General Secretariat of the Council
of the European Union

FORTY-FIRST REVIEW OF THE COUNCIL'S WORK

(The Secretary-General's Report)

1 January — 31 December 1993

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Foreword

From the outset the builders of Europe have operated, simultaneously or successively, on two fronts. The first involved casting and recasting the basic texts in an effort to achieve the final goal of an ever-closer union among the peoples of Europe. The second, outwardly more prosaic, involves using the means available under the Treaties as they stand to meet the political, economic and social challenges of the moment. Seen from the latter angle, last year represented a watershed. 1993 in fact saw the provisional end — pending its re-opening in 1996 — of a phase of intense institutional activity, while at the same time a new challenge was taken up to resolve several crucial problems facing the Union.

In its Solemn Declaration of 29 October on the occasion of the entry into force of the Treaty on European Union, the European Council welcomed the important step which was being taken towards greater economic prosperity, greater external ambition and greater democracy while at the same time confirming its wish for a Europe close to the citizen which would intervene only where this was necessary in pursuit of our common interests. At the same time as it welcomed the entry into force of the new Treaty, the European Council set out a number of political guidelines for its implementation, including the second stage of economic and monetary union, the definition of new foreign policy instruments and the practical realization in the day-to-day life of the Union of the principles of transparency and openness established by the European Council in Edinburgh. Furthermore, in a number of areas connected with the implementation of the new Treaty the Council has been at pains to seek common ground with the European Parliament, culminating in the conclusion of Interinstitutional Agreements which will guarantee effective cooperation in the future.

Thus, bolstered by the success of the Communities, wiser as a result of its experience and with new instruments for dealing with the problems of the moment, on 1 November 1993 the Union was able to make a confident entry into history. Two priority tasks were awaiting it: internally, the problem of combating unemployment, which had become an undoubted threat to social cohesion and, externally, bringing peace and security to a continent unsettled by the dramatic events in the former Yugoslavia.

In June 1993 the Copenhagen European Council strove to give new impetus to the growth initiative decided on in Edinburgh although, faced with the full extent of the crisis, it concentrated on establishing a timetable by mandating the President of the Commission to give longer-term consideration to the conditions needed for a resumption of growth. The fruits of this consideration, set out in a White Paper on the strategy for growth and employment, were the focus for the European Council's discussions in Brussels in December 1993. Using an analysis of the existing ob-

stacles as the basis for an overview of the future of our society, the White Paper inspired the Heads of State or Government to adopt an ambitious action plan mobilizing the joint efforts of the Union and its Member States to rethink the organization of work, harness technological progress to the service of economic and social progress and reorganize the Community area, thanks in particular to the development of trans-European networks. With respect to another priority objective, namely the strengthening of economic and social cohesion between Member States, the Council was able to introduce from the beginning of the second six-month period a reform of the Structural Funds the principle and financial framework of which had been agreed on in Edinburgh in December 1992.

In the sphere of external relations, the Community continued to strive for peace and cooperation with the rest of the world, focusing particularly on the poorest countries and those closest to it by virtue of geography or history. In this context the Union made efforts to shoulder its particular responsibilities within a European continent undergoing profound changes. It did so by taking further steps to ensure its enlargement with four new States, which will help strengthen its efforts on the international stage. It also continued to mobilize its resources and those of the Member States — be it in the form of humanitarian aid of every description, a military presence on the ground or diplomatic action — to put an end to the tragic events in the former Yugoslavia. At the same time the Union continued its technical and financial support to the countries emerging from the former USSR, as well as to the countries of Central and Eastern Europe engaged in economic and democratic reform with the goal of possible accession. Finally, with the more general aim of making the European continent into an area of peace and democracy, the Union took the initiative of adopting a stability pact designed to strengthen collective security by forestalling conflict and encouraging good neighbourly relations, inter alia, by resolving the problems of minorities.

In the area of international trade relations, the determination and unswerving solidarity shown within the Council throughout particularly difficult negotiations made a substantial contribution to the successful conclusion of the Uruguay Round talks, which are expected to contribute decisively to economic upturn and the emergence of a new economic order.

1993 will thus have demonstrated that, having scarcely emerged from an internal debate the bitterness of which gave rise to some doubts about its future, the Union was capable of a spirit of initiative and a vitality which are the best guarantees of the solidity and durability of the European enterprise.

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To conclude, we should mention that in the course of 94 meetings held in 1993, the Council adopted a total of 312 Regulations, 122 Decisions and 66 Directives.

Part I — Summary

1. Functioning of the institutions and institutional affairs

Relations with the European Parliament

With a view to the Treaty on European Union coming into force, 1993 was mainly devoted to negotiating interinstitutional agreements implementing certain provisions of the new Treaty. These negotiations took place during the Interinstitutional Conference attended by the Members of the Council, an equal number of Members of the European Parliament and a delegation from the Commission. The result was the adoption in Luxembourg on 25 October 1993 of a set of texts affirming the Institutions' common desire to cooperate effectively and in good faith in applying the new Treaty and the conclusions of the European Council meeting in Edinburgh in December 1992.

First, there was an **Interinstitutional Declaration on democracy, transparency and subsidiarity**, which incorporated the undertakings given by each Institution with regard to openness and transparency, the aim being to ensure that the Institutions operated in a manner more in keeping with the democratic principles on which the systems of government of the Member States were based. Secondly, an Interinstitutional Agreement laid down the procedures for implementing the **principle of subsidiarity** which had been introduced into the Community's legislative process by Article 3b of the new Treaty. Lastly, the Interinstitutional Conference adopted the practical arrangements for the proceedings of the **Conciliation Committee** set up by Article 189b of the EC Treaty (co-decision procedure between the Parliament and the Council).

Still in the context of implementing the provisions of the Treaty on Union, the Conference agreed the terms of a draft Decision laying down the regulations and general conditions governing the performance of the **Ombudsman's** duties. This was adopted by the European Parliament in November for submission to the Council.

On the subject of **law-making** in general, in 1993 the European Parliament was involved, through its opinions or in the cooperation procedure, in the preparation of nearly 300 texts affecting all areas of Community activity.

Throughout the year, the Presidency of the Council kept in close touch with the European Parliament by taking part in plenary part-sessions during which it answered oral questions with or without debate put by Members of the Parliament (nearly 600 questions were put in 1993). The Council and Political Cooperation also replied to more than 500 written questions.

The Presidency also took pains to respond to the European Parliament's wish to be promptly and fully informed, by making statements at each major event in the life of the Community or in connection with European Political Cooperation activities. The beginning and end of the Danish and Belgian Presidencies and the three meetings of the European Council gave rise to general policy debates during which the Presidency made known the Council's views and heard the Parliament's opinion on the main issues of the time.

Ministers appeared more and more frequently before committees of the European Parliament, whether from the Member State holding the Presidency or from other Member States. At each monthly plenary part-session of the European Parliament, it became customary for a meeting to be held by the Presidents of the three Institutions to discuss matters of common interest.

In accordance with what is now a well-established tradition, the President of the European Parliament presented his Institution's position to the European Council at the start of its meetings in Copenhagen and Brussels, these presentations being followed by an exchange of views with the Heads of State or Government on the main items on the agenda.

Institutional questions

On 1 February 1993, the Council adopted a decision formalizing the agreement reached by the European Council in Edinburgh to raise the number of Members of the European Parliament from 518 to 567. The decision has to be ratified by each Member State and is intended to apply as from the next elections to the European Parliament, scheduled for 9 to 12 June 1994. During these elections, one of the rights that symbolize most clearly the fact of citizenship of the Union established by the new Treaty should also take effect, namely the right to vote and to stand as a candidate in elections to the European Parliament for citizens of the Union who reside in a Member State of which they are not nationals. A Directive laying down detailed arrangements for the exercise of these rights was adopted by the Council on 6 December 1993 and should be incorporated into national law by the time the next elections are held.

During the European Council meeting on 29 October, the representatives of the Governments of the Member States, meeting at the level of Heads of State or Government, adopted by common agreement a Decision on the seats of a number of bodies or services: the European Environment Agency was to have its seat in Copenhagen, the European Training Foundation (Central and Eastern Europe) in Turin, the European Agency for the Evaluation of Medicinal Products in London, the Office for Veterinary and Plant-Health Inspection and Control in Dublin, the European Monitoring Centre for Drugs in Lisbon, the European Agency for Health and Safety at Work in Bilbao, the Office for Harmonization in the Internal Market (trade marks,

designs and models) in Alicante, the European Monetary Institute and eventually the European Central Bank in Frankfurt-am-Main, and Europol and its Drugs Unit in The Hague.

It was also agreed that the European Centre for the Development of Vocational Training would be transferred from Berlin to Thessaloniki, a translation centre for the new bodies would be set up in Luxembourg, and the future Community Patent Appeal Court would also be set up in Luxembourg.

Work on setting up the **Committee of the Regions**, composed of representatives of regional and local authorities, was carried out with the aim of making it operational as soon as possible. By the end of the year nearly all the Member States had sent the Council the names of their proposed members and alternates. The **Economic and Social Committee** continued to make a useful contribution to the legislative work of the Council, which paid close attention to the Committee's opinions. The new Treaty acknowledges the importance of the Committee's role by giving it greater autonomy. The Presidency of the Council took part in several of the Committee's plenary sessions and the President of the European Council himself addressed the Committee at its meeting in September.

The Council decided that in future it would be known as the **Council of the European Union.**

Institutional questions relating to enlargement

At its meeting in Brussels on 10 and 11 December, the European Council established the Union's position on the place of the applicant countries in the Institutions. It adopted the proposal contained in the **European Parliament's** Resolution of 10 June 1992 that there should be 20 seats in the Parliament for Austria, 16 for Finland, 21 for Sweden and 15 for Norway (which had not yet applied when the Parliament's Resolution was adopted). This would bring the total number of Members of the European Parliament after enlargement to 639.

For the other Institutions or bodies, the general principle adopted by the European Council was that there should be one member per new acceding State. The following breakdown was proposed for the **Economic and Social Committee** and the **Committee of the Regions**: Austria 11, Finland and Norway 9 each, Sweden 11. As to the weighting of votes in the Council, it was planned to give 4 each to Austria and Sweden and 3 each to Finland and Norway.

The sequence for holding the Presidency of the Council was arranged so that each group of three consecutive Presidencies (the 'Troïka') would always include at least one large or medium-sized Member State. Finnish, Norwegian and Swedish were granted official-language status.

As well as these decisions, which have yet to be endorsed by the applicant countries, the Member States agreed that, as well as the other matters dealt with in the Treaty on European Union, the Intergovernmental Conference on the revision of the Treaty in 1996 would examine the questions relating to the number of members of the Commission, the weighting of votes in the Council, measures to ensure the efficient operation of the Institutions and the legislative role of the European Parliament.

Openness and transparency

In order to implement the Declaration on the right of access to information annexed to the Treaty and to fulfil the commitments given by the European Council at its meetings in Edinburgh and Copenhagen on the subject of openness and transparency, the Council and the Commission adopted on 6 December a **code of conduct on public access to their documents**. On 20 December the Council adopted a Decision on the practical arrangements for implementing the code in so far as it was concerned. The Council also adopted **new Rules of Procedure**, the purpose of which, among other things, was to follow up the commitments given by the European Council in Edinburgh on opening up the Council's discussions to the public and publishing the results of votes.

2. Internal market

The end of 1992 (the deadline for achieving the internal market) saw the completion of most of the programme contained in the White Paper of 1985. Community activity therefore concentrated on the introduction of the necessary measures to ensure the smooth running and the development of the internal market in future years, and the adoption of the remaining proposals envisaged in the original programme, these being supplemented by a number of texts which, while not appearing in the White Paper, were considered to be important for the completion of the internal market.

Management and reinforcement of the internal market

In June 1993, the Commission sent the Council and the European Parliament a communication entitled 'Reinforcing the effectiveness of the internal market', together with a working document entitled 'Towards a strategic programme for the internal market'. The Commission's aim was to elicit comments and contributions from the Institutions and the relevant economic and social organizations on how to ensure the proper administration and the development of the internal market in the years ahead.

