Romania. It reserves the right to adopt the appropriate measures in the light of developments in the situation in that country.'

2.3.4. The Twelve issued the following joint statement in Paris and Brussels on 22 December:

'Ceauşescu has just fallen. To win this victory, the people of Romania have paid a heavy price: the yolk of tyranny throughout long years, the massacre of innocent people in the course of recent weeks.

The thoughts of the Ministers for Foreign Affairs of the Twelve go first to the all too many victims and to their families to whom they convey their deepest sympathy. With deep feeling, they pay tribute to the courage of the people of Romania who have recaptured the freedom to which, like all other peoples, they are entitled. They look forward to resumption of full participation by Romania in the CSCE process.

As Romania takes control of her destiny, the European Community and its Member States solemnly reaffirm their readiness to offer her the immediate aid and cooperation of which the Ceauşescu regime unjustly deprived her.'

Panama

2.3.5. The Twelve issued the following joint statement in Paris and Brussels on 22 December:

'Deeply concerned by the situation in Panama and by the loss of human lives, the Twelve expressed

their strong wish that an early restoration of civil peace and safety can be achieved so that a return to constitutional and democratic order is secured.

The European Community and its Member States are ready to extend emergency aid to the victims of the events.'

*

Security policy and European integration

2.3.6. On 13 December the European Parliament adopted a resolution on security policy and European integration,¹ in which it called on the Foreign Ministers meeting in political cooperation to ensure that the development of a common external and security policy is assigned as much importance as the other aspects of European integration. It also called on them to ensure that the new impetus in East-West relations is taken into account when the form of an institutional framework for security cooperation is examined. It also called on the Ministers to work for an early and successful conclusion to the current negotiations on the reduction of the potential threats posed by conventional, nuclear, chemical and bacteriological weapons.

Other intergovernmental cooperation

Immigration

2.3.7. At their seventh meeting,² in Paris, on 15 December, the Ministers of the Community Member States with responsibility for immigration adopted a statement concerning the work carried out since 1986 with a view to ensuring the free movement of persons, as provided for in Article 8a of the

¹ OJ C 15, 22.1.1990.

² Previous meeting: Bull. EC 5-1989, point 2.3.6.

Treaty. In particular, they welcomed the dialogue established with the Office of the UN High Commissioner for Refugees. They also took note of the progress with the preparations for a Convention concerning the Member States responsible for examining a request for asylum, on which agreement was reached in May,¹ and a Conven-

tion on the crossing of the Community's external frontiers. They instructed the working party on immigration to conclude the negotiations on these texts by the end of 1990.

¹ Previous meeting: Bull. EC 5-1989, point 2.3.6.

4. Human rights and fundamental freedoms

People's Europe

Right of residence

2.4.1. In the light of the opinion delivered (first reading) by the European Parliament,² on 21 December the Council reached political agreement on the substance of three proposals for Directives concerning the right of residence (→ point 2.1.11).

Community Charter of Fundamental Social Rights

2.4.2. The Heads of State and of Government of 11 Member States adopted the Community Charter of the Fundamental Social Rights of Workers at the European Council meeting on 8 and 9 December (→ point 1.1.10).

Free movement of persons

2.4.3. In the conclusions adopted on 8 and 9 December the European Council emphasized the need to ensure the protection of individuals with regard to the use of personalized databanks. It also called for steps to be taken to ensure that the progressive abolition of border formalities does not affect the right of Member States to take such measures as they consider necessary

for the purpose of controlling immigration from non-member countries, and combating terrorism, crime and traffic in drugs (→ point 1.1.9).

2.4.4. Meeting in Paris on 15 December, the Ministers with responsibility for immigration adopted a statement concerning guidelines with regard to immigration and the right of asylum, and a statement on police cooperation to be implemented by 1993 (→ point 2.3.7).

Human rights in the world

Action by the Twelve on human rights

2.4.5. The European Council issued a press statement on the activities of the Twelve in the field of human rights in 1989 (→ points 1.1.19 and 1.1.28).

European Parliament resolutions

2.4.6. During its December part-session,² the European Parliament adopted resolutions on the following:

The violation of human rights in Morocco: conscious of the fact that six political

² OJ C 15, 22.1.1990.

detainees on hunger strike in Morocco have been sentenced for their opinions alone, Parliament called on the President-in-Office of the Council to raise the question of human rights in Morocco at his forthcoming meeting with King Hassan II, and called on the Foreign Ministers meeting in political cooperation to take emergency humanitarian measures to assist the hunger strikers;

The ban by the Israeli authorities on education in the West Bank: considering that for years the Israeli occupying powers have been imposing restrictions on schools and universities in the occupied Palestinian territories, Parliament urged the Council to take specific steps to ensure that its statement of 6 October 1989¹ is put into effect, and called on each of the Member States to consider the possibility of suspending certain bilateral cultural agreements with the State of Israel until the educational establishments in question have been unconditionally and definitively reopened;

The Boat People in Hong Kong: Parliament called on the British Government to abandon the policy of forcible repatriation of the Boat People. It considered that any distinction between political and economic refugee status must be arbitrary in the context of Vietnam, where the collapse of the economy has resulted in large measure from the imposition of the Stalinist economic model and where all the refugees who have attempted to escape from these conditions have risked and, in many cases, have lost their lives in so doing. It called on the Commission and the governments of

Member States to draw up an urgent programme of action to enable the Boat People to resettle temporarily in South-East Asia and do all in their power to provide homes for them;

The attempted coup d'état in the Philippines: seriously concerned at the attempted coup d'état on 1 December, Parliament, while gratified at the failure of the coup d'état, was nevertheless concerned at the scale of the economic and social crisis revealed by this unrest and considered that reforms, in particular land reforms and measures to combat corruption and ensure that the public services are able to function normally, are necessary for the peaceful development of the Philippines;

El Salvador: considering the grave political and social plight of the people of El Salvador and the increasing number of outrages in that country, which are giving rise to more and more deaths among the civilian population, and considering that the repressive measures taken recently principally affect those who have been carrying out valuable social work in the fields of education, health and assistance to the benefit of the Salvadorian people, Parliament urged the Government of El Salvador and its military authorities to ensure that human rights are respected in their country and called on the government to guarantee to all foreigners involved in assistance programmes the freedom to carry out such services.

¹ Bull. EC 10-1989, point 2.3.4.

5. Financing Community activities

Budgets

General budget

Budgetary procedure

2.5.1. Following the agreement reached during the triologue meeting between the Council, Parliament and the Commission on 11 December, Parliament adopted the 1990 budget by a large majority on 13 December.¹ By means of an immediate revision of the financial perspective for 1990,² the ECU 300 million in aid for Poland and Hungary entered under a new specific heading can be made available at once on 1 January 1990 and the negative reserve of ECU 200 million contained in the Council draft can be deleted.³ The budget also provides for the entry of a negative reserve of ECU 38.4 million relating to the

appropriations in heading 4 of the financial perspective in order to finance the 'new policies' within the limits of the ceiling for this heading.

The Council also agreed to examine the proposals it will be receiving for the revision in 1990 of the financial perspective for 1991 and 1992 provided that they are in compliance with the Interinstitutional Agreement⁴ or reflect the requirements arising from developments in Central and Eastern Europe.

Finally, letter of amendment No 2,⁵ which updated the estimate of the balance available from the 1989 budget, was incorporated in the 1990 budget.

¹ OJ C 15, 22.1.1990.

² Bull. EC 2-1989, point 2.3.3.

³ Bull. EC 7/8-1989, point 2.5.1.

⁴ OJ L 185, 15.7.1988; Bull. EC 6-1988, points 2.3.8, 2.3.10 and 2.4.12.

⁵ Bull. EC 11-1989.

Table 9 — 1990 budget procedure — Breakdown according to the financial perspective (commitments)

	<i>(million ECU)</i>						
	1989 budget	1990 financial perspective	Preliminary draft budget 1990	Council first reading	Parliament first reading	Council second reading	1990 budget
1. EAGGF Guarantee Section							
Titles 1 and 2	26 741.00		26 788.00	26 452.00	26 733.00	26 452.00	26 452.00
Set-aside (50% of item 3900)	20.00		70.00	70.00	85.00	70.00	70.00
Total 1	26 761.00	30 700.00	26 858.00	26 522.00	26 818.00	26 522.00	26 522.00
2. Structural operations							
ESF (Chapter 60)	3 387.00		4 075.00	4 075.00	4 075.00	4 075.00	4 075.00
EAGGF Guidance Section (Title 3, except Chapter 38 and 50% of item 3900, plus item 4740)	1 413.00		1 700.00	1 700.00	1 700.00	1 700.00	1 700.00
ERDF (Chapter 50)	4 495.00		5 408.00	5 408.00	5 408.00	5 408.00	5 408.00
Pedip (Article 553)	103.50		108.80	108.80	108.80	108.80	108.80
Support programme (Article 554)	89.70		13.50	9.90	15.70	9.90	15.70
Total 2	9 488.20	11 555.00	11 530.30	11 526.70	11 555.00	11 526.70	11 532.50

(million ECU)

	1989 budget	1990 financial perspective	Preliminary draft budget 1990	Council first reading	Parliament first reading	Council second reading	1990 budget
3. Policies with multiannual allocations (IMPs, research)							
IMPs (Chapter 55 except Articles 553 and 554)	254.00		344.00	344.00	344.00	344.00	344.00
Research (Chapter 73)	1 441.38		1 723.00	1 613.51	1 727.00	1 686.20	1 727.00
Total 3	1 695.38	2 071.00	2 067.00	1 957.51	2 071.00	2 030.20	2 071.00
4. Other policies							
Other measures in agriculture (Chapter 38)	86.35		94.70	115.93	96.88	121.23	133.88
Other regional operations (Chapter 54)	26.60		27.50	22.70	30.50	23.20	30.50
Education, training, youth (Chapter 63)	119.92		144.50	139.20	160.10	141.30	150.10
Employment, social protection, public health (Chapter 64)	76.52		78.44	73.94	99.76	76.44	84.76
Disaster aid (Chapter 69)	37.00		27.30	27.30	27.30	27.30	27.30
Transport (Chapter 58)	67.35		66.45	45.50	121.00	65.50	71.00
Environment and consumer protection (Chapter 66)	48.51		62.98	55.61	80.76	62.91	60.76
Information, communication, culture (Chapter 67)	37.73		42.43	37.73	45.58	37.83	45.58
Common policy on fisheries and the sea (Title 4 except Item 4740)	361.24		405.70	395.25	430.70	415.25	420.60
Energy (Chapter 70)	132.35		63.55	41.15	98.55	56.15	58.55
Nuclear safeguards (Chapter 71)	4.73		4.87	4.67	4.67	4.67	4.67
Information market, innovation (Chapter 75)	27.95		47.50	47.50	47.50	47.50	47.50
Industry, internal market (Chapter 77)	121.40		164.20	144.80	164.20	152.40	164.20
Statistical information policy connected with the completion of the internal market and in support of Community policies (Chapter 76)	20.52		36.00	24.20	36.00	26.20	36.00
Expenditure on participation by the European Community in scientific and technological projects of Community interest — Eureka and others (Chapter 78)	0.18		0.18	0.18	0.18	0.18	0.18
Financial engineering (Chapter 79)	6.50		6.00	4.00	6.00	4.00	6.00
Cooperation with developing and Third World countries (Title 9)	1 240.51		1 396.23	1 320.62	1 713.47	1 351.82	1 663.87
Total 4	2 415.35	3 029.00	2 668.53	2 500.28	3 163.14	2 613.88	3 005.44
5. Repayments and administration							
Repayments (Title 8)	2 912.15		2 377.11	2 380.23	2 401.62	2 342.39	2 353.50
of which stock disposal (Article 810)	(649.00)		(670.00)	(670.00)	(670.00)	(670.00)	(670.00)
Part A and other institutions	2 153.71		2 400.59	2 307.56	2 388.41	2 339.59	2 362.09
Total 5	5 065.86	4 930.00	4 777.70	4 687.79	4 790.03	4 681.97	4 715.59

Financial operations

(million ECU)

	1989 budget	1990 financial perspective	Preliminary draft budget 1990	Council first reading	Parliament first reading	Council second reading	1990 budget
6. Monetary reserve	1 000.00	1 000.00	1 000.00	1 000.00	1 000.00	1 000.00	1 000.00
Commitment appropriations							
CE total	31 740.65	35 454.00	31 622.53	31 274.54	31 588.39	31 236.69	31 247.81
Commitment appropriations							
NCE total	14 685.15	17 831.00	17 279.00	16 919.74	17 808.78	17 138.05	17 598.72
Commitment appropriations							
Grand total	46 425.80	53 285.00	48 901.53	48 194.28	49 397.17	48 374.74	48 846.53
Payment appropriations							
CE total	31 791.55	35 372.00	31 564.73	31 248.74	31 560.09	31 210.89	31 222.01
Payment appropriations							
NCE total	13 049.02	15 419.00	15 225.97	14 889.80	15 571.46	14 989.12	15 494.81
Payment appropriations							
Grand total	44 840.57	50 791.00	46 790.70	46 138.54	47 131.55	46 200.01	46 716.82

ECSC operating budget

2.5.2. After consulting the ECSC Consultative Committee and noting that Parliament had decided on 13 December not to express an opinion in 1989 on the fixing of levy rates and on establishment of the ECSC operating budget for 1990,¹ the Commission decided on 20 December to maintain a 0.31% levy rate and adopted the ECSC operating budget for 1990 on this basis. Under this decision, resources estimated at ECU 435 million will cover the following requirements (million ECU):

(i) Administrative expenditure	5
(ii) Redeployment aid	184
(iii) Research aid	88
(iv) Interest subsidies on ECSC loans (Articles 54 and 56)	68
(v) Additional social measures for the steel industry	50
(vi) Additional social measures for the coal industry	40

Financial operations

ECSC

Loans raised

2.5.3. In December, acting for the ECSC, the Commission made a number of private

placings in marks, lire and guilders for the equivalent of ECU 21.1 million and a five-year public issue of DM 100 million at 7.75% with an issue price of 101.50%.

Loans granted

2.5.4. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission granted loans in December totalling ECU 140.8 million, as follows:

Industrial loans

2.5.5. Industrial loans (Article 54 ECSC) totalling ECU 23.1 million were made to the Federal Republic of Germany and Italy.

Conversion loans

2.5.6. Conversion loans (Article 56 ECSC) totalling ECU 117.7 million were paid out to the Federal Republic of Germany, France, the Netherlands and the United Kingdom.

EEC — NCI

Loans granted

2.5.7. In December, acting for the EEC, the Commission made a number of private placings in Belgian francs and German marks for the equivalent of ECU 72.8 million.

¹ OJ C 15, 22.1.1990.

6. Statistics

General

Legislation

Steel

2.6.1. On 20 December the Commission adopted Decision 3938/89/ECSC¹ amending the questionnaires that the steel industry has to submit at regular intervals under Decision 1566/86/ECSC of 24 February 1986.² These amendments concern coated sheet and are designed to provide a better view of market transactions in this field.

Agriculture

2.6.2. On 15 December the Commission adopted Decision 90/7/EEC³ approving the programme of measures submitted by the Greek Government for 1990 under Council Decision 85/360/EEC of 16 July 1985 on the restructuring of the system of agricultural surveys in Greece.⁴

2.6.3. The Commission also adopted on 15 December Decision 90/6/EEC³ approving the programme of measures submitted by the Irish Government for 1990 under Council Decision 88/390/EEC of 11 July 1988 on the development of agricultural statistics in Ireland.⁵

Cooperation

2.6.4. The Commission (Eurostat) took part in a meeting of experts held in Moscow from 4 to 9 December to revise the United Nations system of national accounts and harmonize it and the system used by Com-econ. The representatives of the Eastern bloc countries were willing to adopt numerous aspects of the UN system which reflect the characteristics of the market economy.

2.6.5. From 18 to 20 December in Luxembourg the Commission (Eurostat) received a delegation from the Polish Statistical Office to discuss the broad outline of the statistics cooperation programme to be

implemented in the months ahead, by the Polish Statistical Office, Eurostat and the national statistical institutes of the Member States and the other countries in the Group of 24.⁶

Results

1989 farm incomes⁷

2.6.6. According to Commission estimates farm incomes in the Community should increase by 7.7% in 1989 compared with 1988, primarily as a result of a rise in the prices of agricultural products well in excess of the rise in the prices of capital goods. Farm incomes improved in all Member States with the exception of Spain where they remained stable.

Information

Index of producer prices of industrial products

2.6.7. The lack of information on trends in the producer prices of industrial products has prompted the Commission (Eurostat) to publish a new index⁸ which will be an invaluable aid to the monitoring of short-term trends in producer prices — the index of producer prices of industrial products.

¹ OJ L 381, 29.12.1989.

² OJ L 141, 28.5.1986; Bull. EC 2-1986, point 2.1.17.

³ OJ L 3, 6.1.1990.

⁴ OJ L 191, 23.7.1985.

⁵ OJ L 186, 16.7.1988; Bull. EC 7/8-1988, point 2.1.184.

⁶ The Group of 24, comprising all the countries of Western Europe plus United States, Japan, Canada, New Zealand and Australia, was established by the Western Economic Summit held in Paris on 14 to 16 July, which asked the Commission to coordinate aid to Poland and Hungary (Bull. EC 7/8-1989, point 1.1.1 *et seq.*).

⁷ *Rapid reports: Agriculture* No 19/89, Eurostat, L-2920 Luxembourg.

⁸ December 1989 Supplement to the Industrial Trends Bulletin available from the Office for Official Publications of the European Communities, L-2985 Luxembourg. The indices can also be consulted in the ISTI field of the Cronos databank.

Price indices for the Community Member States are now available for over 100 products groups classified according to NACE (General Industrial Classification

of Economic Activities within the European Communities). They are based on prices in national currencies and in ecus.

7. Community institutions

European Parliament

Strasbourg: 11 to 15 December

Highlights

2.7.1. The December part-session¹ was dominated by the debate on the outcome of the European Council and the report on France's term as President of the Council. After hailing the progress made towards economic and monetary union and the proclamation of the Social Charter as major successes, the French Foreign Minister, Mr Roland Dumas, turned his attention to the Community's external relations. He felt that the signing of an agreement with the USSR, closer relations with EFTA, the conclusion of Lomé IV and the proposal for a European Bank for Reconstruction and Development were all significant steps towards increasing the Community's importance on the world stage. Mrs Edith Cresson, French Minister for European Affairs, endorsed this view in her account of the progress made with the internal market programme, research, the environment and television.

Mr Jacques Delors, President of the Commission, highlighted the impressive increase in momentum towards European integration during France's Presidency and the fact that it had become usual for Community affairs and questions of political cooperation to be mentioned in the same breath; this was proof of the interdepend-

dence of these two institutional areas. In the debate which followed, there was general satisfaction at the progress made towards economic and monetary union, while speakers were almost unanimous in criticizing the weakness of the Social Charter. Several speakers devoted much of what they had to say to the Community's external relations.

On the institutional side, the House stressed, in a resolution passed on 14 December, that the intergovernmental conference, the convening of which was confirmed by the Strasbourg European Council, should not be confined to the monetary aspects of European Union but should lay the foundations of real Community policies on external relations, the environment and social issues.

Besides the adoption of the 1990 budget (→ point 2.5.1), the part-session was also marked by Parliament's waiving the immunity of one of its Members because of his insulting remarks to a French Minister. Parliament also decided to refer back to committee the two reports on economic and monetary union (the one on convergence of economic performance and the other on cooperation between the central banks), thus momentarily delaying formal adoption by the Council of the measures to implement the first stage of EMU.

¹ The texts of the opinions and resolutions adopted by Parliament appear in OJ C 15, 22.1.1990, and the report of the proceedings is published in OJ Annex 2-384.

Other major items dealt with in this part-session included the Directives on right of residence (→ point 2.1.10), the framework programme for research and technological development (→ point 2.1.58), the Poseidon programme and the dock dues arrangements (→ point 2.1.142). Faced with many conflicting amendments concerning the ECSC levy rate, the House preferred to take no decision and referred the whole matter back to committee.

Opinions, decisions and resolutions

2.7.2. Parliament adopted opinions (first reading) on Commission proposals concerning:

- the right of residence for employees and self-employed persons who have ceased their occupational activity (→ point 2.1.10);
- the frequency bands to be reserved for the coordinated introduction of pan-European land-based public radiopaging in the Community (→ point 2.1.67).

2.7.3. Parliament adopted opinions on Commission proposals concerning:

- the right of residence for students and for non-active persons (→ point 2.1.10);
- implementation of a policy of administrative simplification in favour of small and medium-sized enterprises in the Member States (→ point 2.1.51);
- the framework programme for research and technological development (1990-94) (→ point 2.1.58);
- the coordinated introduction of pan-European land-based public radiopaging in the Community (→ point 2.1.67);
- the conclusion of an agreement between the EEC and Austria, Finland, Iceland, Norway, Sweden and Switzerland on trade electronic data interchange using the communication networks (→ point 2.1.70);
- a programme of options specific to the remote and insular nature of the French overseas departments (Poseidon), and dock dues arrangements in the French overseas departments (→ point 2.1.152);

- special measures to encourage the processing of mandarins, satsumas, clementines and oranges (→ point 2.1.194);
- economic aid to Hungary and Poland (→ point 2.2.25);
- a decision empowering the Commission to indemnify the EIB against losses under loans for projects in Hungary and Poland (→ point 2.2.27);
- progressive convergence of economic performance during stage one of economic and monetary union;
- cooperation between the central banks of the Member States;
- an amendment, with respect to Spain, to the Regulation extending the period provided for in Article 90(1) and Article 257(1) of the Act of Accession of Spain and Portugal.

2.7.4. Parliament also gave its opinion on the appointment of a member of the Court of Auditors.

2.7.5. Parliament adopted decisions concerning:

- amendment of Rule 126 of the Rules of Procedure concerning the setting up and duties of interparliamentary delegations;
- the waiving of Mr Jean-Marie Le Pen's Parliamentary immunity.

2.7.6. Parliament passed resolutions on:

- the annual report on the economic situation in the Community and economic policy guidelines for 1990 (→ point 2.1.3);
- the storm in the Algarve (→ point 2.1.111);
- the floods in the regions of the Algarve, Malaga, Cadiz and the Spanish Levant (→ point 2.1.111);
- the heavy rainfall on the island of Rhodes (→ point 2.1.111);
- the achievements of the French Presidency in the fields of agriculture and forestry (→ point 2.1.157);
- action by the Council in the field of agriculture (→ point 2.1.157);

- relations between the Community and the EFTA countries (→ point 2.2.21);
- initial experience with the implementation of the trade protocols with Israel (→ point 2.2.44);
- the famine in Ethiopia (→ point 2.2.67);
- security policy and European integration (→ point 2.3.6);
- the situation of six political detainees on hunger strike in Morocco (→ point 2.4.6);
- the situation in the Occupied Territories (→ point 2.4.6);
- the boat people in Hong Kong (→ point 2.4.6);
- the attempted *coup d'état* in the Philippines (→ point 2.4.6);
- the situation in El Salvador (→ point 2.4.6);
- the general budget of the Communities for 1990 (→ point 2.5.1);
- the Strasbourg European Council and the French Presidency's six months in office (→ point 2.7.1).

Council

1373rd meeting

2.7.7. Transport (Brussels, 4 and 5 December)¹

President: Mr Delebarre, French Minister for Infrastructure, Housing, Transport and the Sea.

Commission: Sir Leon Brittan and Mr Van Miert.

Main items

European high-speed rail network: resolution adopted (→ point 2.1.242);

land cabotage: agreement (→ point 2.1.243);

vocational training for drivers of vehicles carrying dangerous goods: agreement (→ point 2.1.246);

negotiations between the EEC and third countries of transit: conclusions adopted (→ point 2.1.247);

shipping: conclusions adopted (→ point 2.1.249);

development of civil aviation in the Community: policy debate (→ point 2.1.250).

Other business

Use of vehicles hired without drivers for the carriage of goods by road: discussion;

road safety: policy debate;

social regulations concerning road transport: brief exchange of views;

action programme in the field of transport infrastructure: policy debate.

1374th meeting

2.7.8. Meeting took place on 27 November²

1375th meeting

2.7.9. Telecommunications (Brussels, 7 December)³

President: Mr Quilès, French Minister for Posts, Telecommunications and Space.

Commission: Sir Leon Brittan and Mr Pandolfi.

Main item

New forms of Community R&TD in the field of broadband integrated telecommunications: statement adopted (→ point 2.1.66).

¹ Previous meeting: Bull. EC 10-1989, point 2.7.49.

² Bull. EC 11-1989, point 2.2.39.

³ Bull. EC 11-1989, point 2.7.11.

Other business

Completion of the internal market in telecommunications services: comprehensive discussion;

public telecommunications contracts: exchange of views.

1376th meeting

2.7.10. Agriculture (Brussels, 11 and 12 December)¹

President: Mr Nallet, French Minister for Agriculture.

Commission: Mr Mac Sharry.

Main items

Adjustment of the agricultural structures policy: Regulation adopted (→ point 2.1.58);

granting of aid for skimmed milk processed into casein or caseinates: Regulation adopted (→ point 2.1.182);

definition of lambs fattened as heavy carcasses: Regulation adopted (→ point 2.1.189);

adjustment of voluntary restraint agreements with Argentina and Australia on trade in mutton, lamb and goatmeat: Decision adopted (→ point 2.1.190);

veterinary checks in intra-Community trade: Directive adopted (→ point 2.1.196).

Other business

Scrutiny of transactions forming part of the system of financing by the EAGGF Guarantee Section: political position;

monitoring of the payment of the amounts granted on export of agricultural products: discussions;

Community levulose market: exchange of views;

multilateral trade negotiations under GATT: detailed exchange of views;

Community harmonization of the use of growth stimulants in stockbreeding: note from the Presidency;

authorizing the placing of plant protection products on the market: examination of progress made;

the President's talks with the Polish authorities: briefing;

17th World Forestry Congress and pan-European ministerial meeting on the protection of forests: briefing;

organic production of agricultural products: briefing.

1377th meeting

2.7.11. Education (Brussels, 14 December)²

President: Mr Jospin, French Minister for Education, Youth and Sport.

Commission: Ms Papandreou.

Main items

Failure at school: resolution adopted (→ point 2.1.121);

possible change in the Statute of the European Schools: conclusions adopted (→ point 2.1.122);

Erasmus II: Decision adopted (→ point 2.1.123);

technical and vocational training and initial training: conclusions adopted (→ point 2.1.127);

relations with Eastern European countries in the field of education and training: conclusions adopted (→ point 2.2.22).

1378th meeting

2.7.12. Research (Brussels, 15 and 16 December)³

¹ Previous meeting: Bull. EC 11-1989, point 2.7.17.

² Previous meeting: Bull. EC 10-1989, point 2.7.46.

³ Previous meeting: Bull. EC 9-1989, point 2.7.11.

President: Mr Curien, French Minister for Research and Technology.

Commission: Mr Pandolfi.

Main items

Framework programme for R&TD 1990-94: political agreement reached (→ point 2.1.58);

specific R&TD programme in the field of health: human genome analysis (1990-91): common position adopted (→ point 2.1.59).

1379th meeting

2.7.13. Economic and Financial Affairs (Brussels, 18 December)¹

President: Mr Bérégovoy, French Minister for Economic and Financial Affairs and the Budget.

Commission: Mr Delors, Sir Leon Brittan, Mr Christophersen, Mrs Scrivener and Mr Van Miert.

Main items

Economic situation in the Community: third annual examination (→ point 2.1.2.);

second multilateral surveillance exercise (→ point 2.1.2.);

solvency ratio of credit institutions: Directive adopted (→ point 2.1.14);

taxation of savings: discussion; conclusions approved by 11 Member States (→ point 2.1.44);

approximation of indirect taxation: supplementing agreement (→ point 2.1.45).

Other business

Financial assistance for Central and Eastern European countries: preliminary exchange of views;

takeover and other general bids: initial policy debate;

NCI V and the ceiling on Euratom loans: exchange of views.

1380th meeting

2.7.14. Fisheries (Brussels, 18 and 19 December)²

President: Mr Mellick, French Minister with responsibility for Maritime Affairs.

Commission: Mr Marín.

Main items

Total allowable catches for 1990: Regulation adopted (→ point 2.1.210);

measures for the conservation of fishery resources in Spain: Regulation adopted (→ point 2.1.213);

technical measures for the conservation of fishery resources: Regulation adopted (→ point 2.1.215);

measures for the conservation and management of fishery resources applicable to vessels flying the flag of Norway: Regulation adopted (→ point 2.1.217);

allocation of catch quotas among the Member States for vessels fishing in the Norwegian exclusive economic zone and the zone around Jan Mayen: Regulation adopted (→ point 2.1.218);

allocation for 1989 of catch quotas among the Member States for vessels fishing in Swedish waters: Regulation adopted (→ point 2.1.219);

measures for the conservation and management of fishery resources applicable to vessels flying the flag of Sweden: Regulation adopted (→ point 2.1.220);

allocation for 1990 of catch quotas among the Member States for vessels fishing in Swedish waters: Regulation adopted (→ point 2.1.221);

¹ Previous meeting: Bull. EC 11-1989, point 2.7.13.

² Previous meeting: Bull. EC 11-1989, point 2.7.21.

measures for the conservation and management of fishery resources applicable to vessels registered in the Faroe Islands: Regulation adopted (→ point 2.1.222);

allocation of catch quotas among the Member States for vessels fishing in Faroe Islands waters (→ point 2.1.223);

conclusion of a new Fisheries Protocol between the EEC and Greenland and provisional application of this Protocol: agreement in principle and adoption of a Decision (→ point 2.1.224);

allocation of Community catch quotas in Greenland waters: Regulation adopted (→ point 2.1.225);

catch quotas for the NAFO regulatory area: Regulation adopted (→ point 2.1.229);

processing and marketing of fishery and aquaculture products: Regulation adopted (→ point 2.1.223).

Other business

Social and structural measures: Commission statement;

autonomous Community tariff quotas: Regulation adopted;

partial suspension of autonomous Common Customs Tariff duties: Regulation adopted;

relations between the Community and the Soviet Union as regards the conclusion of a fisheries agreement: exchange of views.

1381st meeting

2.7.15. General Affairs (Brussels, 18 and 19 December)¹

President: Mr Dumas, French Minister for Foreign Affairs.

Commission: Mr Delors, Mr Andriessen, Mr Mac Sharry, Mr Matutes and Mrs Scrivener.

Main items

Programme of options specific to the remote and insular nature of the French overseas

departments (Poseidom) and the 'dock dues' arrangements: agreement on two Decisions (→ point 2.1.142);

negotiations of a trade agreement with the customs union to be set up by the Gulf States: negotiating Directives approved (→ point 2.2.46);

negotiation of an agreement on trade and economic cooperation with Argentina: agreement (→ point 2.2.53).