On 27 September 1993, the Internal Market Council held a broad discussion on the future strategic programme, from which the Presidency drew a number of conclusions. On a general level, the political desirability of a programme such as that envisaged by the Commission was broadly recognized, as was its dual objective, namely the consolidation of the internal market through the effective and irreversible implementation of the four freedoms of movement in accordance with the Treaty, and its development through the exploitation of its full potential. Among the priorities for future Council consideration, the conclusions refer to the administration and management of an area without frontiers, the development of the single market and the reinforcement of trans-European networks.

In December 1993, the Commission submitted a **strategic programme** drawn up in the light of the Council's conclusions and also the outcome of its contacts with the other Community institutions and with economic organizations. The Council held a first discussion on the subject at its meeting on 16 December 1993, when it gave a favourable response to the broad lines of the programme and promised to examine without delay the specific communications and proposals which the Commission said it would be submitting for the programme's implementation.

Legislative activities

Checks on goods — Customs union

With the disappearance of internal borders on 1 January 1993, the Council turned to the external aspects of the customs union. At its meeting on 8 February 1993 it adopted a Regulation concerning checks on the conformity of products imported from third countries, the main purpose of which was to avoid any differences in application by the customs authorities that might be prejudicial to the health and safety of consumers. Other customs-union measures adopted to ensure the smooth running of the internal market included a Decision authorizing the Commission to negotiate customs cooperation agreements with Canada, Korea, the United States, Hong Kong and Japan and another authorizing it to negotiate an agreement with the ASEAN countries on the control of drug precursors. The Council adopted a Decision concluding the Convention on Temporary Admission (Istanbul Convention).

Harmonization of legislation

The process of harmonizing national laws continued in many fields throughout 1993.

In July, the Council adopted a Directive and a Decision of a horizontal nature designed to ensure simplicity and consistency in Community legislation by introducing uniform requirements on CE-marking and on procedures for assessing the conformity of products. Harmonized provisions were added to a dozen existing directives to make them easier to implement both for national government departments and for manufacturers of the various products involved.

The single market in medicinal products was established in 1992 with the adoption of a Community system for authorizing the marketing of medicinal products for human and veterinary use. By way of scientific and logistical back-up for the new rules, a European Agency for the Evaluation of Medicinal Products was set up, with its headquarters in London.

With regard to technical harmonization in the field of motor vehicles, the question of **EEC type-approval** for private cars had been settled, and so the Council concentrated on **EEC type-approval** for two- and three-wheel vehicles, where substantial progress was made. It also adopted a series of measures to reduce motor-vehicle pollution, including a Directive which replaces the transitional provisions applicable to light commercial vehicles with definitive standards that are now as strict as those for private cars.

Other important measures adopted in 1993 to remove technical barriers to trade include a Directive on medical devices, a Directive adding to the Machinery Directive a chapter on devices for the lifting of persons and a Directive on the supervision of explosives for civil use.

Foodstuffs

The Council continued its work in the field of harmonizing the legislation on foodstuffs. Decisions were taken on contaminants, the hygiene of foodstuffs, fruit juices, measures to control food products and scientific cooperation. In the important field of additives that can be used in foodstuffs, the Council adopted a number of common positions aimed at supplementing the relevant legislation on, among other things, sweeteners and colours.

Intellectual property — Copyright and neighbouring rights

Community harmonization in the field of copyright and neighbouring rights continued in 1993 with the adoption of two new directives. The first of these supplements the Directive on cross-border TV with provisions to ensure that copyright and neighbouring rights are observed when works, performances or other objects protected by such rights are retransmitted by cable or broadcast by satellite.

The second concerns the term of protection of copyright. This was set at 70 years after the author's death for literary, artistic, cinematographic and audiovisual works. In the specific case of films and audiovisual works, the term of protection is calculated from the death of the last person to survive among the principal director, the author of the screenplay, the author of the dialogue and the composer of the music. The term of protection of the main related rights (of performers, for example) was set at 50 years.

Intellectual property — Community trade mark

At its meeting on 20 and 21 December 1993, the Council adopted a Regulation on the Community trade mark, supplementing the systems that exist in the Member States. Under the Regulation, commercial trade marks that are valid throughout the Community will be registered by a Community body known as the Office for Harmonization in the Internal Market (Trade Marks, Designs and Models), which will have its seat in Alicante, Spain.

By means of a single formality at a single office, an applicant will be able to obtain a trade mark that is valid in all 12 Member States of the Community. The system does not replace the national registration systems, which will continue to exist alongside it and to which an applicant can still have recourse if he so wishes.

Public contracts

The programme for harmonizing the legislation on public contracts was finally completed with the Council's adoption in June 1993 of the consolidation of the Directives concerning public works contracts and public supply contracts and the adoption of a Directive supplementing the procurement procedures of entities operating in the water, energy, transport and telecommunications sectors. In May, the Council adopted a Decision concerning the conclusion of an Agreement in the form of a Memorandum of Understanding between the European Economic Community and the United States on government procurement. The Agreement is for two years and its main purpose is to extend the mutual scope for access to public goods, works and services contracts awarded by central governments.

Financial services

With the adoption in March 1993 of a Directive on the capital adequacy of investments firms and credit institutions, and the adoption in May 1993 of a Directive on investment services in the securities field, **the establishment of a European financial area** was, broadly speaking, completed. Following the lead of the banking and insurance sectors, the **Single-authorization system** (European passport) was introduced for the securities sector, with the task of prudential supervision being given to the authorities of a firm's home Member State. The two Directives seek to harmonize the conditions of authorization, the basic operating conditions and the financial guarantees to be provided by credit institutions and by investments firms, thus ensuring an appropriate level of protection for investors while preserving the competitiveness of the Community's financial centres.

Other financial-sector proposals discussed at the Council in 1993 included a Directive relating to the freedom of management and investment of funds held by institutions for retirement provision and a Directive on deposit-guarantee schemes which aims to protect depositors in the event of default by a credit institution.

Company law and Bankruptcy Convention

At its meetings on 10 May and 16 December 1993, the Council re-examined the main questions still outstanding in regard to the Statute of the **European Company**, and in particular the involvement of employees. In December 1993, it noted the work to date on the Commission proposals concerning **cooperatives** (including the proposals on the European cooperative society). Lastly, in the light of progress on the Bankruptcy Convention, it was agreed to instruct a drafting committee to finalize the text with a view to the possibility of holding a diplomatic conference in 1994.

Tax harmonization

The new indirect taxation arrangements that came into force on 1 January 1993, with the abolition of frontier controls, was supplemented later in the year by a number of specific decisions essential to the smooth running of the internal market. On 13 December 1993 the Council gave its approval to **special arrangements for second-hand goods, works of art, antiques and collector's items** (Seventh VAT Directive). Under these arrangements, it will be possible to apply the tax to the taxable dealer's profit margin instead of applying it to the total price of the goods in question. In October 1993, the Council adopted a Directive concerning **taxes on commercial vehicles** and also **tolls and charges for the use of certain infrastructures**, which at the same time made it possible for the road transport sector to be fully liberalized.

In connection with the adjustment of existing tax legislation, the Council agreed to increase from ECU 45 to ECU 175 the value of goods which travellers coming from non-Community countries can import into the Community without being taxed, and to raise from ECU 45 to ECU 90 the limits for tax-free purchases made during travel within the Community.

As regards the cooperation between Member States' administrations which is essential if the new indirect taxation arrangements are to operate smoothly, the Council adopted the **Matthaeus tax programme**. This will enable tax authorities to adapt to their new Community-wide control duties, *inter alia* through exchanges of officials.

3. Industrial policy

Small and medium-sized enterprises

In June 1993, the Industry Council adopted a multiannual programme aimed at ensuring the continuity and consolidation of an enterprise policy with special emphasis on small and medium-sized enterprises. The aim of the programme, *inter alia*, is to alleviate the administrative burdens on SMEs, facilitate access to information by extending the network of Euro Info Centres and promote cooperation between enterprises in the Community. Still in the same vein, the Internal Market Council adopted in November a Resolution on strengthening the competitiveness of enterprises, in particular of small and medium-sized enterprises and craft enterprises, and developing employment. In this Resolution the Council invites the Commission and the Member States to take a series of administrative and financial measures to create a favourable environment for the development and establishment of SMEs.

Restructuring of the Community steel industry

The worsening of the situation in the Community steel sector, mainly due to a considerable fall-off in demand, continued during 1993. To cope with this situation, the Council and the Commission considered it necessary to take action with regard to the monitoring of State aid for public enterprises and simultaneously to envisage additional efforts by private enterprises. In the case of public enterprises, the Council introduced the possibility for State aid to be granted in certain instances provided that the beneficiary enterprises reduced their production capacity. In the case of the private sector, it was agreed to request the enterprises to restructure and to reduce capacity on a voluntary basis subject to a system of pre-financing in the form of Community loans. In both the public and private sectors provision was made for back-up measures and in particular a social assistance scheme to respond to the most acute problems arising from the unavoidable closure of production units.

At the end of 1993, the Council reached agreement on the amounts of State aid authorized, monitoring procedures and reductions in capacity. The way was therefore open for private industry to finalize the voluntary restructuring and rationalization plan leading to an overall reorganization of the steel industry with a view to restoring the competitiveness of this sector on a lasting basis.

Shipbuilding

The Council agreed to extend until the end of 1994 the Directive regulating the levels of and conditions for State aid authorized in the shipbuilding sector.

Telecommunications

The Council continued its efforts to establish conditions for an open and unified market for telecommunications equipment by extending existing legislation to satellite earth station equipment.

On a more general level, the Council, in the light of consultations held by the Commission and the current state of regulations, took stock of the situation of telecommunications services and adopted two Resolutions laying down the main general guidelines for the future of the sector. The first establishes the key elements of a Community policy in the telecommunications sector and defines the medium-term objectives of such a policy with a view to full liberalization of public telephony services in the run-up to 1998. The second Resolution recognizes that the maintenance and development of a **universal service** constitutes an essential factor in the future expansion of telecommunications in the Community, identifies the principal features of such a service and determines those questions raised by its definition which have still to be examined in more detail.

As regards video broadcasting, the Council successfully concluded the work begun in 1992 by adopting an action plan for the introduction of advanced television services aimed at fostering the production and broadcasting of programmes in the 16:9 format. Simultaneously it agreed to adapt the existing rules on broadcasting standards to developments on the market and in technology and to define a consistent Community approach as regards standards for new digital television systems.

The Council conducted an initial analysis of the implications for the telecommunications sector of the entry into force of Title XII of the Maastricht Treaty on trans-European networks. It also continued its discussions on the applications of telecommunications technologies in the area of exchanges of information between national authorities and Community Institutions in order to facilitate the working of the internal market and the implementation of common policies.

Postal services

The Council laid the foundations for the future Community policy in this sector by identifying, in a Resolution, the main aims of a policy for developing postal services and in particular the provision of a universal service, and the work to be carried out to that end.

4. Energy

The work of the Council in the energy sector focused on a number of objectives which were deemed to be of priority interest, including the establishment of a true internal energy market, the introduction of a Community strategy to reduce carbon dioxide emissions, the maintenance of a viable coal industry in the Community through the introduction of a new State-aid code and, lastly, the finalization of a Basic Agreement aimed at transforming into binding provisions the principles embodied in the European Energy Charter.

Although its common position is not yet finalized, the Energy Council nevertheless devoted considerable effort to the proposals for Directives on the **liberalization of the electricity and natural gas market**. The subsequent adoption of both these Directives, which will be supplemented by a proposal on trans-European energy networks constitutes an important stage in the establishment of the single market. As regards the proposal concerning authorizations for the prospection, exploration and extraction of hydrocarbons on European Union territory, the Council adopted a common position which will be forwarded to the European Parliament for second reading. The aim of the proposal is to guarantee non-discriminatory access to the activities concerned so as to promote greater competition. As a result of the importance of this Directive to Norway, close contacts are being maintained with that country in the context of the accession negotiations.

In the nuclear sphere, the Council adopted, in connection with the implementation of the single market, a Regulation on shipments of radioactive substances between Member States.