Other business

Negotiation of an agreement on trade and commercial and economic cooperation with the GDR: agreement in principle;

joint Declaration after the meeting between the Commission and a US ministerial delegation: conclusions adopted;

relations with Japan and the internal market in cars: conclusions adopted;

Uruguay Round: conclusions adopted;

follow-up to the European Council;

EEC-Andorra relations: Commission briefing.

1382nd meeting

2.7.16. Internal market (Brussels, 21 and 22 December)

President: Mrs Cresson, French Minister for European Affairs.

Commission: Mr Bangemann, Sir Leon Brittan and Mr Cardoso e Cunha.

Main items

Major trans-European networks: agreement with a view to the adoption of a resolution (→ point 2.2.7);

implementation of the legal acts required to build the single market: conclusions adopted (→ point 2.2.8);

¹ Previous meeting: Bull. EC 11-1989, point 2.7.20.

² Previous meeting: Bull. EC 11-1989, point 2.7.19.

right of residence: political agreement (→ point 2.2.11);

freedom to provide life assurance services: political agreement reached (→ point 2.1.17);

global approach to conformity assessment: resolution adopted (→ point 2.1.33);

merger control: Regulation adopted (→ point 2.1.78);

package travel: substantive agreement on a common position (→ point 2.1.155).

Other business

European Company Statute: brief exchange of views;

businesses in the cooperative, mutual and non-profit sector and Europe's frontier-free market: exchange of views;

procurement procedures of entities operating in sectors hitherto excluded from Community legislation: detailed discussion;

active implantable electromedical devices: substantive agreement on a common position;

legal protection of computer programs: policy debate;

nutrition labelling of foodstuffs intended for sale to the final consumer: substantive agreement;

foods and food ingredients treated with ionizing radiation: discussion;

establishment of maximum residue limits of veterinary medicinal products in foodstuffs of animal origin: general political agreement in favour of a proposed Regulation.

Commission

Monitoring the application of Community law

2.7.17. On 21 December¹ the Commission adopted for transmission to Parlia-

ment its sixth annual report on monitoring the application of Community law (1988).

Responding, like its predecessors,² to the request made by Parliament in its resolution of 9 February 1983,³ it describes how the Commission has performed, during 1988, its role of custodian of the Treaties. The report finds that the number of infringement procedures (pre-litigation stage) fell very slightly compared with the previous year as regards letters of formal notice (569 in 1988 as against 572 in 1987), whilst the number of reasoned opinions increased again (227 in 1988 as against 197 in 1987). Italy received the largest number of letters (107), followed by Greece (64), Germany (58) and Belgium (52). The reasoned opinions were addressed mainly to Italy (52), Greece (32), France (27) and Germany (24).

It was in the areas of internal market, agriculture and the environment that the number of formal notices reached its highest level. For the internal market the increase is due to closer monitoring by the Member States of compliance with Articles 30 to 36 of the Treaty and to the implementing of the Directives aimed at completion of the single market. In agriculture, the main increase in formal notices and reasoned opinions is due, more than anything else, to delays in adopting national measures to implement the harmonization Directives (concerning plant health, seeds and plants, animal feed and veterinary legislation). The increase in the number of reasoned opinions occurs in the sector of the environment, transport and agriculture. The increase in opinions concerning the environment is mainly due to some of the many ongoing infringement procedures initiated during previous years.

¹ OJ C 330, 30.12.1989; COM(89) 411 final.

² COM(84) 181 final; 18th General Report, point 797; COM(85) 149 final; 19th General Report, point 1021; COM(86) 204 final; OJ C 220, 1.9.1986; 20th General Report, point 1013; COM(87) 250 final; OJ C 338, 16.12.1987; Bull. EC 12-1987, point 2.4.11; COM(88) 425 final; OJ C 310, 5.12.1988; Bull. EC 9-1988, point 2.4.7.

³ OJ C 68, 14.3.1983; Bull. EC 2-1983, point 2.4.16.

Although the number of cases referred to the Court of Justice (litigation stage) has been falling since 1986, it rose slightly again in 1988 (113 in 1985, 71 in 1986, 61 in 1987, 73 in 1988), mainly in connection with the environment and in the social sector. However, this increase does not appear likely to reverse the trend registered in the fifth report.¹ Greece and Italy have the most referrals (14 each) followed by Belgium and France (10 each), Germany and Ireland (8 each).

The number of complaints received continues to grow (791 in 1986, 850 in 1987 and 1 137 in 1988), thus reflecting the increasingly active role which the public is playing in the proper application of Community law. The number of infringements detected as a result of the Commission's own inquiries rose (to 307) in contrast to the situation in 1987 (260 as against 293 in 1986). Several of these originated from Parliamentary questions or petitions:

Measures taken

2.7.18. In December the Commission adopted the following provisions:

Community support frameworks for Objectives 3 and 4: Decision adopted (→ point 2.1.102);

Community support framework for Objective 2: Decision adopted (→ point 2.1.131);

Using the ecu for the structural Funds and payment of interest on amounts paid in error: two Regulations approved (→ point 2.1.141);

Consumers Consultative Committee: Decision adopted (→ point 2.1.156).

Proposals adopted

2.7.19. In December the Commission adopted proposals on the following:

simple pressure vessels (→ point 2.1.31);

labelling and presentation of foodstuffs intended for the final consumer (→ point 2.1.32);

conclusion of agreements between EEC and the EFTA countries establishing cooperation in the field of training in the context of Comett II (→ point 2.1.125);

air pollution by vehicles between 1 400 and 2 000 cm³ or over 2 000 cm³ (→ point 2.1.146);

organic farming (→ point 2.1.159);

marketing of young vegetable plants and propagating material, other than seeds (→ point 2.1.202);

marketing of ornamental plant propagating material and ornamental plants (→ point 2.1.202);

marketing of fruit plant propagating material and fruit plants intended for fruit production (→ point 2.1.202);

safeguards against the introduction into the Member States of organisms harmful to plants or plant products (→ point 2.1.201);

total allowable catches for 1990 and fishing conditions (→ point 2.1.210);

long-term objectives of multilateral negotiations in relation to agriculture;

results of EEC-USSR negotiations for a bilateral textile trade agreement (→ point 2.2.14);

negotiating Directives for a trade and cooperation agreement with the GDR (→ point 2.2.32);

results of EEC-USSR negotiations for a trade and commercial and economic cooperation agreement (→ point 2.2.35);

trade and economic cooperation agreement with Argentina;

conclusion of the Vienna Convention against illegal traffic in drugs and psychotropic substances (→ point 2.2.75).

Communications and reports

2.7.20. In December the Commission adopted, for transmission to the institutions

¹ OJ L 310, 5.12.1988; Bull. 9-1988, point 2.4.7.

concerned, communications and reports on the following:

cooperatives, mutual and friendly societies and the completion of the internal market (→ point 2.1.52);

non-food use of agricultural products (→ point 2.1.160).

Community lawcourts

Analysis of judgments delivered between 1 October and 31 December 1989

Judicial review and fulfilment by the Member States of their obligations

Failure of a Member State to fulfil its obligations —
Public supply contracts in the data-processing sector —
Companies partly or wholly in public ownership —
National legislation not in compliance with obligations under Community law

2.7.21. In Case C-3/88 *Commission v Italy* the Court of Justice held that Italy had failed to fulfil its obligations under Articles 52 and 59 of the EEC Treaty and Council Directive 77/62/EEC by providing that agreements with the State for the development of data-processing systems for the public authorities could be concluded only by companies in which all or a majority of the shares were, directly or indirectly, in public ownership.

The Court recalled its finding in previous cases that the principle of equal treatment which was embodied in particular in Articles 52 and 59 prohibited not only overt discrimination based on nationality but all covert forms of discrimination which, by applying other distinguishing criteria, in fact achieved the same result. The prohibition accordingly caught national legislation

which applied without distinction to all companies, domestic or foreign, but essentially favoured domestic ones, which was the case here, since in the data-processing field there were no companies from other Member States whose capital was held wholly or partly by the public sector in the home State.

The Court also rejected the argument advanced by Italy that because of the confidential character of data-processing activities they were connected with the exercise of public authority within the meaning of Article 55. The Court found that these activities were of a technical nature, and were not directly and specifically connected with the exercise of public authority.¹

General principles of Community law

Recommendation — Effects

2.7.22. In *Grimaldi v Fonds des maladies professionnelles* the Court elucidated the effects of the recommendations referred to in the fifth paragraph of Article 189 of the EEC Treaty.

Recommendations could not in themselves confer rights on individuals on which they could rely before domestic courts. However, domestic courts were bound to take those recommendations into consideration in order to decide disputes submitted to them, in particular where they were capable of clarifying the interpretation of other provisions of national or Community law.²

Free movement of goods

Border controls — systematic veterinary inspections

2.7.23. In Case C-186/88 *Commission v Germany* the Court condemned the practice of systematically requiring carriers of fresh poultrymeat to make a prior declaration in

¹ Ground 13.

² Case C-322/88.

order to ensure systematic veterinary inspection.

Member States were not prevented from employing more highly qualified officials to carry out such inspections, but if a veterinary official was not available another official had to carry out the administrative formalities at once so as to facilitate the passage of the goods.

Interpretation of Articles 30 and 36 of the EEC Treaty — Prohibition of Sunday trading

2.7.24. In *Torfaen Borough Council v B&Q* the Court had for the first time to consider the compatibility with Community law of national rules prohibiting trading on Sunday, which restricted trading in general and thus very indirectly restricted imports.

The Court held that Article 30 of the EEC Treaty had to be interpreted as meaning that the prohibition which it laid down did not apply to national rules prohibiting retailers from opening their premises on Sunday where the restrictive effects on Community trade which might result therefrom did not exceed the effects intrinsic to rules of that kind.¹

Free movement of persons and services

Free movement of workers — Knowledge of an official language of the host country

2.7.25. In the *Groener* case the Court had to rule on the question whether a permanent full-time post as a lecturer in public vocational educational institutions was a post of such a nature as to justify a requirement of linguistic knowledge, within the meaning of Article 3(1) of Council Regulation No 1612/68; the language required here was Irish, the first official language of Ireland.²

The Court said that the EEC Treaty did not prevent a Member State from following a

policy for the protection and promotion of a language which was both the national language and the first official language.³ It also accepted the importance of education for the implementation of such a policy.⁴

However, the implementation of such a policy could not encroach upon a fundamental freedom such as the free movement of workers in the Community.

The measures intended to implement such a policy therefore could not in any circumstances be disproportionate in relation to the aim pursued. The manner in which they were applied could not bring about discrimination against nationals of other Member States.

Free movement of persons — Declaration of residence

2.7.26. In the *Messner* case the Court was asked to give a preliminary ruling on the question whether it was compatible with the provisions of Community law on the free movement of persons for a Member State to impose on nationals of the other Member States exercising their right of freedom of movement the obligation, with a penal sanction for failure to comply, to make a declaration of residence within three days of entering the territory of the State.⁵

The Court began by recalling its finding in *Watson*⁶ that by creating the principle of freedom of movement for persons and by conferring on any person falling within its ambit the right of access to the territory of the Member States, for the purposes intended by the Treaty, Community law had not excluded the power of the Member States to adopt measures enabling the national authorities to have an exact knowledge of population movements affecting their territory.

¹ Case C-145/88.

² Case C-379/87 *Groener v Minister for Education and City of Dublin Vocational Education Committee*.

³ Ground 19.

⁴ Ground 20.

⁵ Case C-265/88 *Criminal proceedings against Messner*.

⁶ Case 118/75 [1976] ECR 1185.

Member States were therefore entitled to require nationals of other Member States to report their presence to the authorities in the host Member State.¹

Such an obligation could not in itself be regarded as an infringement of the rules concerning freedom of movement for persons; but Community law did impose certain limits. The formalities which the Member States required could not restrict the freedom of movement or limit the right of entry and residence for the purposes intended by Community law.²

In the case before it the Court found that the three-day time-limit was excessively restrictive, taking account of the fact that those concerned had to have sufficient time to travel from the border to their destination and to establish the competent authority and acquaint themselves with the formalities required. The time-limit could not be held to be indispensable to the interests of the host State; there was nothing to suggest that its interests would be endangered if the time-limit were longer. Most of the Member States which imposed similar requirements allowed substantially longer times.³

As for the imprisonment or fine laid down by way of penalty, the Court said that no penalty would be admissible in this case, given that the time-limit had been found to be unreasonable. The national authorities were entitled to make failure to comply with residence formalities subject to penalties comparable to those which applied to domestic infringements of similar gravity, but they would not be justified in laying down a disproportionate penalty which would create an obstacle to the free movement of workers. A term of imprisonment was a disproportionate penalty.⁴

Competition

Actions for annulment — Investigations — Inviolability of the home — Evidence

2.7.27. In *Dow Benelux and Dow Chemical Ibérica* the Court held that a Com-

mission decision ordering an investigation did not have to state the relevant market, or the legal description of the suspected infringement, or the date on which the infringement was thought to have taken place, provided the decision did set out the essential information required by Council Regulation No 17. The Commission could not be prevented from making inquiries in order to verify information which had come to its knowledge in the course of an earlier investigation in another matter. To debar it from doing so would go beyond what was necessary to preserve confidentiality and the right to a fair hearing, and would unjustifiably obstruct the Commission in the performance of its duties.⁵

Commission's powers of investigation — Right to a fair hearing

2.7.28. The judgments in *Solvay v Commission* and *Orkem v Commission*⁶ represent further developments of the Court's case-law on the Commission's powers in the competition field.

The Court confirmed the wide scope of the Commission's powers to undertake enquiries in order to detect infringements of Articles 85 and 86 of the EEC Treaty.

In exercising its powers, however, the Commission had to respect undertakings' right to a fair hearing, which was a fundamental principle of the Community legal order.

Tax questions

VAT — Concept of taxable person — Public bodies

2.7.29. In its *Carpaneto Piacentino* judgment the Court clarified the circumstances

¹ Ground 7.

² Ground 8.

³ Grounds 10 and 11.

⁴ Ground 14.

⁵ Case C-85/87 and Joined Cases C-97 to 99/87.

⁶ Case C-274/87 and Case C-27/88.

in which bodies governed by public law are taxable persons for VAT purposes.

The Court said that Member States were required to ensure that such bodies were treated as taxable persons in respect of activities in which they engaged as public authorities where those activities could also be engaged in, in competition with them, by private individuals, in cases in which their treatment as non-taxable persons could lead to significant distortions of competition.¹

Equality between men and women

Equal pay — Burden of proof

2.7.30. In the *Danfoss* case the Court held that where an undertaking applied a system of pay which was totally lacking in transparency, it was for the employer to prove that his practice in the matter of wages was not discriminatory if the average pay for women was less than that for men.²

Common agricultural policy and fisheries

Fisheries — Registration of fishing vessels — Nationality requirements

2.7.31. The President of the Court granted an application by the Commission for interim measures against the United Kingdom in a 'quota-hopping' case, concerning a nationality requirement for the registration of fishing vessels. The Court ordered the UK to suspend the nationality requirements in the Merchant Shipping Act 1988 as regards the nationals of other Member States and in respect of fishing vessels which, until 31 March 1989, were pursuing a fishing activity under the British flag and under a British fishing licence. The President said that the rights conferred by Articles 52 and 221 of the EEC Treaty included not only the right of establishment and the right to participate in the capital of companies or firms but also the right to set

up and manage a company or firm with the object of operating a fishing vessel registered in the Member State of establishment, on the same footing as a company or firm controlled by nationals of that State.³

Fisheries — Catch declarations — Commission's implementing powers

2.7.32. In *Spain and France v Commission* the Court annulled Commission Regulation No 3151/87 concerning the catch declarations of vessels flying the flag of a Member State and operating in the fishing zone of certain developing countries. The Court found that the Commission had no authority under Council Regulation No 2241/87 to extend the application of certain catch supervision measures to catches by Community vessels fishing in the waters of developing countries with which the Community had fisheries agreements.⁴

Fishing — Licences — Conditions

2.7.33. In *Agegate*⁵ and *Jaderow*⁶ the Court had to rule on the compatibility with Community law of certain measures taken by the United Kingdom to counter quota hopping.

In *Agegate* the Court considered nationality and residence conditions imposed on the crews of fishing vessels; it found that Community law did not preclude a Member State from requiring, as a condition for authorizing a vessel to fish against its quotas, that 75% of the crew must be nationals of the Member States of the Community.

¹ Joined Cases C-231/87 and C-129/88 *Ufficio distrettuale delle imposte dirette di Fiorenzuola d'Arda v Comune di Carpaneto Piacentino and Comune di Rivergaro and 23 other municipalities v Ufficio provinciale imposta sul valore aggiunto, Piacenza*.

² Case 109/88 *Handels- og Kontorfunktionærernes Forbund i Danmark v Dansk Arbejdsgiverforening for Danfoss*.

³ Case C-246/89R *Commission v UK*.

⁴ Joined Cases C-6 and 7/88.

⁵ Case C-3/87 R. v *Ministry of Agriculture, Fisheries and Food*, ex parte *Agegate*.

⁶ Case C-216/87 R. v *Ministry of Agriculture, Fisheries and Food*, ex parte *Jaderow and Others*.

But it did preclude a Member State from requiring that 75% of the crew must reside ashore in that Member State.

In *Jaderow* the Court held that the aim of the Community system of fishing quotas could in fact justify 'conditions designed to ensure that there is a real economic link between the vessel and the Member State in question if the purpose of such conditions is that populations dependent on fisheries and related industries should benefit from the quotas'.¹

The Court accepted the view put to it by the Commission that 'a Member State may not require catches or a proportion of them to be landed in its own ports.'² The landing of catches could be accepted as one means of proof of the existence of a real economic link, but it could not be the only acceptable evidence that the vessel was operating from such ports.

Community law did not stand in the way of a requirement that vessels must operate from national ports, if that condition did not involve an obligation for the vessel to depart from the national port on all its fishing trips.

The landing of a specified proportion of the vessels' catches or a specified periodic presence of the vessel in national ports were requirements which were compatible with Community law, provided that the frequency with which the vessel was required to be present in those ports did not impose, directly or indirectly, an obligation to land the vessels' catches in national ports or hinder normal fishing operations.

Budgetary and institutional questions

Authorization conferred on the Commission under Article 145 and implementation of the budget under Article 205

2.7.34. In Case C-16/18 *Commission v Council* the Court for the first time had to rule on the distinction between the Com-

mission's power to implement the budget, which is conferred on it directly by Article 205 of the EEC Treaty, and implementing powers conferred on the Commission by the Council under the third indent of Article 145. The Commission's power to implement the budget was not such as to modify the division of powers resulting from the various provisions of the Treaty which authorized the Council and the Commission to adopt generally applicable or individual measures within specific areas. Even if an individual measure could entail the commitment of expenditure, it had to be distinguished therefrom, particularly since the power to adopt the administrative decision and the power to commit the expenditure could be entrusted to different officials.

Legal basis —

Undesirable substances and products in animal nutrition — Trade in animal glands and organs intended for the pharmaceutical industry

2.7.35. In Case C-131/87 *Commission v Council* and Case C-11/88 *Commission v Council* the Court upheld actions seeking the annulment of two Council Directives on the ground that they should have been based on Article 43 of the Treaty alone, whereas the Council has added Article 100 in one case³ and replaced Article 43 by Articles 100 and 113 in the other.⁴

The Court recalled that in the context of the organization of the powers of the Community the choice of the legal basis for a measure had to be based on objective considerations which were amenable to judicial review.⁵

¹ Ground 26.

² Ground 36.

³ Council Directive 87/519/EEC amending Directive 74/63/EEC on undesirable substances and products in animal nutrition.

⁴ Council Directive 87/64/EEC on health and veterinary problems upon importation of bovine animals and swine and fresh meat from third countries.

⁵ To the same effect see Case 45/86 *Commission v Council* [1988] ECR 1493, ground 11.

The Court confirmed its finding in previous cases¹ that Article 43 was the appropriate legal basis for any legislation concerning the production and marketing of agricultural products listed in Annex II to the Treaty which contributed to the achievement of one or more of the objectives of the common agricultural policy set out in Article 39, even if the legislation pursued objectives laid down in Article 100, as Article 38(2) of the Treaty gave specifically agricultural rules priority over general rules on the establishment of the common market.

In the case before the Court the products concerned did fall under Annex II, and the disputed Directives did form part of a body of rules contributing to the achievement of the objectives of the common agricultural policy set out in Article 39. Although the main aim was to protect human health, the Court said that pursuit of the objectives of the common agricultural policy could not disregard the demands of public policy, so that the measures remained within the scope of Article 43.²

In Case C-131/87 the Court also had to consider the relationship between Article 43 and Article 113, which the Council had added on the ground that the Directive aimed to facilitate importation of the products concerned into the Community. The Court said that this fact did not suffice to make Article 113 applicable; it was apparent from Article 40(3) that measures taken in the context of the common agricultural policy could also effect importation and exportation of the products concerned.

Parliament — Right to bring actions — Advocate-General's Opinion

2.7.36. In this Opinion in Case C-70/88 *Parliament v Council* Advocate-General Van Gerven advised the Court to accept that the European Parliament was entitled to bring actions before the Court. Parliament had to be entitled to bring actions for annulment on the basis of the first paragraph of Article 173 of the EEC Treaty, or of the identical Article 146 of the Euratom

Treaty, whenever the protection of its own rights, powers or prerogatives was at stake.

The Court has not yet delivered judgment.

External policy

Special aid for Turkey — EEC-Turkey Association Council Decision No 2/80 — Implementation

2.7.37. In Case 30/88 *Greece v Commission* the Court confirmed its finding in an earlier case³ that because of their direct link with an association agreement the decisions of an association council formed an integral part of the Community legal order from the date on which they entered into force. By its nature, therefore, the Decision No 2/80 contested in the case before the Court did not require transposal into Community law. The old 1964 EEC-Turkey Association Agreement did not apply.

The Commission alone was empowered to lay down the procedures for the use of the special aid for Turkey and to approve specific projects. The Commission was therefore entitled to seek, from the Council as well as from the Member States, any opinion that was necessary for operating the aid. A unanimous decision of the Member States was not needed for the approval of each project financed out of the special aid.

Court of First Instance

2.7.38. The first decision of the Court of First Instance, an order by the President, was given on 6 December, in *Cosimex*, a competition case.⁴

¹ Case 68/86 *UK v Council* and Case 131/86 *UK v Council*.

² Ground 25 in Case C-131/87 and ground 20 in Case C-11/88.

³ Case 12/86 *Demirel* [1987] ECR 3719, ground 7.

⁴ Case T-131/89R *Cosimex v Commission*.

New cases

2.7.39. The following cases came before the Court of Justice in December, either as references for preliminary rulings or as actions brought direct:

Free movement of goods

- Case C-332/89 *Ministère public v Marchandise, Chapuis and Trafitex*
Basis: Article 177 of the EEC Treaty

Interpretation of Articles 3(f), 5, 30 to 36, 59 to 66 and 85 of the EEC Treaty with reference to national legislation prohibiting the employment of staff on Sundays after 12 noon in retail shops.

- Case C-347/89 *Freistaat Bayern v Eurim-Pharm*
Basis: Article 177 of the EEC Treaty

Do Articles 30 and 36 of the EEC Treaty preclude provisions which make it impossible for an undertaking in one Member State to import from another Member State finished medicinal products in order to label them in the first Member State in accordance with the legislation of that Member State and provide them with package inserts pursuant to a national manufacturing permit?

Customs union

- Case C-328/89 *Berner Allgemeine Versicherungsgesellschaft v Amministrazione delle Finanze dello Stato*
Basis: Article 177 of the EEC Treaty

Must Article 35 of Council Regulation (EEC) No 222/77 on Community transit — which, in its original wording, provides that when the guarantor has not been notified by the office of departure of the non-discharge of the T1 document he shall be released from his obligations on the expiration of a period of 12 months from the date of registration of the T1 declaration — be interpreted as meaning that the power to give the relevant notification is vested exclusively in the office of departure, or is that power also held by the office which under national provisions is of higher rank

than the office of departure and can perform that function in its place?

- Case C-343/89 *Witzemann v HZA München-Mitte*
Basis: Article 177 of the EEC Treaty

Are the provisions of the EEC Treaty (Articles 3(b), 9(1) and 12 to 29) and the sixth VAT Directive (Council Directive 77/388/EEC) (Article 2(2)) to be interpreted as meaning that a Member State is not entitled to impose customs duties and import turnover tax on illegally imported goods the production and sale of which is — as in the case of counterfeit currency — prohibited in all Member States?

- Case C-348/89 *Mecanarte — Metalúrgica da Lagoa v Head of the Serviço da Conferência Final da Alfândega do Porto*
Basis: Article 177 of the EEC Treaty

Interpretation of Article 5 of Council Regulation No 1697/79 and Article 4 of Regulation No 1573/80 on the post-clearance recovery of import duties or export duties which were not required of the person liable for payment on goods entered for a customs procedure involving the obligation to pay such duties, with reference to an error committed by the authorities of the exporting State.

Freedom of establishment

- Case 340/89 *Vlassopoulou v Ministerium für Justiz, Bundes- und Europaangelegenheiten Baden-Württemberg*
Basis: Article 177 of the EEC Treaty

Does it infringe the freedom of establishment under Article 52 of the EEC Treaty if a Community citizen, who has been admitted to practise and has practised as a lawyer in his home country and has for five years been admitted as a legal adviser in the host country and also works in a firm of lawyers established there, may be admitted to the profession of *Rechtsanwalt* in the host country only in accordance with the statutory rules of the host country?

Competition

- Case C-339/89 *Alsthom Atlantique v Suizer and Construction Mécanique*

Suizer

Basis: Article 177 of the EEC Treaty

Are the combined provisions of Articles 2 and 3(f), read together with Articles 85(1) and 34, of the EEC Treaty to be interpreted as prohibiting the application of a Member State's case-law which, by not allowing persons selling goods by way of trade to prove that on the date of their delivery they were unaware of a defect in the goods they supplied, has the effect of preventing them from relying on Article 1643 of the French Civil Code, which allows them to limit their liability when unaware of the defect, in the same way as their competitors in other Member States may do in accordance with their own national law?

Social policy

- Case C-344/89 *Martínez Vidal v Gemeenschappelijke Medische Dienst*
Basis: Article 177 of the EEC Treaty

Existence and means of exercising the power to call a person claiming social security benefits for a medical examination in the competent Member State.

- Case C-345/89 *Ministère public v Stoeckel*
Basis: Article 177 of the EEC Treaty

Is Article 5 of Council Directive 76/207/EEC sufficiently precise to impose on a Member State an obligation not to lay down in its legislation the principle that night work by women is prohibited, as in Article L 213-1 of the French Labour Code?

Agriculture

- Case C-338/89 *Organisationen Danske Slagterier, as agent for JAKA v Landbrugsministeriet*
Basis: Article 177 of the EEC Treaty

Whether there is a case of *force majeure* where an exporter of preserved pigment products was unable to export in accordance with the certificate of advanced fixing issued pursuant to Article 6 of Regulation No 2768/75 on account of a strike, notice

of which had been given before the undertaking had applied for a certificate.

- Case C-341/89 *Ballmann v HZA Osnabrück*
Basis: Article 177 of the EEC Treaty

Should Article 12(c) and (d) of Regulation No 857/84 or any other provision of the Community rules on guaranteed milk quantities be interpreted as meaning that milk obtained from cows managed by a farmer in stalls leased to him is to be imputed to the reference quantities allocated to him in the Federal Republic of Germany?

Or is the milk obtained in that way to be imputed to the reference quantity of the lessor farmer, himself a milk producer?

Does the answer depend on the details of the lease, the circumstances of the case (and if so, which ones) or both?

- Case C-352/89 *Coöperatieve Fabrik van Melkprodukten 'De Vechtstreek' v Commission*
Basis: Article 173 of the EEC Treaty

Annulment of Commission Decision C(89) 1389 approving applications for aid pursuant to Commission Regulation No 382/89 on measures to facilitate the implementation of Council Directive 85/397/EEC on health and animal-health problems affecting intra-Community trade in heat-treated milk.

Commercial policy

- Case C-358/89 and C-358/89R *Extramet Industrie v Council*¹
Basis: Article 173 of the EEC Treaty

Annulment of Council Regulation (EEC) No 2808/89 imposing a definitive anti-dumping duty on imports of calcium metal originating in the People's Republic of China and the Soviet Union and definitively collecting the provisional anti-dumping duty imposed on such imports; suspension of its application as an interim measure.

¹ OJ C 16, 23.1.1990.

Development aid

- Case C-370/89 *SGEEM and Etroy v European Investment Bank*
Basis: Article 178 and the second paragraph of Article 215 of the EEC Treaty

A declaration that the EIB is obliged to indemnify the injury it caused to SGEEM by preventing it from being awarded the contract for the construction of the electricity line between Bamako and Ségou in Mali, when its tender was the lowest and, in the unanimous opinion of the experts, economically the most advantageous.

Infringements

- Case C-366/89 *Commission v Italy*
Basis: Article 169 of the EEC Treaty

Failure to comply with Article 171 (failure to comply with the judgments in Cases 30-34/81 — Council Directive 75/439/EEC on the disposal of waste oils) and Article 34 of the EEC Treaty.

- Case C-374/89 *Commission v Belgium*
Basis: Article 169 of the EEC Treaty

Failure to comply with Directive 76/491/EEC (the Community notification and consultation procedure on the prices of crude oil and petroleum products) and Article 5 of the EEC Treaty.

- Case C-380/89 *Commission v Italy*
Basis: Article 169 of the EEC Treaty

Italy has failed to fulfil its obligations:

(a) under Article 171 of the EEC Treaty by not complying with the judgment of the Court in Case 184/85 and

(b) under the second paragraph of Article 95 of the EEC Treaty by imposing a consumer tax on fresh bananas originating in non-member countries and in free circulation in other Member States.

2.7.40. The following actions were brought before the Court of First Instance in December:

Disputes between the Community and its staff

v Commission:

- Case T-159/89 *Coussios*

v Court of Justice:

- Case T-160/89 *Kalavros*
- Case T-161/89 *Kalavros*

v European Parliament:

- Case T-162/89 *Mommer*
- Case T-163/89¹ *Sebastiani*

v Economic and Social Committee:

- Case T-158/89 *Van Hecken*

Judgments

2.7.41. The Court of Justice gave decisions in the following cases in December:

Customs union

- 13.12.1989: Case C-26/88 *Brother International v HZA Giessen*²

1. The simple assembly of prefabricated parts originating in a country different from that in which they were assembled is sufficient to give the resulting product the origin of the country in which assembly took place, provided that from a technical point of view and having regard to the definition of the goods in question such assembly represents the decisive production stage during which the intended use of the parts used becomes definite and the goods in question take on their specific qualities; if the application of that criterion does not lead to a conclusion, it must be examined whether all the assembly operations in question result in an appreciable increase in the ex-factory commercial value of the finished product.

2. The transfer of assembly from the country in which the parts were manufactured to another country in which existing factor-

¹ OJ C 14, 20.1.1990.