As for the problems connected with **climate change** and the strategy to be adopted in this respect, the joint meeting of the Environment/Energy Council stressed the need for coordinated action on a world scale. In this connection, the Council adopted the Altener framework decision designed to promote renewable energy and a Directive implementing the SAVE programme aimed at limiting CO_2 emissions by improving energy efficiency. The advisability and methods of introducing a CO_2/energy tax were also discussed within the Council.

As the State aid scheme for the **coal industry** expired at the end of 1993, the Council gave its assent to a Commission Decision on new Community rules for State aid to the coal industry. These new rules cover the period 1 January 1994 to 23 July 2002, the expiry date of the ECSC Treaty. It provides for the possibility of granting certain aids provided that they improve the economic viability of the sector, that they help solve certain social or regional problems or that they permit better protection of the environment.

Special attention was given to the finalization of the Basic Agreement on the **European Energy Charter** as a result in particular of the positive role that such an agreement may play in the development of political and economic relations between the European Community and the Republics of the former Soviet Union and between the latter and the countries of Central and Eastern Europe. Cooperation in this sphere, the aim of which is to create an embryonic European energy market for the whole of Europe, is intended *inter alia* to guarantee security of supply to the Community and, simultaneously, to facilitate reconstruction of the economic system of those countries.

Stressing the importance it attaches to nuclear safety and to assistance for the countries engaged in economic reforms, the Council also adopted conclusions on nuclear safety and related needs concerning energy supplies in the countries of Central and Eastern Europe and the former Soviet Union.

5. Transport

Inland transport

The Council adopted two measures of major importance for the implementation of a common transport policy with a view to the completion of the internal market. The first measure is the final liberalization measure in the area of road transport which concerns goods cabotage and the second measure is a Directive on the harmonization of road haulage taxation, both subjects being linked politically.

The Regulation on **road cabotage** lays down that as from 1 July 1998 any carriers established in a Member State and fulfilling certain conditions, notably as regards qualifications, will be allowed to carry goods without any quantitative restrictions on the roads of another Member State.

The purpose of the Directive on **taxation** is to approximate the conditions of competition in this sector by ensuring that road hauliers pay their fair share of the infrastructure costs they occasion. The Community scheme for offsetting infrastructure costs laid down by the Directive is based on a combination of three factors: an excise duty on fuel in respect of which there is already a common maximum rate, a vehicle tax based on a minimum rate dependent on the weight of the vehicle and, finally, tolls and user charges (sticker), the introduction of which depends on Member States complying with certain conditions. It is also planned that Member States may introduce regional systems of user charges (regional sticker).

The establishment and development of **trans-European networks**, as provided for by the Treaty on European Union, represent a special way of deriving the most from the single market and promoting the development of regional economies. To this end the Council adopted outline plans for combined transport networks, transport by road and transport by inland waterway. The aim of these Decisions is to establish a new basis for the Community contribution to the development of transport infrastructures, the main objectives being to promote the interconnection and interoperability of national networks as well as access to such networks while taking account of the need to link island, landlocked and peripheral regions to the central regions of the Community. A new impetus was given to Community action in this sphere by the **Commission's White Paper on a medium-term strategy for growth, competitiveness and employment**. On the basis of this White Paper, the Brussels European Council on 10 and 11 December 1993 asked the Council to make full use of the new possibilities offered by the Treaty on Union by rapidly adopting the outline plans which are still missing, with the Member States being invited to identify without delay priority investment programmes to be integrated with the networks. A group of personal representatives of the Heads of State or of Government, chaired by

Mr Christophersen, Vice-President of the Commission, was instructed to oversee the practical implementation of this programme which is due to receive substantial financial support from the Community in the form of aid, loans or guarantees.

Finally, in an area which arouses increasing concern on the part of public authorities and the public itself, viz. road traffic, the Council adopted a Resolution which designates 1995 as the 'Year of the Young Driver' and a Decision on the creation of a database on road accidents which will collate statistics on road accidents resulting in death or injury throughout the Community.

Shipping

Following a series of serious accidents off the coasts of the Community, the Council, at a special meeting of the Ministers for Transport and the Environment, adopted conclusions on **maritime safety and pollution prevention** in which the Community and its Member States are called upon to support the activities of the competent international organizations, in particular in connection with the raising of standards applicable to vessels, the stepping-up of inspections and the monitoring of routes. On the basis of a subsequent Commission communication on safe seas, the Council discussed the matter again and adopted a Resolution comprising a programme of priority Community activities aimed at banning from Community waters any vessel which does not comply with the standards and protecting ecologically sensitive zones. A Directive concerning minimum requirements for vessels entering or leaving Community ports carrying packages of dangerous or polluting goods was the first specific act in implementation of this programme. To the same end, the Council began discussing two proposals, one on the minimum level of training for maritime occupations and the other on criteria to be met by ship inspection organizations.

Air transport

The Council adopted a Regulation on a code of conduct for the allocation of **slots** at Community airports. This Regulation, which comes under the liberalization of air transport, is intended to ensure that slots are allocated in a transparent, efficient and non-discriminatory fashion. In the same vein, the Council adopted a Regulation amending the code of conduct for the **use of computerized information systems** (CIR). The purpose of this amendment is to make this code more transparent in order to ensure better conditions of competition between air carriers and better information for users.

Continuing its efforts to cope with the problems of congestion of the skies over Europe, the Council adopted a Directive on the definition and use of compatible technical specifications for the procurement of air-traffic management equipment and systems. The main aim of the Directive is gradually to harmonize the equipment

concerned by incorporating into Community legislation the specifications and standards developed by Eurocontrol.

On the subject of external relations the Council, with a view to rationalizing its work, set up an Aviation Group with the task of examining all the matters concerning relations between the European Union and third countries in the air transport sector. The Council also adopted a Decision amending the Agreement between the European Economic Community, Norway and Sweden. The amendment is intended in particular to incorporate into the Agreement in force the provisions contained in the third set of liberalization measures in the air transport sector.

6. Research and technological development

Following the adoption of a Decision at the beginning of the year concerning an increase of ECU 900 million in the budget earmarked for the third framework programme in the field of research and technological development (1990-94), the total amount of which was thus increased to ECU 6.6 billion, the bulk of the Council's proceedings during 1993 was given over to preparing the fourth framework programme regarding Community activities in the field of research, technological development and demonstration (1994-98) and the framework programme regarding Community activities in the field of research and education for the European Atomic Energy Community (1994-98).

Having received several preparatory documents on the Community's research policy at the end of 1992 and then two formal Commission proposals in June 1993, the Council reached an agreement on the two framework research programmes at its meeting on 22 December. In accordance with the guidance given by the European Council on 10 and 11 December 1993, the overall financial package was fixed at ECU 12 billion (ECU 10 746 million for the EC framework programme and ECU 1 254 million for the Euratom framework programme) with the possibility, subject to a mid-term review, of increasing that sum to ECU 13 billion (ECU 11 641 million and 1 359 million respectively). As regards the breakdown of appropriations, priority was given to information and communications technologies, industrial technologies, the environment, life sciences and technologies and to energy (non-nuclear and nuclear). Two new areas were included, viz. transport and socio-economic research. In addition, activities involving international cooperation, the dissemination and optimization of the results and the training and mobility of research workers also remain one of the priorities of Community research work.

Since the fourth framework research programme was due to be adopted under the new co-decision procedure with the European Parliament, introduced by the Treaty on European Union, the two Institutions held talks at the end of 1993 so as to make it easier to take the final decision, which was due early in 1994.

As for international cooperation, the Council adopted a new negotiating brief concerning Protocol No 2 to the Euratom-Japan-Russia-United States Agreement on cooperation in the Engineering design activities for the international thermonuclear experimental reactor (ITER).

7. Environment

The year 1993 also saw international undertakings by the European Union in the sphere of the environment. Following the Rio Conference, for instance, the Union and its Member States ratified the two most important instruments resulting from the Earth Summit, namely the **Convention on Climate Change** and that on **Biological Diversity**, thus highlighting the driving role that the European Union plays at international level in this area. In the same context the Council introduced a mechanism for the monitoring of CO_2 and other greenhouse gas emissions while reaffirming its commitment to stabilize such emissions. Where protection of the ozone layer was concerned, the Council ratified the amendments to the Montreal Protocol aimed at improved monitoring of the use of substances which deplete the ozone layer. With respect to protection of the environment in Central and Eastern Europe, the Council made sure the Community played an active role at the Conference of European Environment Ministers in Lucerne with the aim in particular of increasing cooperation in this sphere at European level.

Early in 1993, two accidents at sea involving oil tankers caused serious environmental damage to Community coasts. The Council, in a composition bringing together Environment Ministers and their colleagues with responsibility for maritime transport, gave urgent examination to the question of safety and the **prevention of maritime pollution** in the Community, analysing the role of shipping accidents in an effort *inter alia* to draw up plans for intervention, strengthen mutual assistance between Member States and provide greater protection for areas of major ecological importance.

An important preoccupation of the Council's in 1993 was the problem of waste. The Council adopted a Regulation on the control of movements of waste and reached agreement on a proposal for a Directive on the incineration of dangerous waste; it also recorded agreement on a common position to be forwarded to the European Parliament on packaging and packaging waste. At international level, the Council decided that the Community would ratify the Basel Convention on transboundary movements of hazardous wastes and their disposal.

In an effort to supplement the regulatory approach with voluntary, market-policy instruments, the Council adopted a system modelled on the Community system adopted in 1992 for the award of an ecological label aimed at the voluntary introduction by companies of an eco-management and audit scheme.

8. Consumer protection

The Council adopted a Directive on unfair terms in contracts which constitutes a major step towards improved **consumer protection**. It establishes the principle that consumers are not bound by unnegotiated clauses of an unfair nature included in contracts and gives consumer organizations the right to bring legal actions. The Council also recorded agreement on a common position to be forwarded to the European Parliament regarding a new Directive on the protection of purchasers in **contracts relating to the purchase of a right to utilize one or more immovable properties on a timeshare basis** ('timeshare' contracts). This Directive, which should also be seen in the context of completion of the internal market, aims to increase consumer protection in this expanding sector of the property market where most contracts are of a cross-border type and aggressive sales techniques are common.

The Council approved the continuation of the **Community system of information on home and leisure accidents** (Ehlass) which, on the basis of data supplied by hospitals or gleaned from questioning households, operates as an indicator of the risks involved in certain products, thus enabling consumer protection measures to be adopted in the Member States and at Community level.

Finally, the Council adopted a Resolution on future action on the **labelling of products** in the interest of the consumer, which aims to ensure that the information on labelling is comprehensible, relevant and transparent.

9. Progress towards economic and monetary union

Economic and monetary convergence

The slow-down in economic activity which characterized 1992 continued throughout 1993 with growth limited to around 0.4% and a significant increase in unemployment, which today affects some 17 million individuals in the Community.

The monetary tensions which had affected the **European Monetary System** from the autumn of 1992 continued to fuel uncertainty on the exchange rate markets throughout the first half of the year. On 30 January, the Irish punt was devalued by 10%; on 13 May the peseta and the escudo were again devalued by 8 and 6.5% respectively. Finally, on 2 August 1993, to counteract the speculation which was seriously undermining other Community currencies — particularly the French franc and the Danish crown — the Finance Ministers decided to increase temporarily to ± 15% the margins within which currencies participating in the EMS exchange-rate mechanism could fluctuate. This relaxation in the operating rules made it possible to put a stop to speculation without jeopardizing the system itself. The cautious approach adopted since August to reducing interest rates demonstrates that the Community is still committed to monetary cooperation based on stable exchange rates.

Where the **budgetary situation** is concerned, in 1993 the government deficit for the Community as a whole amounted to 6.4% of GDP. With the exception of Ireland and Luxembourg, no Member State is today meeting the reference value of 3% of GDP laid down by the Treaty on European Union for transition to the third stage of economic and monetary union. Moreover, since this budgetary deterioration has occurred over a period in which economic growth and inflation have been particularly weak, it has resulted in an almost general increase in the debt ratio which, in several Member States, is at a level significantly above the 60% value set for the third stage of economic and monetary union.

Despite the unfavourable climate, the Ecofin Council pressed on with the convergence process by ensuring that the convergence programmes already submitted by certain Member States in the previous year (Italy, Portugal, Denmark, Germany, Spain, Netherlands, Belgium) were implemented while at the same time approving new programmes: that submitted by Greece in March, the United Kingdom's in July and those of Germany and France in November. The Community also gave its support to the economic adjustment and reform programme in Italy by granting it a Community loan of ECU 8 billion, the first two tranches of which were paid out in 1993. Generally speaking, the other Member States also undertook reforms aimed at

removing the structural inflexibility affecting their economies while at the same time provisions were gradually introduced at institutional level to guarantee the independence of the central banks.

With respect to price stability, substantial progress was made in 1993 inasmuch as it is generally accepted that annual inflation rates will, for seven Member States, be no more than 3 to 4%, which corresponds to the threshold set by the Treaty on European Union. Finally, significant progress was also made with the alignment of long-term interest rates in the Community. Eight of the 12 Member States are complying with the criterion laid down by the Treaty for interest rates. This tendency essentially reflects the favourable trend in inflation and is an illustration of the high level of financial integration achieved within the Community.

Broad guidelines of economic policies

The Union Treaty defined a new framework for closer coordination of economic policies in the second stage of economic and monetary union beginning on 1 January 1994. This improved coordination should make it possible to accelerate economic convergence among Member States, which will in turn constitute the basis for creating employment. In accordance with Article 103 of the new Treaty, in December 1993, the Council adopted for the first time the broad guidelines of the economic policies of the Member States and of the Community aiming as a matter of priority at a return to sustainable employment-creating and non-inflationary growth.

Preparation of the second stage of economic and monetary union

At the end of 1993, the Council adopted the legislative acts necessary for the launch of the second stage of EMU on 1 January 1994. The most important of these provisions concern the prohibition of privileged access by the public authorities to financial institutions, the prohibition of any monetary financing of the public authorities by the central banks, the excessive deficit procedure and, lastly, the key for the financial resources of the European Monetary Institute.

The governments of the Member States also decided that the European Monetary Institute and the future European Central Bank would have their seat at Frankfurt; they appointed Baron Lamfalussy as the first President of the European Monetary Institute.

Growth initiative

As had been agreed at the Edinburgh European Council, the Community contributed to the Member States' efforts to promote economic upturn. The measures agreed on by the European Council were rapidly implemented, in particular those relating to

the **EIB temporary credit facility and to the creation of the European Investment Fund.**

The EIB therefore opened a **temporary loan mechanism** for an amount increased, following the European Council in Copenhagen, to ECU 8 billion. These loans, originally intended for the funding of infrastructure projects in the fields of transport, telecommunications, energy and the environment, were subsequently extended to cover urban renewal and investment to strengthen the competitiveness of small and medium-sized enterprises, for which an amount of ECU 1 billion was earmarked. During the autumn of 1993, some ECU 3 billion was also committed in the form of loans to around 50 projects including some of the most ambitious schemes in recent years such as the Great Belt Link in Denmark, the new Jubilee Line in London, the Belgian high-speed train and the gas pipeline between Italy and Algeria.

With respect to the **European Investment Fund**, the legal instruments needed for its introduction (amendment of the Statute of the EIB and Community membership of the Fund) were approved. This Fund will bring together the EIB, the Community and financial institutions in the Member States and will be responsible for offering guarantees for loans intended to fund the major trans-European networks and the development of SMEs. The Fund, which should be operational in 1994, will at a later stage also be able to participate directly in the funding of projects.

White Paper on growth, competitiveness and employment

On the subject of the medium-term strategy for growth, competitivity and employment, in December 1993 the European Council in Brussels decided to implement an **overall action plan** based on the White Paper drawn up by the Commission.

This action plan consists of general guidelines for the policies implemented by the Member States to promote employment, together with specific accompanying measures to be undertaken at Community level; these are supplemented by a **monitoring procedure** which should allow the European Council to take stock at the end of each year of the practical results achieved in the field. The specific action at Community level involves in particular making full use of the single market by simplifying regulations and creating an environment favourable to SMEs, as well as early completion of the trans-European networks in the area of transport, energy and information infrastructures.

All these measures will be funded, within the financial perspective defined in Edinburgh, by means of a contribution from the Community budget of some ECU 5 billion per year as well as a contribution from the EIB and the European Investment Fund amounting to ECU 7 billion annually in the form of loans and guarantees. The Ecofin Council will also study ways of mobilizing up to a further ECU 8 billion per annum in loans should this prove necessary in order to execute the action plan.

Financial assistance to third countries

The Community continued to provide financial support for the process of structural adjustment of the economies of the Central and Eastern European countries as well as the Republics of the former Soviet Union. Two particularly significant financial assistance measures were implemented.

The first, adopted on 13 December 1993, makes provision for a guarantee from the Community budget amounting to a total of ECU 3 billion over a three-year period for EIB loans in Central and East European countries. The countries concerned are Poland, Hungary, the Czech Republic, Slovakia, Romania, Bulgaria, Estonia, Latvia, Lithuania and Albania.

The second measure opens up the possibility of using the Euratom borrowing capabilities currently available to contribute to the financing of measures to increase the safety and efficiency of nuclear power stations in those countries. The loans which may be granted under this measure amount to some ECU 1.1 billion. The legislative procedures for implementation of this measure should be completed early in 1994.

Finally, the Community also provided a guarantee from its budget for EIB loans to third countries with which the Community has concluded cooperation agreements. An overall limit of ECU 250 million per year has been set for a three-year period. The countries which will benefit from this measure are Latin American and Asian developing countries.

10. Social policy

Throughout 1993, the Council monitored the particularly worrying trend in the employment situation. Against this background it welcomed the submission by the Commission of the Green Paper on European social policy and the White Paper on growth, competitiveness and employment, both designed to react against this deterioration in the situation and putting forward a number of suggestions for future action by the Union and its Member States. The Council also discussed broader questions of social protection, including the position of the elderly and people exposed to social exclusion.

Where regulations on **labour relations** were concerned, the Council adopted a Directive on certain aspects of the organization of working time. In addition, following broad agreement within the Council on the proposal for a Directive introducing **European Works Councils**, the Commission initiated the procedure for consulting management and labour provided for in the Protocol on Social Policy annexed to the Treaty on European Union.

Finally, in the sphere of **the protection of safety and health at work,** the Council adopted a Directive on the minimum safety and health requirements for work on board fishing vessels as well as a common position on the proposal for a Directive on the protection of young people at work.

11. Education

One of the Council's most important decisions in the education sphere was the extension for a second four-year phase, beginning with the academic year 1994/95, of the Tempus scheme. The Tempus scheme (trans-European cooperation scheme for higher education) is an instrument designed to help the countries of Central and Eastern Europe and the Republics of the former Soviet Union with the restructuring of their higher education by adjusting the courses offered to the new requirements and reforming structures and management in higher education institutions. Tempus is an integral component of the PHARE and TACIS programmes of Community assistance.

At internal level, the Council adopted conclusions on furthering an open European area for cooperation within higher education based on the principle that students should be able to pursue part or all of their studies in the higher education institutions of other Member States in ways which best match their needs while retaining their right to any financial assistance. In this context it also examined the problems of access to higher education and movements of students between Member States.

Finally, in a Resolution on **vocational education and training in the 1990s**, the Council pointed to the need to improve the quality of vocational education and training in order to meet the new requirements of the labour market and give each individual the opportunity to develop his knowledge and skills throughout his working life.

12. Culture

The measures adopted by the Ministers in 1993 included notably a measure to promote the translation of contemporary European dramatic works. The centenary of the cinema was also celebrated by the adoption of a Resolution making provision for a number of measures designed to encourage the restoration and distribution of the European film heritage, to promote awareness of artistic trends in European cinema and to increase support for film festivals. The Ministers designated Stockholm and Weimar as European Cities of Culture for 1998 and 1999 respectively and Ljubljana and Nicosia as joint hosts of the European Cultural Month in 1995.

13. Health

The Council concentrated on combating the major health scourges and the question of blood products.

In the **combat against major health scourges**, the Council took the necessary measures to enable activities under the current 'Europe against Cancer' and 'Europe against AIDS' programmes to continue in 1993, and it outlined future action to be taken by the Union in these two vital areas of public health. Regarding communicable diseases in general, the Council stressed the need for a coordinated, permanent, Community epidemiological data base, and it gave the impetus for the establishment of the necessary network. In the fight against drug abuse, in which the Health Ministers work together with other ministerial bodies, it decided to organize a second European Drug Prevention Week.

In the field of **blood products,** the Council set out the measures to accompany the rules established in the framework of the free movement of medicinal products, with the aim of promoting self-sufficiency in blood in the Member States and the Community as a whole, while guaranteeing the quality and safety of blood collection and blood-derivative production.

At a general level, pending the entry into force of the Maastricht Treaty, the Council continued and finalized its ongoing discussion on future action in the health field, and established for the Commission a body of guidelines for the establishment of a framework for action and multiannual planning of the Union's activities.

14. Economic and social cohesion — Structural Funds

Further to the decisions taken by the Edinburgh European Council in December 1992, on 20 July 1993 the Council adopted the new rules for action under the Structural Funds (Regional Fund, Social Fund, EAGGF-Guidance Section) and under the new instrument for financing structural measures in the fisheries sector, for the period 1994 to 1999. The Funds' financial allocation will be ECU 141.5 billion, considerably larger than that for the preceding period, and equivalent to three times the aid provided under the Marshall plan.

These financial resources, which represent one third of the annual Community budget for the next six years, will play an important part in strengthening economic and social cohesion in the Community, while also making an appreciable contribution to the quest for growth and employment. Almost ECU 100 billion will be allocated to aid for the regions whose development is lagging behind (Objective 1) to promote their development and structural adjustment. The rest of the Funds' allocation will be used for converting the regions seriously affected by industrial decline (Objective 2), combating long-term unemployment and encouraging the integration into working life of young people and persons exposed to exclusion from the labour market (Objective 3), adapting workers to industrial changes and changes in production systems (Objective 4) and promoting rural development (Objectives 5 [a] and 5 [b]). The new rules adopted by the Council are also intended to increase the effectiveness of Community funding by strengthening the procedures for evaluating operations part-financed from the Structural Funds, before and after they are carried out.

With the aim of strengthening the structural operations of the Community in the Member States where the need is greatest, the Treaty on European Union provided for the creation of a **Cohesion Fund**. This Fund is intended to help Member States which have a per capita GNP of less than 90% of the Community average to fulfil the economic convergence criteria by providing financial contributions to projects relating to the environment and trans-European transport infrastructure networks. Pending the entry into force of the Maastricht Treaty, the Council decided to create a temporary cohesion financial instrument, with the same scope as the future Cohesion Fund and an allocation of ECU 1 500 million for 1993. The financial instrument provides assistance for Greece, Spain, Ireland and Portugal. The rates of assistance under the instrument are between 80 and 85% of public or similar expenditure. Following the entry into force of the Maastricht Treaty, the Commission submitted a proposal for a Regulation establishing the Cohesion Fund proper, which the Council is due to adopt some time in 1994, after the opinions of the Committee of the

Regions and the assent of the Parliament have been delivered. The assistance from the cohesion financial instrument and the Cohesion Fund, added to that from the Structural Funds, will make available to the four Member States referred to above, for the period until the end of 1999, double the amount of financial support in real terms that they received during the period 1988 to 1993.

15. Common agricultural policy

The year 1993 was the first year of experimentation with the CAP reform decided on by the Council in June 1992. European agriculture showed itself able to adapt to the new rules of the reform, despite the generally unfavourable economic climate and the stagnation in growth prevailing in most Member States. The introduction of the reform was eased by the adoption of specific measures to facilitate the transition to the definitive application of the new arrangements. The accompanying measures on protection of the environment, the afforestation of agricultural land, and the early retirement scheme for farmers were well-received in the Member States, to the extent that applications for aid under these schemes exceed the budget allocated for them for 1993.