² OJ C 16, 23.1.1990.

ies are used does not in itself justify the presumption that the sole object of the transfer was to circumvent the applicable provisions unless the transfer of assembly coincides with the entry into force of the relevant regulations. In that case, the manufacturer concerned must prove that there was a reasonable ground for carrying out the assembly operations in the country from which the goods have been exported and that it was not for the purpose of escaping the consequences of the provisions in question.

- 13.12.1989: Case C-1/89 *Raab v HZA Berlin-Packhof*¹

The provisions of the Common Customs Tariff are to be interpreted as meaning that artistic photographs are not to be classified, like original engravings, prints and lithographs, under tariff heading No 99.02 of the Common Customs Tariff, nor can they be considered to be artists' screen prints under tariff subheading 49.11 B of table II of the annex to Council Regulation No 1945/86 temporarily suspending the autonomous Common Customs Tariff duties on a number of industrial products. All photographs must be classified, regardless of any artistic merit they may possess, under tariff subheading 49.11 B of the Common Customs Tariff.

Right of establishment

- 12.12.1989: Case C-265/88 *Criminal proceedings against Messner*²

It is incompatible with the provisions of Community law on the free movement of persons for a Member State to impose on nationals of the other Member States exercising their right of freedom of movement the obligation, with a penal sanction for failure to comply, to make a declaration of residence within three days of entering the territory of the State.

Freedom to provide services

- 13.12.1989: Case C-49/89 *Corsica Ferries France v Direction générale des douanes françaises*³

The EEC Treaty, and in particular Articles 59, 61, 62 and 84, thereof, did not, before the entry into force of Council Regulation No 4055/86 applying the principle of freedom to provide services to maritime transport between Member States and between Member States and third countries, prevent a Member State from levying, in connection with the use by a ship of harbour installations situated within its island territory, charges on the embarkation and disembarkation of passengers arriving from or going to a port situated in another Member State, whilst in the case of voyages between two ports situated in national territory those charges were levied only on embarkation at the island port.

Taxation

- 5.12.1989: Case C-165/88 *ORO Amsterdam Beheer and Concerto v Inspecteur der Omzetbelasting, Amsterdam*¹

Community law and rules governing value-added tax do not, as they now stand, preclude national legislation which, for the purpose of calculating the value-added tax due on the turnover arising from the sale of second-hand goods, fails to take account of tax still incorporated in the price of goods which have been purchased from non-taxable individuals with a view to their resale.

- 6.12.1989: Case C-144/89 *Combarieu v Directeur des services fiscaux du département de l'Ariège*

Removed from the Court Register.

(Interpretation of Article 33 of the sixth VAT Directive (Council Directive 77/388/EEC))

- 6.12.1989: Case C-145/89 *Ariège Video v Directeur des services fiscaux du département de l'Ariège*

Removed from the Court Register.

¹ OJ C 13, 19.1.1990.

² OJ C 14, 20.1.1990.

³ OJ C 16, 23.1.1990.

(Interpretation of Article 33 of the sixth VAT Directive)

- 13.12.1989: Case C-342/87 *Genius Holding v Staatssecretaris van Financiën*¹

The right to deduct provided for in the sixth VAT Directive does not apply to the tax which is due solely because it is mentioned on the invoice.

Social policy

- 13.12.1989: Case C-102/88 *Ruzius-Wilbrink v Bestuur van de Bedrijfsvereniging voor Overheidsdiensten*¹

1. Article 4(1) of Council Directive 79/7/EEC must be interpreted as precluding a provision from creating, within the framework of national legislation which guarantees a minimum subsistence income to insured persons suffering from incapacity for work, an exception to that principle in respect of insured persons who had previously worked on a part-time basis and from limiting the amount of the allowance to the wage previously received, where that measure affects a much larger number of women than men, unless the said legislation is justified by objective factors unrelated to any discrimination on grounds of sex.

2. In the absence of appropriate measures implementing Article 4(1) of Directive 79/7/EEC and where there is indirect discrimination on the part of the State, the class of persons placed at a disadvantage by reason of that discrimination must be treated in the same way and the same scheme must be applied to it as that applied to other recipients of the allowance, such scheme remaining, for want of correct implementation of the said Directive, the only valid system of reference.

- 13.12.1989: Case C-322/88 *Grimaldi v Fonds des maladies professionnelles*²

In the light of the fifth paragraph of Article 189 of the EEC Treaty, the Commission Recommendation of 23 July 1962 on the adoption of a European schedule of industrial diseases and Commission Recommendation 66/462 on the conditions for granting

compensation to persons suffering from industrial diseases may not in themselves confer rights on individuals on which they may rely before domestic courts. However, domestic courts are bound to take those recommendations into consideration in order to decide disputes submitted to them, in particular where they are capable of clarifying the interpretation of other provisions of national or Community law.

- 14.12.1989: Case C-168/88 *Dammer v Securex and Rijksdienst voor Kinderbijslag der Werknemers*

Articles 12 and 73 of Council Regulation No 1408/71 on the application of social security schemes to employed persons and their families moving within the Community must be interpreted as meaning that a worker's right to family benefits in the Member State of employment in respect of members of his family residing in a second Member State when family benefits are already being paid in respect of the same members of family to his (or her) spouse in a third Member State in which that spouse is employed, may be exercised on condition that the amount of family benefits actually received in the third Member State is lower than the amount of benefit for which the first Member State has provided. In that event the worker is entitled to an additional benefit payable by the competent institution of the first State equal to the difference between the two amounts.

Free movement of workers

- 5.12.1989: Case C-114/88 *Delbar v Caisse d'allocations familiales de Roubaix-Tourcoing*³

Article 51 of the EEC Treaty must be interpreted as meaning that a Member State on whose territory a self-employed person works is not required to pay family allowances within the meaning of Article 1(u)(ii) of Council Regulation No 1408/71 if the

¹ OJ C 13, 19.1.1990.

² OJ C 16, 23.1.1990.

³ OJ C 14, 20.1.1990.

members of the person's family reside in another Member State. However, with effect from 15 January 1986, in accordance with Article 73 of Regulation No 1408/71, as amended by Regulation No 3427/89, a self-employed person subject to the legislation of a Member State is entitled, in respect of the members of his family who are residing in another Member State, to the family benefits provided for by the legislation of the former State, as if they were residing in that State.

Agriculture

- 7.12.1989: Case C-136/88 *France v Commission*¹

The application is dismissed.

(Seeking the annulment of Commission Regulation No 530/88 withdrawing new potatoes from the list of products covered by the supplementary trade mechanism)

- 13.12.1989: Cases C-181/88, C-182/88 and C-218/88 *Deschamps and Others v Ofival*²

Consideration of the questions raised has disclosed no factor of such a kind as to affect the validity of Articles 5 and 9 of Council Regulation No 1837/80, as amended by Regulation No 871/84.

- 13.12.1989: Case C-204/88 *Ministère public v Paris*²

Consideration of the question raised has disclosed no factor of such a kind as to affect the validity of Article 15 of Council Regulation No 2772/75 on marketing standards for eggs inasmuch as it contains a prohibition on marking eggs with dates, such as the date of laying, other than those provided for in the Regulation.

- 14.12.1989: Case C-346/88 *Schweizerische Lactina Panchaud v Germany*²

Article 4(4) of Commission Regulation No 1725/79 on the rules for granting aid to skimmed milk processed into compound feedingstuffs and skimmed-milk powder intended for feed for calves is to be interpreted as meaning that the phrase 'the pack-

age ... bears ... one or more of the following statements' allows the requisite information to be put on labels incorporated into the fastening of the package, provided that the method used to affix them is not such as to facilitate fraud.

Fisheries

- 14.12.1989: Case C-3/87 *R. v Ministry of Agriculture, Fisheries and Food, ex parte Agegate*³

1. Community law does not preclude a Member State from requiring, as a condition for authorizing one of its vessels to fish against its quotas, that 75% of the crew of the vessel in question must be nationals of the Member States of the Community.

2. Community law precludes a Member State from requiring, as a condition for authorizing one of its vessels to fish against its quotas, that 75% of the crew of the vessel in question must reside ashore in that Member State.

3. Save in those cases where Council Regulation No 1408/71 otherwise provides, Community law does not preclude a Member State from requiring, as a condition for authorizing one of its vessels to fish against its quotas, that the skipper and all the crew of the vessel must be making contributions to the social security scheme of that Member State.

4. Articles 55 and 56 of the 1985 Act of Accession must be interpreted as meaning that their application to Spanish fishermen working on board British vessels is not excluded by the sole fact that the fishermen in question are paid on a 'share' basis and as not precluding national legislation or a national practice whereby Spanish workers are excluded from 75% of the crew of those vessels, provided that such a restriction, introduced after the 1985 Act of Accession, does not in any circumstances make the position of Spanish workers more unfavour-

¹ OJ C 14, 20.1.1990.

² OJ C 13, 19.1.1990.

³ OJ C 16, 23.1.1990.

able and that the restriction does not concern Spanish nationals already employed at the time of accession as workers on British territory or on board a British vessel where the employment relationship displays a sufficiently close link with that territory.

5. Since all the applicable provisions of Community law have direct effect, those provisions may be relied upon by individuals before a national court.

- 14.12.1989: Case C-216/87 *R. v Ministry of Agriculture, Fisheries and Food ex parte Jaderow and Others*¹

Community law as it now stands:

1. does not preclude a Member State, in authorizing one of its vessels to fish against national quotas, from laying down conditions designed to ensure that the vessel has a real economic link with that State if that link concerns only the relations between that vessel's fishing operations and the populations dependent on fisheries and related industries;

2. does not preclude a Member State, in authorizing one of its vessels to fish against national quotas, from laying down the condition, in order to ensure that there is a real economic link as defined above, that the vessel is to operate from national ports, if that condition does not involve an obligation for the vessel to depart from a national port on all its fishing trips;

3. does not preclude a Member State, in authorizing one of its vessels to fish against national quotas, from taking the position that the fact of the vessel's operation from national ports may be proved by the landing of a proportion of its catches, or its periodic presence, in national ports;

4. does not preclude a Member State from accepting, as evidence of compliance with the condition that the vessel must operate from national ports, only the landing of a specified proportion of the vessel's catches or a specified periodic presence of the vessel in national ports, provided that the frequency with which the vessel is required to be present in those ports does not impose,

directly or indirectly, an obligation to land the vessel's catches in national ports or hinder normal fishing operations;

5. does not preclude legislation or a practice of a Member State whereby a new condition not previously stipulated is laid down for the grant of licences to fish against national quotas.

Budget

- 6.12.1989: Case C-250/88 *Commission v Council*

Removed from the Court Register.

(Seeking the annulment of Council Regulation No 1870/88 extending Regulation No 3972/86 on food-aid policy and food-aid management)

- 6.12.1989: Case C-308/88 *Commission v Council*

Removed from the Court Register.

(Seeking the annulment of:

(i) the second subparagraph of Article 8(2) and Article 8(3) of Council Regulation No 2507/88 on the implementation of storage programmes and early warning systems;

(ii) the second subparagraph of Article 3(2) and Article 3(3) of Council Regulation No 2508/88 on the implementation of cofinancing operations for the purchase of food products or seeds by international bodies or non-governmental organizations)

Infringements

- 18.12.1989: Case 286/87 *Commission v Greece*

Removed from the Court Register.

(Seeking a declaration that by failing to put into operation within the prescribed period the computerized file of olive and olive-oil production data, Greece has failed to fulfil its obligations under Article 16(1) of Council Regulation No 2261/84 and Article 11 of Commission Regulation No 3061/84)

¹ OJ C 16, 23.1.1990.

- 5.12.1989: Case C-3/88 *Commission v Italy*¹

By providing that only companies in which all or a majority of the shares are, directly or indirectly, in public ownership may conclude agreements with the State for the development of data-processing systems for the public authorities, Italy has failed to fulfil its obligations pursuant to Articles 52 and 59 of the EEC Treaty and under Council Directive 77/62/EEC.

- 6.12.1989: Case C-243/87 *Commission v Spain*

Removed from the Court Register.

(Seeking a declaration that by having approved, published and applied internal provisions which contain certain national technical measures on the marketing of certain electrical appliances, and which make their importation subject to control procedures, and by not adopting the measures needed to apply Directive 73/23/EEC from 1 January 1986, Spain has failed to fulfil its obligations)

- 6.12.1989: Case C-329/88 *Commission v Greece*²

By failing to adopt within the prescribed period the measures necessary to implement Council Directive 84/450/EEC on misleading advertising, Greece has failed to fulfil its obligations under the EEC Treaty.

Disputes between the Community and its staff

v Commission:

- 6.12.1989: Case C-249/87 *Mulfinger and Others*³

The application is dismissed.

(Seeking the annulment of the administration's decision to give the applicants for signature a standard-form contract for language teachers)

- 12.12.1989: Case C-163/88 *Kontogeorgis*²

The application is dismissed.

- 13.12.1989: Case C-100/88 *Oyowé and Traoré*²

1. The implied decision of the Commission rejecting the applicants' complaint of 4 November 1987 is annulled.

2. The remainder of the application is dismissed.

- 13.12.1989: Case C-169/88¹ *Prelle*

The implied decision rejecting the applicant's complaint of 4 November 1987 and the decision of 2 September 1987 by which the office responsible for settling claims of the Joint Sickness Insurance Fund refused to grant him reimbursement at the rate of 85% for an organotherapeutic preparation are annulled.

v Economic and Social Committee:

- 13.12.1989: Case C-17/88 *Patrinós*⁴

The application is dismissed.

v European Parliament:

- 12.12.1989: Case C-331/87 *Exarchos*¹

The application is dismissed.

2.7.42. The Court of First Instance gave the following decision in December:

Disputes between the Community and its staff

v Commission:

- 14.12.1989: Case T-119/89 *Teissonnière*

The application is dismissed as inadmissible.

Economic and Social Committee

272nd plenary session

2.7.43. The Economic and Social Committee held its 272nd plenary session on 19 and

¹ OJ C 13, 19.1.1990.

² OJ C 14, 20.1.1990.

³ OJ C 11, 17.1.1990.

⁴ OJ C 16, 23.1.1990.

20 December. Mr Masprone presided and Mrs Cresson, French Minister for European Affairs, attended.

Mrs Cresson reported on the Strasbourg European Council (→ point 1.1.1) and in particular on progress on the European social area. Discussion was limited to remarks by the three Group Chairmen. The Chairman of the Employers' Group expressed support for the establishment of economic and monetary union and the opening being made towards the countries of Eastern Europe. The Workers' Group regretted what it regarded as the watering-down of the Charter of Fundamental Social Rights and the timidity of the action programme, while the Chairman of the Various Interests Group expressed disappointment that the Charter applied only to workers and not to other sections of the population.

Closing the debate, Mr Masprone handed Mrs Cresson the text of the statement he had prepared after the European Council. One of the points he insisted on was the Committee's disappointment that its role had not been given the recognition hoped for in the conclusions issued by the Committee.

2.7.44. The Committee debated and adopted opinions on the following:

approximation of indirect taxes (→ point 2.1.46);

18th Report on Competition Policy (→ point 2.1.77);

tobacco advertising (→ point 2.1.116);

European cultural area (→ point 2.1.130);

accidents involving consumer products (→ point 2.1.154);

protection of calves and pigs (→ point 2.1.199);

eradication of African swine fever (→ point 2.1.200);

eradication of brucellosis in sheep and goats (→ point 2.1.200);

frozen semen (→ point 2.1.200);

animal health conditions governing the placing of rodents on the market (→ point 2.1.200);

melted animal fat, greaves and by-products (→ point 2.1.200);

Community measures to control foot-and-mouth disease (→ point 2.1.200);

equidae (→ point 2.1.200).