The main objectives of the reform, i.e. the control of production and the maintenance of farmers' incomes by means of aid to offset the reduction in official prices, were reflected in the results of this first year of transition. Cereals production for the next marketing year is estimated at around 165 million tonnes, whereas the trend prevailing before the reform could have taken it to 180 million tonnes. Internal consumption of cereals for animal feed increased by over 4 million tonnes, as a result of greater product competitiveness following the fall in internal prices. The set-aside scheme played a major part in attaining the objective of control of production. The total area down to cereals, oilseeds and protein crops was reduced by 3.2 million hectares, mainly as a result of the reduction in the area down to cereals.

The Council's constant concern throughout the year was to secure acceptance of the reform by the farmers, if not with enthusiasm at least without major problems. To that end, the Council did its best to respond to the mounting requests from the farming community for the reform to be simplified and for the implementing texts to be rendered sufficiently flexible. On the basis of a Commission discussion paper which the Council examined in May 1993 and which was followed by formal proposals, the Council reached general agreement at its December 1993 meeting on the introduction of substantial changes to the schemes for arable crops and **set-aside**. These changes comprise, essentially, greater flexibility in the administration of regionalization plans, simplification of the rules on set-aside, increased compensation, the possibility of continuing the five-year set-aside scheme, an opening in biomass production and greater flexibility in the rules of eligibility to take account of certain specific problems in the new German *Länder*.

In the **oilseeds** sector, following the conclusion of the agreement between the Community and the United States in June, the Council, as part of the overall compromise adopted at its meeting on 14 to 17 December 1993, reached agreement on the allocation between the different Member States of the Community base area contained in the memorandum of understanding with the United States, i.e. 5.5 million hectares

for 1994/95 and 5.128 million hectares for the following years. The Council agreed that if this total area were exceeded, the penalties set out in the memorandum would be borne by producers in those Member States in which the limits were exceeded.

The Council's discussions on **the prices and related measures package** for 1993/94 concluded in an agreement in May 1993 which, in addition to the guidelines already mentioned which were intended to ease the acceptance of the reform by farmers, fixed prices for agricultural products for the new marketing year in keeping with the policy followed in previous years. Also under this agreement, important decisions were taken concerning the **milk products sector**, including a reduction in the intervention price of butter of 3% for 1993 and 2% for 1994, abolition of the normal co-responsibility levy, an increase in the quotas for Greece, Spain and Italy, subject to certain conditions, and a 0.6% increase in the quotas for the other Member States, in order to resolve short-term problems, and the implementation of a Community financing scheme of ECU 40 million to fund the quota restructuring measures under the current legislation. Also in the milk sector, further to a number of judgments by the Court of Justice, in July 1993 the Council adopted two Regulations aimed at settling definitively the problems of producers who, as a result of prior undertakings not to market their milk or to convert their herds, had been excluded from the allocation of quotas in 1984.

From September onwards, the Council paid particular attention to the **agrimonetary situation** that arose in the Community following the decision taken by the Finance Ministers and the Governors of the Central Banks on 2 August 1993 to extend the margins of fluctuation of the currencies in the European Monetary System. Following the Council's discussions on 21 September 1993, the Commission submitted a proposal to adjust the agrimonetary arrangements to the new situation characterized by the generalized flotation of currencies within the extended margins. In the context of the overall compromise approved in December 1993, the Council arrived at a solution based essentially on the extension to five points of the neutral margin within which green rates are not changed. The principal aim of this increased neutral margin was to avoid as far as possible the revaluation of green rates, with the resulting undesirable consequences for prices and thus for farm incomes in the countries concerned. In this connection, the Commission was asked to propose the measures necessary to reduce the frequency of changes in green rates and to take any measures that may be required to avoid deflecting trade flows or distorting competition.

Throughout the year, the Agriculture Council followed closely the progress of the **agricultural negotiations in the Uruguay Round**; in March 1993 the Council paid particular attention to examining the compatibility between the outcome of the Blair House negotiations between the Commission and the United States authorities and the reformed CAP.

In September 1993, the Presidency convened a joint meeting of the Ministers for Foreign Affairs, Trade and Agriculture, specifically to discuss the agricultural

aspects of the negotiations and to lay down the guidelines for the ongoing discussions. At that meeting, the problem of compatibility was again discussed, as were certain specific matters such as the stocks situation and the non-reformed sectors. On the basis of the conclusions of this joint meeting, the Commission resumed the talks with the United States and, after a number of adjustments were made to the Blair House Accord, relating particularly to market access, export undertakings and the peace clause, it was possible to bring these decisive negotiations to a satisfactory conclusion. Thus for the first time since the CAP was created, its mechanisms were recognized in the GATT context as being compatible with the Community's multilateral obligations.

In the field of **structural policy**, following the adoption of the new rules for the Structural Funds for the next five years, in December 1993 the Council adopted a Regulation adjusting the structural measures in agriculture covered by Objective 5(a): the aim of this revision exercise, which should be completed in 1994, is to accelerate the adjustment of production, processing and marketing structures as part of CAP reform.

The Council continued its work in the field of harmonization of **veterinary and plant health legislation**. Important decisions were taken, concerning the extension of the ban on the use and marketing of bovine somatotrophin, and the financing of veterinary inspections and checks and animal protection.

Lastly, the Council examined the proposal for a Regulation on **Community plant variety rights** and in particular the aspects relating to 'farmer's privilege', i.e. the use that the farmer may make of farm-saved seed. The Council practically finished its work on this important chapter of the proposal, which can therefore be adopted once the other aspects (language provisions, financial questions, headquarters, institutional aspects etc.) have been resolved in the appropriate forums.

16. Common fisheries policy

The Council's work in the field of the common fisheries policy continued apace throughout 1993. It resulted essentially in the adoption by the Council of several Regulations implementing the principles and guidelines contained in the new basic Regulation of 1992. Among other things, the Council adopted the Regulation establishing a Community system laying down rules on the minimum information to be contained in fishing licences. The Council also adopted the Regulation on Community structural assistance in the fisheries and aquaculture sector and the Regulation on the processing and marketing of its products. The aim of the Regulation is to incorporate, from 1 January 1994, the structural aspects of the common fisheries policy into the Structural Fund legislation, in particular by means of the financial instrument for fisheries guidance (FIFG) in particular. Also in the structural field, the Council took a decision relating to the objectives and detailed rules for restructuring the Community fisheries sector over the period 1 January 1994 to 31 December 1996 with a view to achieving a lasting balance between the resources and their exploitation.

On a number of occasions the Council analysed the causes of the crisis which affected markets in 1993. The Council realized that the current mechanisms of the common organization of the markets could not alone resolve a crisis of the scale of that which the Community was experiencing, particularly when it was accompanied by a difficult general economic situation. The Council therefore advocated a number of measures in various areas, such as the control of direct landings, the control of fishing activities in general, product quality control and structural policy.

The Council also continued its work on the adjustments to be made to the fishing arrangements laid down in the Act of Accession of Spain and Portugal and on an initiative to harmonize the rules for the conservation and management of fishery resources in the Mediterranean.

Parallel with these measures, the Council pursued its current policy for the management of fishery resources by adjusting the TACs and quotas for 1993 and fixing the TACs and quotas for 1994. It laid down guide prices for certain species and the producer price for tuna for 1994. Lastly, regarding external aspects, new fisheries agreements were concluded with Argentina, Canada, the three Baltic States and Iceland.

17. Budget

The year 1993 was marked by the negotiations on the **Interinstitutional Agreement on budgetary discipline and improvement of the budgetary procedure**, between the Council, the European Parliament and the Commission, signed on 29 October. The Agreement lays down the annual financial allocations for the period 1994 to 1999 which will provide long-term funding of the various policies of the Union within the limits of the own resources and at the same time give the Member States a clear idea of the financial effort they will have to make towards the Community budget during that period. The Agreement also contains a number of procedural provisions intended to improve the dialogue between the two branches of the budgetary authority and thus enable the annual budget debate to proceed smoothly.

Until the conclusion of that Agreement, the budgetary procedure for 1994 was clouded by uncertainty over the position of the Parliament on the financial perspective for 1994 to 1999, as adopted by the Edinburgh European Council in December 1992. The conclusion of the Interinstitutional Agreement, which incorporated the financial perspective, together with the Parliament's first reading of the budget, finally enabled the budgetary procedure to be concluded within the bounds of the new financial framework.

The 1994 budget amounts to ECU 73.444 million in commitment appropriations, i.e. a 4.3% increase over the 1993 budget. For the first time the budget includes the two reserves created by the Edinburgh European Council, the Loan Guarantee Reserve and the reserve for emergency humanitarian aid. It also includes an allocation for the new bodies set up under the Treaty on European Union.

Lastly, a supplementary and amending budget to the 1993 budget was adopted, in particular to take account of the effects of the monetary realignments that took place between September 1992 and May 1993 in the field of agricultural expenditure.

18. Common foreign and security policy — External economic relations

The European Union's foreign-policy record for 1993 hinges on two basic facts. Firstly, the entry into force of the Treaty on European Union brought about a decisive step forward. Secondly, crises and major developments linger on or follow their course, posing in each case challenges to be risen to by the European Union. The Union endeavours not just to react to international events or keep abreast of them but also whenever possible, to move ahead of them, particularly at international conferences framing a new international order with its sights set on respect for human rights, stability and peace. The Union's action is underpinned by the use of financial resources, commercial means and, in some cases, human resources on a considerable scale, in addition to the development or adjustment of its contractual relations.

The political design behind the introduction of the CFSP is now starting to take shape. Against that background, the joint action approved, under the Treaty on European Union, in the field of humanitarian aid in the former Yugoslavia, for the elections in Russia, to back up the democratic, non-racial transition process in South Africa and shortly to accompany the Middle East peace process, shows forth first of all as a tangible token of the European Union's resolve to step up its efforts wherever the need to act is particularly pressing.

The dramatic situation in the **former Yugoslavia** has sadly continued to take up a large part of the European Union's activities. In spite of the repeated breakdown of successive peace plans and the obstacles placed in the way of the convoying of humanitarian aid, the European Union has continued its efforts to bring about a lasting, negotiated settlement and to provide its assistance for people in need.

The resources brought to bear are common knowledge. The European Union and its Member States provide the lion's share of humanitarian assistance (ECU 600 million in 1993). Europe is also the main contributor of troops and resources made available to Unprofor. The European Community Monitoring Mission (ECMM), now with a staff of around 400, is continuing its observer and good-offices mission, *inter alia* at local level, under circumstances which are at times dangerous and always difficult in Croatia and in Bosnia and Herzegovina. Through its presence in the countries bordering on the former Yugoslavia, that mission is also helping to prevent the conflict from spreading and turning into an international one. Lastly, the European Union and its Member States have also made an active contribution in terms of resources and personnel to missions undertaken in the CSCE framework and to operations monitoring the embargo on the Danube under WEU auspices. The Union is furthermore involved in a variety of monitoring missions as regards the embargo in the Adriatic or the overflying ban.

Despite all these efforts, the situation in the former Yugoslavia is still marked by continuing hostilities, by human rights violations, by the practice of 'ethnic cleansing' regardless of repeated condemnation by the international community, and by the ever-present risk of a humanitarian disaster in Bosnia. Those are the reasons leading the Union to redouble its efforts as regards both the search for a negotiated settlement, under the auspices of the Co-Chairmen of the International Conference on the Former Yugoslavia, and the convoying of humanitarian aid. On 29 October the European Council accordingly approved guidelines for **joint action**, which has already had some effect in humanitarian terms, prompting the parties to undertake to ensure the free passage of convoys and to accept the principle of protected routes. Only time will tell whether those new undertakings are complied with. The European Union adopted a common position on an action plan designed to restart the negotiations broken off since September 1993 and providing, as a first stage, for a settlement in Bosnia and Herzegovina meeting Bosnian claims as put forward in September 1993 and for a Serbo-Croat *modus vivendi* in territories under UN mandate. There is also provision, in the event of effective implementation by the Serbian side, for the phased, conditional suspension of sanctions against Serbia and Montenegro. That plan was put to the parties on 29 November in Geneva. On 22 December the Ministers for Foreign Affairs of the Union convened a top-level meeting of the parties concerned in Brussels in order to call upon them once again to reach agreement on that basis.