2.7.45. The Committee also adopted opinions on the following, without debate and unanimously:

free circulation of goods (→ point 2.1.36);

single emergency call number (→ point 2.1.68);

electronic data interchange (→ point 2.1.70);

common organization of the cereal market (→ point 2.1.174);

illustrative nuclear programme for the Community (→ point 2.1.253).

2.7.46. Finally, the Committee adopted by majority decision and without a debate an opinion on spray-suppression devices of certain categories of motor vehicle and their trailers (→ point 2.1.19).

ECSC Consultative Committee

282nd session (ordinary)

2.7.47. (Luxembourg, 19 December)

Chairman: Mr Soulé

Items discussed

Commission report on activities under the ECSC Treaty;

forward programme for steel (first quarter of 1990): consultation (→ point 2.1.55);

proposal for a Council Regulation on the Thermie programme: discussion;

foreseeable developments in the solid fuel market for 1990: communication (→ point 2.1.252);

draft Commission decision on ECSC loans to Hungary and Poland: consultation.

European Investment Bank

EIB loans in December

2.7.48. In December the European Investment Bank¹ lent ECU 1 521.9 million for capital investment projects in the European Community: of that total ECU 3.2 million was from NCI resources.² In the United Kingdom the Bank provided ECU 516 million, in France 330.6 million, in Italy 307.5, in Denmark 98.2, in Greece 96.6, in Portugal 84.6, in Ireland 51.6, and in the Netherlands 36.8 million.

Outside the Community the EIB lent 31.9 million of which ECU 14.9 million in Trinidad and Tobago, 10 million in the Central African Republic, 4 million in Burundi and 3 million in Surinam.

In the Community

United Kingdom

2.7.49. UKL 294 million of the total UKL 351.3 million lent in the United Kingdom went to five newly-privatized water companies for investment to upgrade the quality and security of drinking water supplies and the capacity of sewerage services and sewage treatment to reduce pollution of rivers and beaches. Further loans were provided to modernize and expand a power station and, stimulating regional development in several assisted areas, for the relocation of a furniture factory, the renovation of several plants producing foodstuffs, the construction of supermarket depots as well as the extension of a hotel in Northern Ireland.

France

2.7.50. In France the EIB lent over FF 2.3 billion with most of the funding going to communications infrastructure projects. Following on earlier loans, additional finance was made available for laying tracks, construction of buildings and the commissioning of rolling stock for the TGV Atlantique and a first loan was provided for the construction of a metro system in Toulouse. Also improving communications, investments by the French national telecommunications company were supported with EIB funding. Making a contribution to regional development policy aims, global loans were provided to finance the leasing of industrial buildings by SMEs in the West of France and funds went to the construction of a factory producing magnetic tapes in Les Landes. In the energy sector the Bank financed the modernization of a uranium enrichment plant.

Italy

2.7.51. Most of the LIT 63.3 billion lending in Italy was through global loans supporting small and medium-sized investment schemes in industry and related services, agro-industry and the modern technology. They involved a variety of intermediaries which together covered the whole of Italy. In addition, loans were provided for plants producing automobiles and automobile parts, investment in natural gas distribution, and the first phase of the construction of a metro system in Naples.

Denmark

2.7.52. The DKR 790 million lent in Denmark went to the national railway company

¹ For more information, please contact the Information Division of the European Investment Bank, 100 boulevard Konrad Adenauer, L-2950 Luxembourg, tel. (352) 4379-1.

² The conversion rates used by the EIB for statistical purposes during the quarter are those obtaining on 30.9.1989, when ECU 1 = BFR/LFR 43.35, DKR 8.05, DM 2.06, DR 181.17, PTA 131.16, FF 7.00, HFL 2.33, IRL 0.77, LIT 1 506.75, ESC 174.82, UKL 0.68, USD 1.11.

for electrification of the Danish rail network and the acquisition of rolling stock.

Greece

2.7.53. Two loans account for the DR 17.5 billion lent in Greece: a global loan to finance SMEs, primarily in industry, tourism and related services, and a loan to the public power corporation to finance the construction of a lignite power plant.

Portugal

2.7.54. For investment projects the EIB lent a total of ESC 14.8 billion. The loans were for the construction of an integrated paper mill and an afforestation scheme to secure its supply, for upgrading the road, harbour and airport infrastructure on the Azores, for hotel construction and road improvement throughout Portugal, and to finance investment by SMEs, predominantly in industry, tourism and related services.

Ireland

2.7.55. Finance for various infrastructure projects in Ireland added up to a total of IRL 40 million. Funds were provided for water supply and sewerage schemes and for upgrading the national road network. In addition, the construction of a new building

for the engineering school on the University College Dublin main campus at Belfield was financed, as was expansion and improvement of the telecommunications network.

Netherlands

2.7.56. In the Netherlands the EIB provided three loans for a total of HFL 85 million: a global loan to a Dutch intermediary to finance productive investments by SMEs in the Netherlands and elsewhere in the EC, the construction of a plant producing synthetic fibres and, on NCI resources, the setting-up of four wind turbine parks in the province of Zeeland.

Outside the Community

2.7.57. All lending outside the EC took place in ACP countries in December. In Trinidad and Tobago the EIB made a global loan available to the local development finance company to onlend to SMEs; using risk capital resources the Bank also provided funds for equity participations in SMEs as well as a participation, in the name of the EC, in the finance company itself. In addition, risk capital was used for rehabilitating and extending electricity supply facilities in the Central African Republic, and for a global loan to the development banks of Burundi and Surinam.

PART THREE
DOCUMENTATION

1. The ecu

Values in national currencies of ECU 1

December 1989 ¹		
BFR/ LFR	Belgian franc and Luxembourg franc (convertible)	42.7137
	Belgian franc and Luxembourg franc (financial)	42.7285
DKR	Danish krone	7.89523
DM	German mark	2.03185
DR	Greek drachma	187.222
ESC	Portuguese escudo	178.143
FF	French franc	6.94256
HFL	Dutch guilder	2.29349
IRL	Irish pound	0.770622
LIT	Italian lira	1 509.52
PTA	Spanish peseta	131.204
UKL	Pound sterling	0.731471
AUD	Australian dollar	1.48493
CAD	Canadian dollar	1.35565
FMK	Finnish markka	4.80791
NKR	Norwegian krone	7.82299
NZD	New Zealand dollar	1.96218
OS	Austrian schilling	14.3062
SFR	Swiss franc	1.83128
SKR	Swedish krona	7.33996
USD	United States dollar	1.16695
YEN	Japanese yen	167.718

¹ Average for the month; OJ C 1, 4.1.1990.

NB: Explanatory notes on the ecu and 'green' rates can be found in Bull. EC 7/8-1982, points 3.1.1 to 3.1.3, and Bull. EC 9-1989, point 2.1.3.

Representative rates ('green' rates)

Conversion rates into national currencies for the ecu used in connection with the common agricultural policy

December 1989		
National currency/sector		Value in national currency of ECU 1
BFR/ LFR	Belgian franc and Luxembourg franc All products	48.2869
DKR	Danish krone Sheepmeat and goatmeat Other products	8.66492 8.93007
DM	German mark Milk and milk products and beef and veal Cereals Other products	2.35053 2.37360 2.36110
DR	Greek drachma Sheepmeat and goatmeat Pigmeat Eggs and poultrymeat Other crop products Structures Tobacco, cereals, sugar, wine and olive oil Other products	180.508 205.927 171.165 179.387 197.622 190.998 164.996
ESC	Portuguese escudo All products	192.002
FF	French franc Milk and milk products and wine Sheepmeat and goatmeat Beef/veal and pigmeat Other products	7.69787 7.65577 7.85183 7.69787
HFL	Dutch guilder Cereals Other products	2.66089 2.63785
IRL	Irish pound Sheepmeat and goatmeat Beef/veal Other products	0.829788 0.873900 0.856765

December 1989		
National currency/sector		Value in national currency of ECU 1
LIT	Italian lira Pigmeat	1 700.83 on 18.9.1989
	Cereals and oilseeds Wine Fruit and vegetables and tobacco Other products	1 673.00 1 676.00 1 690.00 1 682.00
PTA	Spanish peseta Sheepmeat and goatmeat Pigmeat Other livestock products Cereals and sugar Other crop products	153.315 147.136 155.786 154.213 152.896
UKL	Pound sterling Sheepmeat and goatmeat Beef/veal Pigmeat Other livestock products Other crop products	0.671291 0.729831 0.756267 0.706728 0.701383

2. France's term as President of the Council

3.2.1. Address to the European Parliament by Roland Dumas, President-in-Office of the Council, given in Strasbourg on 12 December, on the outcome of the Strasbourg European Council.

'Mr President, Honourable Members, perhaps you remember that I presented the French Presidency's programme and priorities on 27 July. There have been major upheavals in Europe since then and things have been changing so fast in the Central and Eastern parts over the past couple of months that the new history of the old continent is now being rewritten every day, if not every hour.

And how has the Community reacted to this acceleration? The President of the French Republic gave the answer in this House on 25 October and 22 November, after the extraordinary meeting of the Heads of State and Government. The analysis of the trends in Eastern Europe and their effects on the balance of Europe were not, in fact, such as to lead us to slow down. Quite the contrary. It is by strengthening the Community that we can respond to the aspirations of our 320 million people and to the expectations of all those looking to it from outside. That, basically, was the message.

For all these reasons, ladies and gentlemen, we were looking to the Strasbourg meeting. The French Presidency feels that it will have been a decisive step in the building of Europe. Major decisions were indeed taken there, firmly committing the Community to European union and establishing its way as one of openness and cooperation. The Presidency had said it hoped that the Community would be strengthened along three main lines, via implementation of the Single Act, economic and monetary union and social Europe, and I should now like to discuss these.

The completion of the single market in 1993 is an essential part of the process of strengthening the Community. A lot of progress has been made here, as with the policies backing up and complementing implementation and with research, the environment, the people's Europe and audiovisual matters. There is more to do and the European Council has given the requisite political stimulus where it was called for. I shall leave it to my friend Edith Cresson, the French Minister for European Affairs, to give you details of what has been done in this field and I myself shall concentrate on economic and monetary union and the Social Charter, two things which, along with the Community's external relations, were of course the focus of the discussions of the European Council of Strasbourg.

Economic and monetary union first. In Madrid, the European Council said it was determined

gradually to bring about the economic and monetary union which will lead, as you know, to the establishment of a central bank and a common currency. It called for the provisions to be introduced to get the first stage under way in July 1990 and for groundwork to be done for an intergovernmental conference to establish the subsequent stages. The French Presidency, which feels that economic and monetary union is an essential stage along the road to European union, did a lot to see that the European Council in Strasbourg could embark upon a process that was irreversible. I can tell the House that this process indeed now is irreversible.

First of all, the Heads of State and Government noted that the Council's decisions on strengthening economic policies and cooperation between the central banks would mean that they could get the first stage under way in July 1990. They also looked at the report of the high-level group, whose formation I mentioned to you on 27 July, setting out the main technical, institutional and political issues to be discussed with a view to a Treaty on economic and monetary union. On this basis, they gave a positive response to the President of the European Council's request for a date for the intergovernmental conference. The President said that the requisite majority was there for such a conference to be called in accordance with Article 236 of the Treaty. So it will be called by Italy, which, as you know, will be presiding the European Community before the end of 1990. Further work will be done on this in the meantime. Will this conference, which will have to decide on the new transfers of sovereignty, also be looking at the institutional changes ultimately involved in economic and monetary union? The debates have shown that it could well do so. But I should like to add that the intergovernmental conference can do more than that and deal with the Community institutions at a second stage.

I now come to social Europe. We all know that completion of the single market will considerably benefit both growth and investment and employment. This is an essential part of social Europe, in the same way as the health protection and workers' safety directives, the vocational training programmes and the measures to combat employment among young people and long-term unemployment. The French Presidency took up the projects put forward by other Member States of the Community and said it hoped to see work done on a new project — that of protecting the rights of workers in the Community. As you know, it turned out not to be possible for all the Twelve to do this, and we are sorry about it, but countries did feel the time had come to press on with social Europe and the adoption of the Social Charter is the first

stage in a process which should result, practically speaking, in the proper implementation of the fundamental social rights of workers.

France, as a member country, attached the greatest importance to the adoption of this Charter, which it feels to be a response to the twofold aim of asserting the all-importance of a European social model and of showing that the completion of the internal market does not mean erosion of workers' rights through unbridled free competition. Those are the main aims. They were supposed to be the subject of a striking official proclamation and indeed, in Strasbourg, they were. Now we are going to put these various rights into practical application, in close collaboration with the Commission. The right to free movement, better working conditions, the right to social protection, the right to strike, guaranteed resources and the right to professional and social integration for the handicapped — these, ladies and gentlemen, are examples of the fundamental rights laid down in the Social Charter which will enable Europe to take a stand as a model of progress and social justice for the rest of the world. The European Parliament will have an essential part to play here and you can count on France's support to ensure that full account is taken of your opinions and your work, in accordance with the Single Act. And should the Presidency lose sight of this, you would still be there to remind it.

A more open Community will be the pivot for change in Europe and the world. By asserting its determination to complete the internal market in 1993, making an irreversible commitment to the process of economic and monetary union and thereby making a start on the social rights of workers, the Community moved off firmly along the path to European union in Strasbourg. And by taking a series of decisions on third countries, the European Council showed that the strengthening of the Community and its opening into the outside world were indeed an indivisible whole on which the Community's development would be based to an ever increasing extent in the coming years.

So let us now look at the part the Community is to play in the changes in the East, starting with the countries of Eastern and Central Europe. As you will remember, certain decisions were mentioned for the first time in this House by the President of the Republic on 22 October. And there are other decisions giving practical shape to the guidelines adopted following the extraordinary meeting of Heads of State and Government in Paris on 18 November.

What is it all about? Well, first of all, reassertion of the Community's desire to do its utmost to encourage the Eastern bloc countries which have embarked upon economic and political reform.

The starting of negotiations with the German Democratic Republic will complement the decisions on Poland and Hungary — granting exceptional trade facilities to both and running the shortly-to-be-repeated emergency agricultural produce delivery operation in Poland — already taken over the past few months.

I should like to add the trade and cooperation agreement with the USSR which I shall be signing in Brussels on the Community's behalf on Monday to this list.

The second series of decisions on the Eastern bloc countries has to do with the projects discussed in Paris on 18 November, as I have just pointed out. First of all, there is the agreement of principle on granting the USSR observer status at GATT and making training and education programmes similar to Community programmes available to nationals of the countries of Eastern Europe. There is the establishment of a European Vocational Training Foundation in 1990 to ensure a coordinated approach to aid in a fundamental field so as to make a success of the economic reform policies these countries have embarked upon. And, as we all know — you said so yourselves — the leaders of these countries are crying out for them. Above all, there is the creation of a European Bank for Reconstruction and Development and there is something I should like to say about this. This project will mean that the financing needed to promote productive investments in these countries can be mobilized over a long period, the switches to market economies eased and structural adjustment speeded up. The majority holders of the bank's capital will be the Community, the Member States and the EIB. Other Western countries will be invited to be involved and the Eastern countries will also be able to hold capital and help manage the Bank. When the President of the Republic went to Kiev, we got the Soviet authorities' agreement on taking part in this project and doing so actively by subscribing capital.

The events in Eastern and Central Europe did not just necessitate a lot of cooperation. The Twelve also had to reflect on the matter and take up a position and we wanted this reflection and this position to be clear and unambiguous about welcoming the changes which have come about in the countries, placing them in their context and seeing them as part of a process of change. On this first point, the Twelve did not, as you will surely realize, have any difficulty in expressing their satisfaction at these large-scale movements which are exactly what the people there wanted and are still going on as I speak, and which were all too long held back by the regimes in power.

The declaration — which you are familiar with — sets these events against their background, first of

all by giving Mr Gorbachev his just dues, and they are considerable, and by highlighting the importance of the Helsinki process and the continuing relevance of the principles contained in the Helsinki Final Act. Our public opinion is perhaps not so sensitive as it was to the principles laid down 14 years ago; however, in the other Europe, those who support dialogue, multipartism and human rights, those who have suffered because they openly defended the values to which their governments subscribed but did not respect, are sensitive to those principles.

A reminder of the background to the present changes is given in the paragraph on German unity, which is sufficient in itself and does not, to my mind, call for any particular comment today. Lastly, the Strasbourg document looks to the future, confirming that the Community and the Member States are willing to do more with the Eastern and Central European countries which go in for democratic reforms, to do more to support reform and to devise new forms of cooperation and, as the text says, shape a new kind of European architecture — which is tantamount to saying something which has become obvious in these last few months, namely that, in a Europe where the nations which were dominated by totalitarianism only yesterday are now seeking a new identity, the Community is and will continue to be a major factor of stability and of support for reform and the uniting of peoples.

Let us now look at the part on the Community's influence in the world. The exceptional situation I have just mentioned in the Eastern countries called for particular attention from the Community and the Member States. But let us not lose sight of the fact that it is with all its partners, those with which it has historical and geographical links, that the Community intends pursuing and developing its relations in a spirit of openness, solidarity and cooperation.

Take EFTA first of all. A lot of ground has been covered over the past few months and the Community has had a lot to do with it. It should mean that we can do as the European Council hoped at the next ministerial meeting on 19 December and decide to start negotiating an overall agreement whereby an 18-country European economic area can be set up.

That, ladies and gentlemen, cut — and indeed is still cutting — off the rumours about Fortress Europe. But hardly had the fear been dispelled than another one came to light and the Council wanted to get rid of that too, the idea of a Community which would close in round Europe and privilege the East to the detriment of the South.

The Heads of State and Government were well aware of this campaign, which had its obsessive

and repetitive side, and at Strasbourg they wanted clearly to reassert their desire to move closer to those Mediterranean neighbours with which the Community has long had preferential links. They repeated the importance they attached to the creation of the Arab Maghreb Union and to the ministerial conference destined to relaunch the Euro-Arab dialogue scheduled to take place in Paris in a few days, on 22 December, to be precise. They also wanted to step up cooperation with the countries of Latin America, particularly those which are fighting drugs. But is not the finest proof of the Community's desire for openness and solidarity the renewal of the Lomé Convention for another 10 years? You know just how much importance the French Presidency attached to this, the fourth Convention of Lomé.

It was one of its top priorities and I personally put an enormous amount of energy into it. An agreement was recorded on 6 December. The European Council welcomed the conclusion of this unparalleled pact of solidarity marking a lasting commitment by the Community — for 10 years, let me remind you — to its traditional partners in Africa, the Caribbean and the Pacific. The document is to be signed in Lomé on 15 December.

That, Mr President, Honourable Members, is the main outcome of the European Council of Strasbourg. In a moment, Mrs Cresson, as I said, will say more, presenting and commenting on the situation, more particularly as regards the completion of the single market in 1993. I should like to say that the Presidency realizes and knows the extent of the contribution you have made to both the work and the results and, on the Presidency's behalf, I should like to thank you.

The Presidency appreciated your encouragement and suggestions on all these basic objectives it pursued or had in view, believe you me.

The personal support which your President gave the Members of the European Council in Strasbourg with the proposal intended to speed up the move towards European union was valuable and none of us has forgotten it.

The Heads of State and Government heard your call for institutional changes. In this new phase, the European Parliament has to be able to play its part in the building of Europe — which, thanks to help from you, from the Commission of course and from all the Member States, took on fresh life in Strasbourg.⁷

3.2.2. Address to the European Parliament by Mrs Edith Cresson, French Minister for European Affairs, given in Strasbourg on 12 December.

'There are two remarks I should like to make first of all. The frontier-free area/cannot, to my mind, be reduced to the text contributing to the removal of physical, technical and fiscal frontiers. It includes the back-up measures needed to improve the competitive position of the European economy — research and technology and economic and social cohesion — and the measures to protect our environment. And it includes audio-visual matters and all those schemes aimed at making the ideal of Europe more a part of the daily life of the people.

My second remark is that my rapid summary is only provisional. The year has not yet come to an end and there are still a number of important Council meetings to be held before it does — the Council of Ministers for Education, the Council of Ministers for Research, the Council of Economic and Financial Affairs, the General Affairs Council, the Council of Ministers for Fisheries and the Council of Ministers responsible for the internal market. There is an Agriculture Council going on at the moment. I am expecting new, practical decisions from these meetings, more progress towards a frontier-free Europe. Furthermore, a number of very important decisions discussed at length at previous Councils will be taken before the end of the year, obviously. This is in any case the idea set in motion at the European Council of Strasbourg.

What has the French Presidency done? It was not, of course our intention to list our achievements or try at all costs to beat any records in this second half of 1989 — I believe that the Spanish Presidency notched up a score it would be difficult to beat. However, we have nothing to blush about and even if there are still one or two shortcomings which I shall return to later, the picture is a more than honourable one. The Presidency has dealt with technical harmonization, that precondition for the genuinely free movement of goods. Several texts have been adopted already and others should be by the end of the year on topics which the Commission put in its White Paper. I should mention the standardization of weighing machines, gas-fired equipment and implantable electro-medical devices, plus of course various directives on tractors, protective equipment, dangerous substances and cosmetics. Here I should like to underline the special importance of one of the items on the agenda of the Internal Market Council on 21 December — the Community arrangements for certification and testing which are behind so many of the barriers to trade between the Member States.

In taxation, considerable progress has been made with the discussions on taxing savings. It is a pity that the Commission's proposal for a general levy at source on income from savings was unable to

be adopted because several Member States objected. The proposal is still on the table and we hope that work on it will ultimately be started again. Meanwhile, we are rather pleased at the way the negotiations on administrative and legal cooperation to stop tax evasion are going. The European Council has reaffirmed its priority on this and the Council meeting (Economic and Financial Affairs) on Monday should be conclusive.

Coming to indirect taxation on goods and services, the Council managed to reach agreement on the system to be used to do away with frontier tax controls by 1 January 1993. This new system will reduce the formalities which firms have to carry out and do away with border checks entirely. The European Council said that the idea of harmonizing tax rates should be pursued to facilitate the complete abolition of tax frontiers.

Important decisions have been taken in the financial services sector and significant progress made. I should like to mention here the adoption of the directive on insider dealing, the agreement on the third directive on third party liability for vehicles, the final adoption of the second banking directive scheduled for the next Council on economic and financial affairs, the prospects of generalizing the free provision of services in the insurance sector — we are very close to agreement on the second directive on life assurance and the adoption of the directive on the solvency ratios of credit institutions. The directive on takeover and other general bids has made a lot of progress, as you know, and an agreement of principle could well be reached by the end of the year.

Over these six months, I have also had the pleasure of signing the agreement on indemnity insurance between the Swiss Confederation and the Community on the Council's behalf. Intellectual property is another area where the Presidency was anxious to encourage the Community's all-too-slow progress so far. The conference on the Community patent going on in Luxembourg at the moment should mean our businessmen will at last have just one patent that is valid throughout the Member States and gives them harmonized protection.

A particular effort has been made with the drafting of the merger control regulation which Sir Leon Brittan mentioned at the last session and the latest economic developments are ample proof of how necessary this is. Mergers and takeovers are speeding up and they will speed up further in the coming years. As you know, nine of the 12 delegations were willing to accept the Presidency's compromise which I presented at the Council on 23 November. The Presidency and the Commission are now going into this thoroughly with three delegations — Italy, the United Kingdom and Germany — which still

have reservations and I have good reason to hope to see this very important text adopted on 21 and 22 December, at the Council on the Internal Market, the last Council to be held under the French Presidency. The Strasbourg Summit reaffirmed the need to reach a conclusion on this very important subject by the end of the year.

The directive on public works and supply contracts should be adopted very soon, after the second reading in the European Parliament. A lot of progress has been made in the excluded sectors on the balance between public and private contracting authorities and on the limitation of derogations from common disciplines.

The question of the third country dimension, an absolutely vital one as far as the Community's interests are concerned, particularly in telecommunications, is yet another obstacle to overcome. With telecommunications, in fact, the Council of 7 December made it possible to reach agreement on the conditions in which telecommunications services should gradually be opened up to competition, while respecting the obligation to provide a public service and the need to develop the whole of the European territory harmoniously. This agreement should reduce the tension between the Commission and the majority of the delegations on the Council.

Very positive results have been obtained in the transport sector with issues that are essential to the internal market. The Regulation bringing in the gradual opening-up of road cabotage has been introduced. The second air-transport liberalization package is the subject of an agreement of principle which could be formalized under the Irish Presidency. The Council has also launched a broad reflection on the European master plan for high-speed trains. And more generally, in the field of major trans-European networks, the Presidency welcomes the European Council's decision to pay special attention to development and interconnection. The recent Commission communication will be discussed at the Internal Market Council, with a view to giving a decisive impulse to this scheme, on 21 and 22 December. It is of course vital to a proper internal market for investments in energy, transport and telecommunications to be made with an eye to the continent of Europe as a whole.

The French Presidency has also tried to consolidate the building of Europe in three sectors which are of great importance to the future of the Community. First of all, research, where the drafting of the new R&D framework programme for the next five years is virtually complete. All that needs to be done now is to decide on the amount and I hope that the next Council of Research Ministers will be able to reach agreement on this. The Presidency knows just how much the European Parlia-

ment cares about the Community improving its competitive position with our big competitors on the international scene, especially the United States and Japan. The conclusions of the last European Council, insisting on a satisfactory agreement being reached by the end of the year, are an encouragement here.

The second point is the environment. Some very fruitful work has been done in the Council on the Regulation setting up the European Environment Agency. We are waiting for the European Parliament to give its opinion on this so the Council can take up a final position and ultimately give the Community a stringent means of analysis and advice in a field where the citizen is, rightly, getting more and more demanding. The European Council stressed the high priority it put on this and confirmed that the Community and the Member States should take an active part in the negotiations on the environment, particularly as regards the quality of the atmosphere and its effects on the climate.

The third thing is the audio-visual sector. The Community's work hinges on three priorities here, as you know — the creation of an area in which European programmes can circulate freely, the protection of Europe's technological independence and the promotion of the production and distribution of high-quality European works. We are achieving the aims we set ourselves in each of these areas. The television without frontiers Directive has been adopted with the basics intact — i.e. with an area in which European works will get broadcasting priority. The campaign for high-definition TV is now well under way, in spite of our initial handicap of several years. The European Economic Interest Grouping combining equipment manufacturers, producers and broadcasters was formed on 6 December. And on the production and distribution of European works front, the Audio-visual conference was a complete success. The Presidency now expects the Commission to come up with practical proposals to help the development of audio-visual creation in Europe.

It has no doubt that the European Parliament will back up every initiative in this field.

The Presidency also attached a great deal of importance to the people's Europe. The European Parliament will have to give its opinion on the right of residence at this part-session and I hope that, by the end of the year, and in the light of a favourable opinion from you, this right will be extended to all those students, pensioners and non-workers who have so far been unable to benefit. Parliament can count on the French Presidency doing its utmost to reach an agreement in the Council on 21 December and to ensure that Parliament can make its own vital contribution to this matter.

A great deal of progress has been made with the free movement of individuals and the removal of border checks too. The report to the European Council by the Coordinators Group set up in Rhodes is encouraging here. The Presidency has proposed draft agreements on crossing the Community's external frontiers, on visas and the right of asylum and they could be concluded by the end of 1990. They should be backed up by indispensable improvements to cooperation between the legal authorities and the forces of law and order so as to ensure the continuing efficiency of the campaign to control crime and drug peddling and do away with illegal immigration. This will of course have to be done with due respect for individual freedoms and human rights. And particular attention should be paid to protecting citizens against the misuse of any personal data about them on computer.

The Presidency also spent considerable time on youth and education schemes, renewing the Erasmus programme and holding the first discussions on the proposal for a Directive on the mutual recognition of diplomas up to the first three years of higher education. It has also launched initiatives such as the European youth card and the European emergency health card scheme.

Does this mean that we are unreservedly content with what has been done? Of course not! We should like to have done more and taken other schemes further. Let me mention three of them.

The European company. We perhaps received the Commission proposal a little too late in the day to hope to reach final conclusions before the end of the year. But the technical discussion made for some progress and we are counting on the Irish Presidency to press on with this.

Progress in the animal and plant health sectors and in food and agricultural regulations in general is still too slight. The Council, which is now in possession of almost all the Commission proposals should take steps to adopt the vital texts on the free movement of agricultural and agri-food products as soon as possible and systematic recourse to the qualified majority rule should help.

There are still strong political differences in the energy sector. In spite of the Presidency's efforts, little progress has been made here and the European Parliament will have to firmly insist that this essential feature of the frontier-free area is not forgotten in the Community. And the Commission will have to remove any barriers to the free movement of energy products in the Community.

Lastly, I should like to say a word about the problems which application of the Community rules pose in many of the Member States. As I told you at a previous session, the President should not be drawing up a roll of honour of good and bad pupils. Every country has its difficulties, its traditions and its administrative hold-ups. The important thing is for there to be political awareness about the need to apply Brussels' decisions in time. This was the case at the European Council. The French Presidency will be making the last session of the Internal Market Council an opportunity, with the Commission's agreement, to come up with a procedure for monitoring the application of Community law in the Member States and a procedure for advice and exchanges of views to help incorporate European directives into domestic law.

That, Mr President, Honourable Members, was what I wanted to add to Roland Dumas' summary of the French Presidency.

For me, the Presidency was the opportunity for a large number of very fruitful, very interesting exchanges of view with the chairmen and members of your committees and I should not like to end without thanking the European Parliament from the bottom of my heart for its constant support of the Presidency in its work. You were elected or re-elected less than six months ago. We had a large number of texts on the agenda for our Presidency and we were impatiently awaiting Parliament's opinion on many proposals.

I should like to pay tribute here to the speed with which you have answered our requests and to the quality of the opinions you have delivered.

Thank you again for this cooperation.'