The European Union remains firmly resolved to do its utmost to bring about a viable, comprehensive settlement of the conflict in the former Yugoslavia. Clearly, only a comprehensive settlement covering all aspects of the conflict, including genuine autonomy and suitable safeguards for national minorities in the case of Kosovo, Vojvodina and Sandjak, within internationally recognized borders, will make possible the integration of Serbia and Montenegro into the international community and the normalization of their relations with the European Union.

In **the countries of the CIS and of Central and Eastern Europe**, developments have seen real progress albeit varying from country to country, along the path of economic reform and consolidation of democracy.

October's events in **Russia** dramatically illustrated the fragility of the reform process there. The European Union responded by renewing its support for President Yeltsin and the desire for reform for which he stands. That formed the backdrop to the visit by the President of the European Council and the President of the Commission to Moscow on 11 November and the visit by the Russian President to Brussels on 9 December, when a joint declaration confirming the introduction of new partnership relations was signed. The European Union also welcomed the successful holding of the first free, democratic elections in Russia, which formed the subject of one of its first instances of joint action. The European Union now hopes that Russia's reforms will continue and that the partnership agreement can shortly be concluded.

In the interests of even-handedness, the way was also opened for partnership agreements with other **CIS countries**, Ukraine, Belarus and Kazakhstan, with which negotiations are under way. The Union is continuing to provide substantial support for the economic reform process in the States of the former Soviet Union under the TACIS technical assistance programme (ECU 510 million in 1993).

A number of conflicts are continuing to unfold on the fringes of the former USSR. The European Union has endeavoured to remedy them — so far with limited success — by means of vigorous support for action undertaken in the CSCE framework and under UN auspices. The situation in Ukraine, too, continues to give cause for concern on account of socio-economic disintegration, the resulting political instability and the severe problems posed by relations with Russia. Besides offers of assistance, the European Union has made repeated representations to the authorities in Kiev in order to persuade them to honour their commitments on non-proliferation, denuclearization and accession to the Non-Proliferation Treaty (NPT). The European Union welcomed the signing of the agreement between the USA, Russia and Ukraine on nuclear matters and hopes that the Ukrainian Parliament will not block its implementation.

A major development has taken place in relations with the **countries of Central and Eastern Europe**. The European Council meeting in Copenhagen (June 1993) agreed that any of those countries linked to the Community by Europe Association Agreements which so wish may become members of the European Union once they are able to fulfil the requisite economic and political conditions, with the proviso that the Union's capacity to assimilate new members while keeping up the momentum of European integration would also be an important factor to consider. Future cooperation with the associate countries will from now on be geared to the objective of accession. With that end in view, a number of measures were decided on in order to step up support for the transition to a market economy, including greater opening-up of the Community market and the continuation of sizeable financial assistance, in particular through the PHARE programme (around ECU 1 billion in 1993). In addition, a structured relationship was established between the Union's institutions and the countries of Central and Eastern Europe as a whole through an enhanced multilateral dialogue and through consultation on topics of mutual interest, to be developed within a number of forums and to cover a wide range of topics (Community subject areas with a trans-European dimension, common foreign and security policy, and justice and home affairs).

After Hungary and Poland, which were already associated with the Union, Europe Association Agreements were signed in 1993 with Romania (1 February), with Bulgaria (8 March) and, following the break-up of Czechoslovakia, with the Czech Republic and with Slovakia (4 October). With a view to the conclusion, in due course, of Europe Association Agreements, a 'first-generation' Cooperation Agreement was signed with Slovenia and similar Agreements concluded with the Baltic States are shortly to be converted into free-trade agreements.

In the Middle East, the peace process took a spectacular step forward with the Israeli-Palestinian agreement of 13 September, forging a historic breakthrough on the way to a comprehensive solution for the region. The European Union, which has from the outset been closely involved in the peace process, is ready to play its part, in a manner still to be determined particularly as regards international guarantees, in the implementation of a comprehensive settlement. It has every interest in seeing a just, lasting, comprehensive peace take root in an adjoining region closely bound up with its network of Mediterranean relations. The European Union is following attentively the progress achieved in negotiations between Israel and Jordan, and between Israel and Lebanon, as well as with Syria. Only a comprehensive peace can lay the foundations for genuine regional cooperation. The European Union has brought that point home to the various protagonists, making clear that it is ready to enter into cooperation with each of them in order to achieve that objective.

The European Union, together with its Member States, is already the main source of finance for the Occupied Territories. Following the Israeli-Palestinian agreement, it put up the emergency funds necessary to ensure the operation of Palestinian institutions in the Occupied Territories. It is also a member of the *ad hoc* liaison committee set up following the donors' conference in Washington on 1 October 1993 for the purpose of coordinating effective aid to the Palestinians. In the medium and longer term, the European Union is ready to play its part in a regional reconstruction and development programme underpinning a comprehensive peace, for which the Commission is proposing that ECU 500 million be earmarked for 1994 to 1998, 50% of it in the form of grants and 50% in loans. That aid effort will be extended to other countries in the region which are affected by the peace process in the light of their participation in that process. Moreover, use of the funds available under the non-country-specific part of the redirected Mediterranean policy and under the Financial Protocols signed with individual countries in the region will be directed towards projects designed to promote regional cooperation.

In order to put into practice the enhanced partnership between the Union and the various countries of the **Maghreb,** as determined by the European Council in Lisbon in 1992, the Union adopted directives for the opening of negotiations with Morocco and Tunisia and hopes to engage in a similar dialogue with Algeria in the near future. Negotiating directives were also approved for the conclusion of an extended agreement with **Israel.**

The ministerial meeting and Joint Council meeting under the Cooperation Agreement between the EC and the Co-operation Council for the **Arab States of the Gulf** was held in Brussels in May and served to strengthen economic and political cooperation with that important partner.

However, the Middle East region is still experiencing many other problems jeopardizing general stability. **Libya** and **Iraq** continue, through their attitudes, to prompt maximum vigilance and the European Union remains keen to see the full implemen-

tation of all Security Council Resolutions concerning them. In both cases, the lifting of sanctions can be considered only once the Security Council Resolutions have been carried out.

The European Union continued its dialogue with **Iran,** as decided by the European Council in Edinburgh. While recognizing Iran's importance as a regional power and encouraging it to play a positive role, the aim is to clarify some aspects of its behaviour which give rise to concern, as regards terrorism, its arms policy and human rights, particularly the death sentence on Mr Salman Rushdie.

A number of countries in **Africa** received particular attention, whether on account of long-running crises, as in Zaire, Liberia, Angola, Sudan and Somalia, or a sudden deterioration in the situation, as in Burundi or Nigeria, or because of positive developments that are encouraging, as in South Africa, or still fragile, as in Mozambique, Malawi, Togo, Rwanda, Uganda, Kenya and Eritrea. In those countries, the European Union committed itself to supporting the democratization process and helped provide back-up for a number of electoral processes. Respect for human rights and promotion of the rule of law and good governance are constant concerns in cooperation with such countries, which is based on a high level of solidarity as most elaborately reflected in the Lomé Convention. In that spirit and in the desire to make cooperation more effective in the interests of ACP partners' development, the Union began determining its position for the Lomé IV mid-term review and the conclusion of a new five-year financial protocol. The European Union supported the efforts of international organizations, in particular the United Nations, supplying sizeable contingents for the operations undertaken in Somalia, Mozambique and Angola especially. Its considerable emergency aid for the Sub-Saharan countries affected by drought or civil war was backed up by rehabilitation operations (ECU 100 million in 1993) ensuring transition to the resumption of development aid.

In this picture of considerable contrasts, South Africa warrants special mention, given the significant progress made along the path to democracy and establishment of a non-racial society. That progress enabled the European Union to lift the sanctions still in force, under action against apartheid, other than those coming under the Security Council. The European Union is present on the ground through the observer mission (Ecomsa). It is preparing for the provision of considerable facilities to pave the way for and observe the elections in April 1994. Under the joint action adopted by the Council on 6 December 1993, it is also preparing to create a cooperation framework designed to strengthen the economic and social foundations for transition, and it is considering the nature of future contractual relations.

The countries in **Latin America** receiving particular attention from the European Union include Guatemala, El Salvador, Nicaragua and Haiti. Support for the process of democratization and national reconciliation embarked upon in some countries of the region has been a prime objective for the European Union, which has kept a close watch on the peace process in **Central America** and helped smooth the way

for dialogue between the various political factions concerned. At the meeting with the **Rio Group** (Copenhagen, April 1993) and at the Ministerial Conference with the Central American countries (San José IX - San Salvador, February 1993), the European Union highlighted the importance it attached to the principle of full popular participation in political and democratic processes and total respect for human rights, political freedoms and the rule of law. At those meetings, 'third-generation' Cooperation Agreements based on respect for human rights and democratic principles and involving broader economic cooperation were signed in Copenhagen with the **Andean Pact** and in San Salvador with the **Central American countries**. As regards **Haiti,** the Union condemned the action of the military in power and the non-observance of the agreements concluded for the return of President Aristide, despite the considerable pressure brought to bear by the international community. That deplorable state of affairs led to the United Nations reimposing the embargo, with which the Union is complying.

In **Asia,** cooperation with **ASEAN** developed satisfactorily, *inter alia*, through European Union participation in the 'post-ministerial' meetings following the ASEAN countries' scheduled meetings, enabling problems of mutual interest to be discussed. The post-ministerial meeting in Singapore in July 1993 made it possible, for the first time, to broach regional security issues. In the Asian region, too, developments showed especially marked contrasts from country to country. In some, as a result in particular of support from the European Union, democracy and security made significant progress. In **Cambodia,** the successful holding of elections in May 1993, followed by the adoption of a new constitution, represent a real success, in which the European Union played an active part under United Nations auspices. Elections generally regarded as free, fair and impartial were held in **Pakistan** in October 1993 with the participation of a team of observers from the European Union. While human rights violations in **Sri Lanka** seem to be decreasing, there has, on the other hand, been no improvement in the situation in **Burma,** prompting the European Union to keep up its pressure, particularly for the release of political prisoners. In another field, the European Union firmly continued with action undertaken under IAEA auspices to persuade **North Korea** to honour its non-proliferation commitments.

A 'third generation' Cooperation Agreement was signed with **India** in December, together with a statement formally establishing and strengthening political dialogue. A similar agreement is shortly to be signed with **Sri Lanka** and negotiations will soon be opened with **Vietnam.**

China is one of the countries with which the European Union maintains a dialogue including, besides endeavours for active, mutually advantageous cooperation, some criticism with regard to human rights. The European Union, along with others, tabled a draft Resolution at the 49th meeting of the Commission on Human Rights, in March 1993, concerning the human-rights situation in China. In June 1993, the European Union voiced its strong concern at reports of the arrest of Tibetans during

a visit to Tibet by European Union Heads of Mission (16 to 23 May 1993). The European Union believes that Tibet's problems can best be resolved through dialogue between the Chinese authorities and representatives of the Tibetan people, including its spiritual leader, the Dalai Lama.

In the field of **stability** and **security,** the European Union has set itself the goal of turning the continent of Europe into a haven of peace and prosperity for all of its constituent States. Realizing full well the discrepancy between that ideal and reality, particularly in terms of ways and means, the European Union has decided to master the **'European jigsaw'** step by step, patiently adjusting the different pieces to lend solidity to the whole.

The European Union attaches fundamental importance to the comprehensive nature of the **CSCE** process, bringing together the governments and peoples of Europe and those of the USA and Canada, in order to make a leading contribution to the peace and stability of the continent of Europe. The European Union played an active part in the proceedings of the CSCE Council of Ministers in Rome. It also, through its Member States, played a direct role in CSCE peace-keeping and conflict-prevention initiatives in the former Yugoslavia and in the countries of the former USSR.

In the same context, the European Union undertook at the Copenhagen European Council meeting to give favourable consideration to the idea of using the instrument of **joint action** to implement the French proposal for a **Stability Pact in Europe**. After preliminary talks with countries potentially involved, the initiative was formally inaugurated by the European Council in Brussels on 10 December. This is an exercise in preventive diplomacy with the aim of contributing to stability by averting tension and conflict in Europe, promoting neighbourly relations and encouraging countries to consolidate their borders and resolve problems of national minorities.

Since the entry into force of the Maastricht Treaty, **security** has formed an integral part of the Union's foreign policy in accordance with Title V of the Treaty. Two reports have been drawn up on identifying European security interests and on relations between the Union and the WEU. The European Union is also continuing its activities in such basic areas as **disarmament and arms control**. Among other matters, it has endeavoured to bring about progress in the full implementation of the CFE Treaty on Conventional Armed Forces in Europe, transparency in transfers of conventional arms and the control of arms exports. Internally, it has continued framing common rules for export controls on dual-use goods and technologies. **Non-proliferation**, whether in the chemical and biological or in the nuclear fields, also forms a priority action topic for the European Union.

Lastly, it is no exaggeration to say that the defence and promotion of **human rights** and fundamental freedoms inform practically all aspects of the European Union's foreign policy. It took every opportunity to reaffirm that commitment and urge its partners to follow its example, particularly at **the World Conference on Human**

Rights (Vienna, 14 to 25 June), the outcome of which was achieved in large part as a result of its action. Some recommendations of the Vienna Conference, such as the creation of a post of High Commissioner for Human Rights, have been put into practice as a result of the European Union's efforts. Similarly, the plan of action drawn up at the **Council of Europe Summit** (Vienna, 8 and 9 October) was extensively influenced by the Union. Lastly, the Union paid particular heed to monitoring and implementation of the Development Council Resolution of November 1991 on human rights, democracy and development.

In the field of international economic relations, the major event was the successful conclusion, on 15 December 1993 in Geneva, of the **Uruguay Round multilateral trade negotiations**, launched in 1986 at Punta del Este. The happy end to the most important trade negotiations ever embarked upon will lead, in particular through the establishment of a world trade organization and the incorporation of new sectors, to a stronger, innovative world trading system that contributes to the development of world trade, economic growth and job creation. The success of the negotiations long depended on the Community and the USA resolving a number of major differences holding up the multilateral negotiating process. In the final stage entered into in the second half of the year, the Council kept a very keen watch on developments in the talks and was prompted regularly to spell out, in close cooperation with the Commission, the objectives to be pursued by the Union. In this way Community solidarity and cohesion were ensured in the crucial phase of negotiations and the results achieved fulfil the requirement stated by the Community throughout the negotiations that a comprehensive, lasting and balanced agreement be reached.

In order to assist Portugal to resolve the key problem of the future of its textile industry, in view of the specific nature of its economic structures, the Council decided on special action for the modernization of the Portuguese textile industry, in addition to operations under existing instruments for economic and social cohesion. The Council also arrived at solutions to strengthen the Community's commercial policy instruments. As regards agriculture, the European Council, meeting in Brussels on 11 and 12 December, took note of the Commission's assessment regarding the compatibility with the reformed CAP of the new commitments resulting from the GATT agreement. If additional measures were to prove necessary, the Council agreed that they should not increase the constraints of the reformed CAP, nor affect its proper operation. It would, if necessary, take the requisite steps for the application of the reform, while respecting the financial decisions of the Edinburgh European Council meeting.

Negotiations for membership of the European Union were opened on 1 January 1993 with Austria, Sweden and Finland and on 5 April 1993 with Norway. The European Council meeting in Brussels on 29 October 1993 and the ministerial negotiating meetings held in Brussels on 9 November 1993 with the four applicant States served to speed up negotiations. The parties confirmed the target date of 1 January 1995 for accession and, in view of the European Parliament's willingness to give

its assent to the Accession Treaty before the end of the present parliamentary term of office (June), they set a target date of 1 March 1994 for the completion of negotiations. A significant breakthrough in the negotiations was made at the end of the year and many subject areas have already been concluded or seen substantial progress made. However, there remain some important or sensitive issues, albeit few in number, still to be tackled, particularly in agriculture, fisheries and transport.

Following the submission by the Commission of its opinions on the **membership applications from Cyprus and Malta**, the Council confirmed the ultimate suitability of those two countries for membership of the European Union and asked the Commission to use all the instruments available under the Association Agreements in order to ensure a satisfactory transition and assist those countries to make the best possible preparations for accession negotiations. In the case of Cyprus, should no prospect of a settlement to the Cyprus problem emerge in the foreseeable future, the Council will reappraise the situation, assessing the positions stated by each side in intercommunal talks, and consider in January 1995 the question of accession in the light of that situation. A Union observer at the intercommunal talks was designated.

The European Union and **Turkey** confirmed their willingness to complete a customs union on the time-scale laid down by the Association Agreement (1995), thereby continuing to strengthen cooperation between them.

The Agreement establishing the **European Economic Area** enters into force on 1 January 1994, as adjusted by the Protocol made necessary by Switzerland's non-participation. That date will thus bring free movement of goods, persons, services and capital within an economic area with a population of nearly 375 million. In response to Switzerland's wish at present to develop cooperation on a bilateral basis, while leaving open the options of participating in the EEA and joining the European Union, the Union expressed its willingness to negotiate with Switzerland further sectoral agreements based on an overall balance of reciprocal advantage at the same time as developing cooperation under the free-trade agreement.

19. Justice and home affairs

The field of Justice and Home Affairs is one of those most radically transformed by entry into force of the Treaty on European Union, since here the Twelve changed from pragmatic cooperation on specific matters to forms of cooperation defined and organized by Title VI of the Treaty.

The Council (Justice - Home Affairs) held its first meeting soon after the Treaty on European Union entered into force. It proceeded to finalize an **action plan** covering asylum policy, immigration, police cooperation, customs cooperation, the fight against drugs and judicial cooperation in civil and criminal matters, which the European Council had requested be submitted to it.

For most of 1993, however, work was conducted within the framework of intergovernmental cooperation.

As regards **asylum policy**, the Dublin Convention was ratified by six Member States and preparations for its entry into force were completed. A start was made on preparations for the possible introduction of a European automatic fingerprint recognition system (Eurodac) and other discussions are under way in this area.

The Member States focused particular attention on solving the problems raised by displaced persons from the former Yugoslavia and, at their meeting on 1 and 2 June in Copenhagen, the Ministers adopted a Resolution on certain guidelines as regards the admission of particularly vulnerable groups of distressed persons from that region.

In the area of **migration,** discussions continued on the admission of self-employed persons and students and on the employment of non-EC nationals. The Council also sought to improve the efficiency of expulsion measures and adopted basic principles for readmission agreements.

With regard to **the free movement of persons**, the Commission submitted two texts which will be considered in 1994: the one, a draft Convention on checks on persons crossing external frontiers, the other a proposal for a Regulation determining the third countries whose nationals must be in possession of a visa to enter the Community. Work is also continuing on drawing up a Convention on the establishment of a European Information System, a Convention which is closely linked to the external frontiers Convention mentioned above.

In the field of **customs cooperation**, the Council pledged itself to finalize the Convention governing the Customs Information System as soon as possible and rapidly to put in place an action plan to combat customs fraud. The implementation of these

two measures will call for close collaboration between customs and the police. In the field of **judicial cooperation on criminal matters**, the Council pressed ahead with its discussions on issues related to all aspects of **extradition** and devoted special attention to cooperation on combating international organized crime. The Council also adopted an important Resolution on the protection of the Community's financial interests. **In civil matters**, attention focused on the extension of the Brussels Convention to cover questions of family law and on streamlining the procedure for transmitting documents.

1993 saw two major events in the **action to combat drugs**: on 8 February the Council adopted a Regulation establishing the **European Monitoring Centre for Drugs and Drug Addiction** and on 1 and 2 June the Ministerial Agreement setting up the **Europol Drugs Unit** was signed in Copenhagen. More generally, at its meeting in November 1993 the Council examined Recommendations on **organized crime**, trade in human beings and environmental crime. The threat of terrorism to the Member States of the Union was regularly assessed, and at its November meeting the Council called for a report on strengthening operational cooperation in this area. Lastly, the Ministers repeatedly stressed the importance of the fight against racism and xenophobia and the Council agreed to return to this question before the end of 1994 to review the situation.

Part II

Chapter I
Functioning of the institutions

A — Council

1. During the first half of 1993 the Presidency of the Council was held by Denmark, and during the second half by Belgium.

Meetings in the first half were chaired by:

Mrs Jytte Andersen	Minister for Labour
Mr Svend Auken	Minister for the Environment
Mr Svend Bergstein	Minister for Research and Technology
Mrs Helle Degn	Minister for Development Cooperation
Mrs Jytte Hilden	Minister for Culture
Mrs Marianne Jelved	Minister for Economic Affairs
Mr Ole Vig Jensen	Minister for Education
Mr Torben Lund	Minister for Health
Mr Arne Melchior	Minister for Communications
Mr Helge Mortensen	Minister for Transport
Mr Thor Pedersen	Minister for Economic Affairs
Mr Niels Helveg Petersen	Minister for Foreign Affairs
Mr Jann Sjursen	Minister for Energy
Mr Laurits Tørnæs	Minister for Agriculture
Mr Jan Trøjborg	Minister for Industry
Mr Bjørn Westh	Minister for Agriculture and Fisheries

Meetings in the second half were chaired by:

Mr André Bourgeois	Minister for Agriculture
Mr Willy Claes	Minister for Foreign Affairs
Mr Guy Coeme	Deputy Prime Minister, Minister for Communications
Mrs Magda De Galan	Minister for the Environment
Mr Jean-Maurice Dehousse	Minister for Science Policy and Scientific and Cultural Institutions
Mr Erik Derycke	State Secretary for Cooperation and Development
Mr Philippe Maystadt	Minister for Finance
Mrs Mieke Offeciers-Van de Wiele	Minister for the Budget
Mrs Miet Smet	Minister for Employment and Labour
Mr Louis Tobback	Minister for the Interior and Policy on Non-nationals
Mr Eric Tomas	Chairman of the French Community with responsibility for culture
Mr Robert Urbain	Minister for Foreign Trade and European Affairs
Mr Luc Van den Bossche	Minister for Education and the Civil Service in the Flemish Community
Mr Herman Van Rompuy	Minister for the Budget
Mr Melchior Wathelet	Deputy Prime Minister, Minister for Justice and Economic Affairs

The 94 meetings held in 1993 were devoted to the following subjects:

20 General affairs and political cooperation [1]

12 Agriculture [1]

11 Economic and financial questions,

[1] Including a joint meeting on general affairs and agriculture.

6 the Internal market

6 the Environment [1] [2]

5 Industry

5 Fisheries

5 Transport [1]

4 Research

4 Labour and social affairs,

3 Telecommunications

3 Energy [2]

2 Education

2 Budget

2 Development cooperation

2 Consumer protection and information

2 Health

2 Cultural affairs

1 Justice and home affairs

B — Relations with the European Parliament

Presentation of the programmes and reports of the Danish and Belgian Presidencies

2. On 20 January 1993 Mr Elleman-Jensen, Minister for Foreign Affairs of Denmark and President-in-Office of the Council, presented the Danish Presidency's programme to the European Parliament meeting in plenary session in Strasbourg. He emphasized the need for the Community to make good the 'democratic deficit' and to draw closer to citizens by making the decision-making process more transparent

[1] Including a joint meeting on environment and transport.

[2] Including a joint meeting on environment and energy.

and comprehensible. The President also underlined the importance of boosting the European economy in order to reduce unemployment.

On 23 June 1993 the President-in-Office of the Council, Mr Helveg Petersen, summarized the results of the Danish Presidency before the European Parliament at its meeting in plenary session in Strasbourg. He referred to the opening-up to the public which had been achieved in particular through nine public meetings of the Council and an increase in the number of press conferences. Progress had also been made on the abolition of border controls in order to ensure the start of the internal market. In the environmental field, a fifth action programme had been initiated.

Mr Claes, President-in-Office of the Council, presented the Belgian Presidency's priorities on 14 July 1993. Its main task would be to put the Community back on the rails following the period of crisis it had been experiencing. It would be necessary to give a boost to employment and to revive the Community's social policy. On the subject of economic and monetary affairs, EMU was due to enter its second phase and the Uruguay Round had to be concluded. Relations with East European countries would be intensified and accession negotiations expedited.