3. Infringement procedures

Failure to implement directives

Letters of formal notice

3.3.1. In December the Commission sent letters of formal notice for failure to inform it of national measures to implement the following Directives:

Internal market

Council Directive 86/295/EEC of 26 May 1986 on the approximation of the laws of the Member States relating to roll-over protective structures (ROPS) for certain construction plant (*Belgium, Denmark, France, Germany, Greece, Ireland, Luxembourg and Netherlands*)

OJ L 186, 8.7.1986

Council Directive 86/296/EEC of 26 May 1986 on the approximation of the laws of the Member States relating to falling-object protective structures (FOPS) for certain construction plant (*Belgium, Denmark, France, Germany, Greece, Ireland, Luxembourg and Netherlands*)

OJ L 186, 8.7.1986

Council Directive 86/663/EEC of 22 December 1986 on the approximation of the laws of the Member States relating to self-propelled industrial trucks (*Belgium, Denmark, Greece, Ireland, Luxembourg and Netherlands*)

OJ L 384, 31.12.1986

Commission Directive 87/308/EEC of 2 June 1987 adapting to technical progress Council Directive 76/889/EEC on the approximation of the laws of the Member States relating to radio interference caused by electrical household appliances, portable tools and similar equipment (*Belgium, Greece, Ireland, Luxembourg and Netherlands*)

OJ L 155, 16.6.1987

Commission Directive 87/310/EEC of 3 June 1987 adapting to technical progress Council Directive 76/890/EEC on the approximation of the laws of the Member States relating to the suppression of radio interference with regard to fluorescent lighting luminaires fitted with starters (*Belgium, Greece, Ireland, Luxembourg and Netherlands*)

OJ L 155, 16.6.1987

Commission Directive 89/240/EEC of 16 December 1988 adapting to technical progress Council Directive 86/663/EEC on the approximation of the laws of the Member States relating to self-propelled industrial trucks (*Belgium, Den-*

mark, Greece, Ireland, Italy, Luxembourg and Netherlands)

OJ L 100, 12.4.1989

Council Directive 88/295/EEC of 22 March 1988 amending Directive 77/62/EEC relating to the coordination of procedures on the award of public supply contracts and repealing certain provisions of Directive 80/767/EEC (*Netherlands*)

OJ L 127, 20.5.1988

Employment, industrial relations and social affairs

Commission Directive 88/35/EEC of 2 December 1987 adapting to technical progress Council Directive 82/130/EEC on the approximation of the laws of the Member States concerning electrical equipment for use in potentially explosive atmospheres in mines susceptible to firedamp (*Denmark, France, Greece, Italy, Luxembourg, Netherlands and United Kingdom*)

OJ L 20, 26.1.1988

Agriculture

Fifth Commission Directive (88/271/EEC) of 5 April 1988 amending certain annexes to Council Directive 77/93/EEC on protective measures against the introduction into the Member States of organisms harmful to plants or plant products (*Denmark, France and Greece*)

OJ L 116, 4.5.1988

Seven Commission Directive (88/430/EEC) of 1 July 1988 amending certain annexes to Council Directive 77/93/EEC on protective measures against the introduction into the Member States of organisms harmful to plants or plant products (*Denmark, France and Greece*)

OJ L 208, 2.8.1988

Council Directive 88/572/EEC of 14 November 1988 amending Directive 77/93/EEC on protective measures against the introduction into the Member States of organisms harmful to plants or plant products (*Denmark, France and Greece*)

OJ L 313, 19.11.1988

Environment

Council Directive 86/662/EEC of 22 December 1986 on the limitation of noise emitted by hydraulic excavators, rope-operated excavators, dozers, loaders and excavator-loaders (*Belgium*)

OJ L 384, 31.12.1986

Telecommunications

Council Directive 86/361/EEC of 24 July 1986 on the initial stage of the mutual recognition of type approval for telecommunications terminal equipment (*Belgium, Denmark, France, Greece, Ireland, Luxembourg, Netherlands and United Kingdom*)

OJ L 217, 5.8.1986

Council Directive 87/372/EEC of 25 June 1987 on the frequency bands to be reserved for the coordinated introduction of public pan-European cellular digital land-based mobile communications in the Community (*Belgium, Denmark, Greece, Ireland, Italy, Luxembourg, Netherlands and United Kingdom*)

OJ L 196, 17.7.1987

Customs union and indirect taxation

Council Directive 88/331/EEC of 13 June 1988 amending Directive 83/181/EEC determining the scope of Article 14(l)(d) of Directive 77/388/EEC as regards exemption from value-added tax on the final importation of certain goods (*Ireland and Italy*)

OJ L 151, 17.6.1988

Consumers

Commission Directive 87/184/EEC of 6 February 1987 amending Annex II to Council Directive 72/276/EEC on the approximation of the laws of the Member States relating to certain methods for the quantitative analysis of binary textile fibre mixtures (*Denmark*)

OJ L 75, 17.3.1987

Reasoned opinions

3.3.2. In December the Commission delivered reasoned opinions for failure to inform it of national measures to implement the following Directives:

Internal market

Council Directive 85/585/EEC of 20 December 1985 amending 64/54/EEC on the approximation of the laws of the Member States concerning the preservatives authorized for use in foodstuffs intended for human consumption (*Ireland*)

OJ L 372, 31.12.1985

Council Directive 86/457/EEC of 15 September 1986 on specific training in general medical practice (*Italy*)

OJ L 267, 19.9.1986

Environment

Council Directive 80/836/Euratom of 15 July 1980 amending the Directives laying down the basic safety standards for the health protection of the general public and workers against the dangers of ionizing radiation (*Denmark*)

OJ L 246, 17.9.1980

Council Directive 84/467/Euratom of 3 September 1984 amending Directive 80/836/Euratom as regards the basic safety standards for the health protection of the general public and workers against the dangers of ionizing radiation (*Denmark*)

OJ L 265, 5.10.1984

4. Additional references in the Official Journal

3.4.1. This section lists the titles of legal instruments and notices of Community institutions or organs which have appeared in the Official Journal since the last Bulletin was published but relating to items appearing in earlier issues of the Bulletin; the references were not available when the Bulletin went to press.

The number of the Bulletin and the point to which this additional information refers is followed by the title shown on the cover of the Official Journal, the number of the issue and the date of publication.

Bull. EC 9-1989

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Council Decision 90/23/EEC of 29 September 1989 concerning the conclusion, on behalf of the European Economic Community, of the framework agreement for scientific and technical cooperation between the European Communities and the Republic of Iceland

OJ L 14, 18.1.1990

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Proposal for a Council Directive concerning the Community list of less-favoured farming areas within the meaning of Directive 75/268/EEC (France)

Proposal for a Council Directive amending Directive 81/645/EEC concerning the Community list of less-favoured farming areas within the meaning of Directive 75/268/EEC (Greece)

OJ C 30, 8.2.1990

Bull. EC 10-1989

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Amended proposal for a Council Directive on the annual accounts and consolidated accounts of insurance undertakings

OJ C 30, 8.2.1990

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Amended proposal for a Council Directive on the approximation of taxes on cigarettes

Amended proposal for a Council Directive on the approximation of taxes on manufactured tobacco other than cigarettes

Amended proposal for a Council Directive on the approximation of the rates of excise duty on alcoholic beverages and on the alcohol contained in other products

OJ C 12, 18.1.1990

Amended proposal for a Council Directive on the approximation of the rates of excise duty on mineral oils

OJ C 16, 23.1.1990

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Commission Decision 89/651/EEC of 26 October 1989 relating to the definitions of the characteristics and to the list of agricultural products for the surveys on the structure of agricultural holdings during the period 1988 to 1997

Commission Decision 89/652/EEC of 26 October 1989 establishing for the surveys on the structure of agricultural holdings between 1988 and 1997, deadlines for the communication of survey results to the Statistical Office of the European Communities

Commission Decision 89/653/EEC of 26 October 1989 establishing, for the surveys on the structure of agricultural holdings between 1988 and 1997, a Community programme of tables to be stored in the tabular data bank (BDT) of the Eurofarm system

OJ L 391, 30.12.1989

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Opinions adopted by the Economic and Social Committee during its session on 18 and 19 October 1989

OJ C 329, 30.12.1989

Bull. EC 11-1989

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Re-examined proposal for a Council Directive amending Directive 76/769/EEC on the approximation of the laws, regulations and administrative provisions of the Member States relating to restric-

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OJ C 30, 8.2.1990

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Re-examined proposal for a Council Directive on company law concerning single-member private limited companies

OJ C 30, 8.2.1990

Point 2.1.98

Conclusions of the Council and the Ministers for Health meeting within the Council of 13 November 1989 on the implementation of coordinated measures for preventing drug addiction and coping with drug addicts

OJ C 31, 9.2.1990

Point 2.1.99

Council Directive 89/654/EEC of 30 November 1989 concerning the minimum safety and health requirements for the workplace (first individual Directive within the meaning of Article 16 (1) of Directive 89/391/EEC)

OJ L 393, 30.12.1989

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Council Directive 89/655/EEC of 30 November 1989 concerning the minimum safety and health requirements for the use of work equipment by workers at work (second individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC)

OJ L 393, 30.12.1989

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Proposal for a Council Decision proposing the adoption of a Community action programme for the development of continuing vocational training

OJ C 12, 18.1.1990

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Amended proposal for a Council Directive on batteries and accumulators containing dangerous substances

OJ C 11, 17.1.1990

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Proposal for a Council Regulation (EEC) amending Regulation (EEC) No 1191/69 on action by Member States concerning the obligations inherent in the concept of a public service in transport by rail, road and inland waterway

Proposal for a Council Decision concerning the establishing of a network of high-speed trains

OJ C 34, 14.2.1990

5. The Bulletin in 1989: special features, supplements and documentation

Economic and monetary policy

Tenth anniversary of the European Monetary System: Bull. EC 3-1989, point 1.1.1. *et seq.*

Report of the Committee for the Study of Economic and Monetary Union: Bull. EC 4-1989, point 1.1.1. *et seq.*

Facing the challenges of the early 1990s — Annual Economic Report 1989/89: Bull. EC 10-1989, point 1.2.1. *et seq.*

Internal market

Takeover and other general bids: Supplement 3/89 — Bull. EC.

Customs union and indirect taxation

Taxation of savings: Bull. EC 2-1989, point 1.2.1. *et seq.*

Approximation of indirect taxation: Bull. EC 5-1989, point 1.1.1.

Enterprise

European Company Statute: Bull. EC 7/8-1989, point 1.2.1. *et seq.*; Supplement 5/89 — Bull. EC.

Research and technology

Proposal for a new framework programme for research and technological development: Bull. EC 7/8-1989, point 1.3.3. *et seq.*

Employment and social policy

Relaunching the social dialogue: Bull. EC 1-1989, point 1.2.1. *et seq.*

Declaration of fundamental rights and freedoms: Bull. EC 4-1989, point 1.2.1. *et seq.* and 3.2.1.

Preliminary draft Community Charter of Fundamental Social Rights: Bull. EC 5-1989, point 1.2.1. *et seq.* and 3.3.1.

Medium-term Community action programme to foster the economic and social integration of the least privileged groups: Supplement 4/89 — Bull. EC.

Information, communication and culture

Books and reading: Bull. EC 5-1989, point 3.2.1. *et seq.*

Environment

Protecting the ozone layer: Bull. EC 3-1989, point 1.2.1. *et seq.*

The greenhouse effect: Bull. EC 6-1989, point 3.2.1.

A Community strategy for waste management: Bull. EC 9-1989, point 1.1.1. *et seq.*

Relations with industrialized countries

Community — EFTA ministerial meeting: Bull. EC 6-1989, point 3.3.1.

Paris Summit — Eastern Europe: Bull. EC 7/8-1989, point 1.1.1. *et seq.*

Western Economic Summit: Bull. EC 7/8-1989, point 3.2.1. *et seq.*

Coordinated aid to Poland and Hungary: Bull. EC 10-1989, point 1.1.1. *et seq.*

Relations with the Latin American countries

Community — Central America dialogue: Bull. EC 2-1989, point 3.3.1.

Relations with the ACP countries and the OCTs

Coordination in support of structural adjustment in the ACP countries: Bull. EC 5-1989, point 3.4.1.

Signature of the new ACP-EEC Convention: Bull. EC 12-1989, point 1.2.1. *et seq.*

International organizations and conferences

The Uruguay Round after the mid-term review: Bull. EC 4-1989, point 1.3.1. *et seq.*

The Community at the United Nations: Bull. EC 9-1989, point 3.2.1.

Jacques Delors at the Council of Europe: Bull. EC 9-1989, point 3.3.1.

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Community institutions

Inauguration of the new Commission: Bull. EC 1-1989, point 1.1.1. *et seq.*

Statement on the broad lines of Commission policy and reply to the ensuing Parliamentary debate: Supplement 1/89 — Bull. EC.

Statement on the programme for the Spanish Presidency: Bull. EC 1-1989, point 3.2.1.

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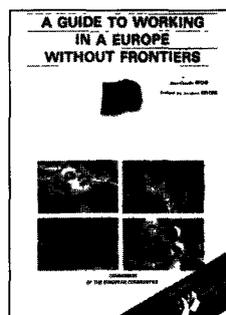


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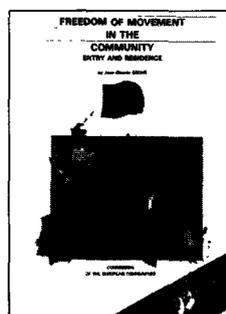
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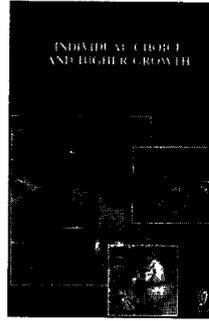
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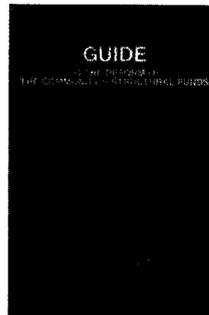
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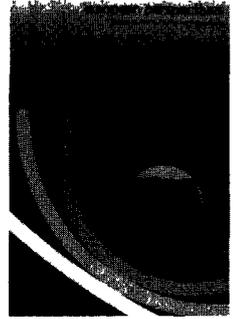
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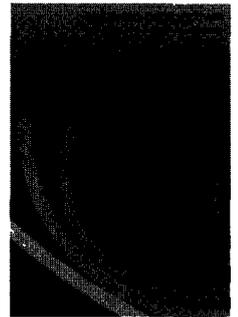
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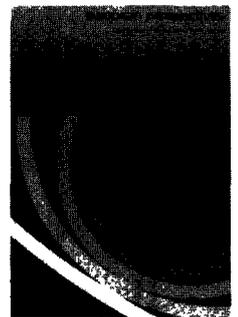


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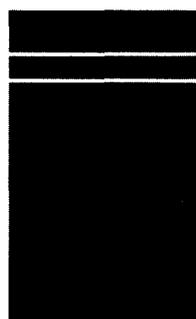
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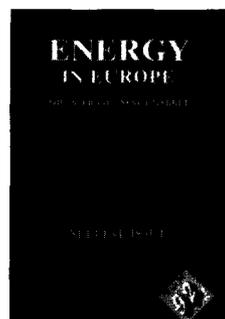


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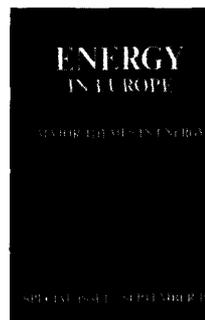
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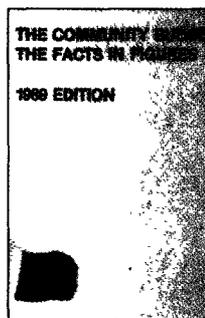


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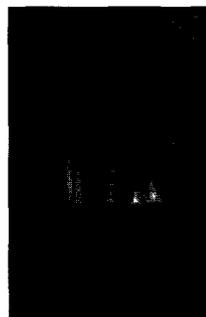
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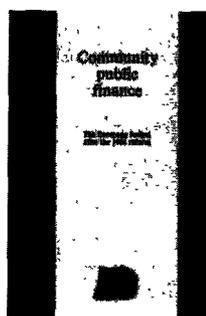


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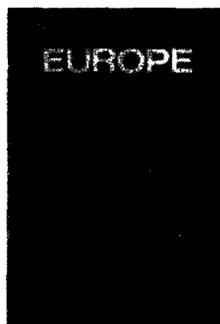


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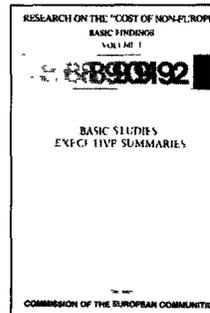


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