On 15 December 1993 Mr Dehaene, President of the European Council, gave a report on the half-year under the Belgian Presidency to the European Parliament meeting in plenary session. He considered that the Presidency's main objective had been achieved: the Community had emerged from the crisis and had become operational again. The Maastricht Treaty had entered into force, the second phase of EMU had been initiated and 'social Europe' had been revived. With regard to international trade relations, the prospects for the GATT negotiations were promising as a result of the Presidency's active role in this sphere.

Presentation to the European Parliament of the results of the European Councils

3. On 23 June 1993 the President of the European Council, Mr Nyrup Rasmussen, informed the European Parliament meeting in plenary session of the outcome of the European Council in Copenhagen (21 and 22 June). He thought that the Community had again got over a difficult hurdle with the success of the Danish referendum. The European Community had reaffirmed the economic and social strategy of growth, competitiveness and employment as defined at the European Council in Edinburgh.

Mr Claes, President-in-Office of the Council, took part in the discussion held in plenary session on 17 November 1993 and devoted to the outcome of the European Council which had been held on 29 October in Brussels. The European Community had taken the decisions needed to implement the Treaty on European Union. As regards EMU, agreement on the seat and the appointment of the President of the

European Monetary Institute had made it possible for the latter institution to start work at the beginning of the following year.

When presenting the results of the European Council in Brussels (10 and 11 December), Mr Dehaene, President of the European Council, stressed that the meeting had made it possible to give Europe a boost, which was the first priority of the Belgian Presidency. The European Community had approved the White Paper on growth, competitiveness and employment and had worked out a plan of action for monitoring the measures taken, both at Community level and at national level. The European Council had also formulated priority measures in the home affairs and justice fields (Europol).

Debates in plenary session in which the Council took part

4. Mr Helveg Petersen, President-in-Office of the Council, took part on 10 February 1993 in the debate in plenary session on Community enlargement. He referred to the principles established by the European Council, in particular full respect by the applicant countries for the *acquis communautaire*. Negotiations would be conducted in parallel with each of the EFTA countries and the European Parliament would be informed of the progress of negotiations.

On 10 March 1993 Mr Helveg Petersen also took part in the debates in plenary session on the supply of arms to Iran. He stressed that Iran should comply with the principle of nuclear non-proliferation and only develop the civil nuclear side. As for the Middle East, he thought that peace in the region was dependent on the parties trusting each other.

On 21 April the President-in-Office of the Council and Minister for Foreign Affairs of Denmark, Mr Helveg Petersen, spoke in the debate in plenary session on the Committee of the Regions. He pointed out that the composition and powers of the Committee were laid down by the TEU and he referred to the provisions relating to its operation, including its budgetary autonomy. As regards the Environment Agency, the President of the Council regretted that the seat of that institution had not yet been settled but expressed the hope that this would soon be the case. He also stressed the importance of incorporating environmental policy into other Community policies.

5. Mr Helveg Petersen took part in the discussion in plenary session held on 26 May 1993 on the eve of the Copenhagen Summit. He outlined the agenda and the progress made in preparation for the European Council. As for relations with Central and Eastern Europe, the President of the Council replied to several oral questions concerning these dossiers. He then made a statement on behalf of the Council on the situation in Bosnia and Herzegovina.

On 23 June 1993 the President of the Council, Mr Helveg Petersen, replied to oral questions concerning **EMU** and **economic and social cohesion**. He stressed that

economic cohesion and the fight against unemployment were absolute priorities for the Community.

On 13 July 1993 Mr Claes, President-in-Office of the Council, welcomed the adoption, following a compromise between the three institutions, of the Opinion at second reading on the Structural Funds. As was pointed out, the compromise took account of most of the European Parliament's concerns regarding, for example, environmental aspects, transparency and control. Mr Claes also took the floor on 14 July in a debate on the free movement of persons and immigration. He informed the European Parliament of the conclusions reached at the Tokyo Summit (G 7). Finally, he took stock of the enlargement negotiations.

Mr Urbain, Minister for Foreign Trade and European Affairs of Belgium, took part on 15 September in the debate on Interinstitutional Agreements. He stressed that as regards transparency each institution would have to accept its responsibilities. He also presented to the plenary session the draft Community budget for 1994. Finally, he replied to an oral question with debate concerning shipping in the Community. Mr Maystadt, Minister for Finance of Belgium, made a statement on the European monetary system and the future of economic and monetary union.

On 29 September Mr Urbain, President-in-Office of the Council, took part in the debate on the GATT negotiations in a plenary session of the European Parliament which was meeting for the first time in the new assembly hall in Brussels. He also made a statement on the situation in Russia.

6. On 27 October 1993 the President of the Council, Mr Urbain, opened the debate on the implementation of the Treaty on European Union, pointing out that the European Council meeting on 29 October would mark the entry into force of the Treaty, thus giving a new impetus to the construction of Europe. He outlined the points expected to be discussed at that European Council. Mr Urbain also took part in the debate on social exclusion on the basis of oral questions to the Council and in the debate on crossing of the Community's external frontiers.

Mr Derycke, President-in-Office of the Council, took the floor on 1 December 1993 in the debate on racism and xenophobia held in plenary session in Brussels. He referred in particular to the previous declarations and resolutions in this sphere, adopted by the Council, the Commission and the European Parliament in 1977 and 1986 and by the Council and the Member States in 1990.

Mr Van Rompuy, President-in-Office of the Council (Budget), took part in the debate on the draft general budget of the European Communities for 1994 held on 14 December in Strasbourg. He stated that the draft took account of the difficult budgetary situation without jeopardizing the decisions taken at the Edinburgh European Council and that at the same time it took broad account of the European Parliament'samendments.

On 15 December 1993 Mr Dehaene, President-in-Office of the European Council, took part in the debate on police cooperation on the basis of two oral questions to the Council. He referred to the decisions taken by the Heads of State or Government concerning Europol and the drugs unit.

C — Relations with other institutions or bodies

Court of Justice

CASES BEFORE THE COURT OF JUSTICE

7. In the course of 1993 the Council was involved in 23 cases before the Court of Justice.

Thirteen cases were brought pursuant to Article 173 of the EC Treaty. One case concerned proceedings for annulment brought by a Member State with regard to a Council act. The European Parliament instigated four sets of proceedings for annulment against the Council. The Commission, for its part, twice brought such proceedings against the Council.

In addition, the Council was involved in nine cases concerning requests for preliminary rulings from national courts under Article 177 of the EC Treaty with a view to defending the validity of one of its acts.

Finally, the Council was involved in supporting the Commission in proceedings for annulment brought against the latter by the European Parliament.

CASES BEFORE THE COURT OF FIRST INSTANCE

8. In the course of 1993 the Council was involved in 316 cases before the Court of First Instance.

Of these cases, 292 concerned proceedings brought by natural or legal persons on the basis of the second subparagraph of Article 215 coupled with Article 178 of the EC Treaty, requesting compensation for damages attributable to action by the Council, in particular as a result of the entry into force of the arrangements concerning the additional levy on milk.

Pursuant to Article 173 of the EC Treaty, 21 cases were brought by natural or legal persons for the annulment of a Council act.

Finally, the Council was involved in three sets of proceedings brought by natural or legal persons for the annulment of a Commission act.

Economic and Social Committee

9. On three occasions in 1993 the President-in-Office of the Council took part in plenary sessions of the Economic and Social Committee. On 28 January 1993 Mrs Jytte Andersen, Minister for Labour and Minister for Equal Opportunities for Men and Women in Denmark, reported on the situation on the labour market and on trends in the Community's social dimension. She referred in particular to the general priorities of the Danish Presidency.

On 23 September 1993 Mr Jean-Luc Dehaene, Prime Minister of Belgium, delivered a speech to the Economic and Social Committee in which he placed emphasis on the entry into force of the Treaty on European Union on 1 November (provided that Germany was able to ratify it in good time) and on the problems of the common foreign policy and of unemployment resulting from the economic crisis.

The Minister for Finance of Belgium, Mr Philippe Maystadt, took part in the debate held on 20 October 1993 on growth, competitiveness and employment and on the Annual Economic Report for 1993. He outlined a series of conditions which, in his view, would have to be fulfilled if Europe were to emerge from recession.

Entry into force of the Treaty on European Union entailed certain changes in relations between the Council and the Economic and Social Committee. Firstly, the Committee could now amend its own Rules of Procedure without obtaining the Council's approval. In addition, the Committee would enjoy the same independence as that enjoyed by the Court of Auditors hitherto with regard to its budget and personnel management. Finally, the period which the Council could fix in an emergency for the Committee to give its opinion was increased from a minimum of 15 days to a minimum of one month.

Council of Europe

10. The Belgian Prime Minister, Mr Dehaene, took part in the first Summit of Heads of State or Government of the Member States of the Council of Europe which was held in Vienna (Austria) on 8 and 9 October and spoke there in his capacity as President of the European Council.

It should be noted that it was decided on that occasion to initiate the process for the revision of the protection mechanism introduced by the European Convention for the Protection of Human Rights and Fundamental Freedoms.

Under the Belgian Presidency the Council resumed its examination of the Commission proposal of November 1990 concerning Community accession to that Convention.

At its meeting on 29 and 30 November it agreed to request the Court of Justice's opinion on the compatibility of such accession with the EC Treaty.

D — Statistics

11. Attendance by Presidents-in-Office of the Council at meetings of European Parliament committees: see tables in Annexes I and II.

Parliamentary questions: in the course of 1993 the Council replied to 307 questions during Question Time, to 42 oral questions with debate and to 342 written questions.

Consultations of the European Parliament:	205
Consultations of the Economic and Social Committee:	120
Requests for urgent procedure:	46
Common positions:	55

E — Institutional affairs — Community law

12. In the institutional area, 1993 marked an important stage in the life of the Community.

With the entry into force on 1 November of the Maastricht Treaty (signed on 7 February 1992) the European Union was established after a process of ratification which gave rise to an unprecedented substantive debate in all Member States.

At a second referendum on 18 May the Danish people thus approved (56.7% voted 'yes') the Treaty on Union, which had been submitted to it again together with the decision making specific arrangements for Denmark as agreed at the Edinburgh European Council in December 1992.

The House of Lords completed the parliamentary ratification process in the United Kingdom on 20 July.

When the German Federal Constitutional Court gave its judgment on 12 October in favour of the compatibility of the Treaty with the German Constitution, this gave the green light to the entry into force of the Treaty on 1 November.

With a view to facilitating application of the new Treaty and in recognition of the increased role conferred on the European Parliament, the Council and the Commission concluded with it a series of Interinstitutional Agreements contained in the declaration on democracy, transparency and subsidiarity which the three institutions signed on 25 October in Luxembourg in the course of an interinstitutional conference.

The Interinstitutional Agreement on the implementation of the principle of subsidiarity thus gave tangible form to the wish expressed by the European Council in Edinburgh and reiterated in Copenhagen in June of that year that agreement be

sought on the matter with a view to ensuring that this principle as defined in Article 3b of the new Treaty was reflected in the Community legislative process.

The three institutions also approved the terms of the decision that the European Parliament should adopt concerning the regulations and general conditions governing the performance of the duties of the Ombudsman, a new post set up by Article 138e of the Maastricht Treaty in connection with citizenship of the Union, and which is intended to facilitate the settlement of disputes between the Community administration and citizens.

Practical arrangements spelling out the conduct of the proceedings of the Conciliation Committee which is required to meet under the new Article 189b of the Treaty introducing the legislative co-decision procedure between the Parliament and the Council were also adopted at the Conference in Luxembourg.

13. On the budgetary front, the two arms of the authority, namely the European Parliament and the Council, concluded an Interinstitutional Agreement on budgetary discipline on 29 October. The aim is to ensure the smooth running of the budgetary procedure in compliance with the financial perspective agreed in Edinburgh in December 1992 and for the period covered by the perspective (1993-99).

In anticipation of the forthcoming renewal of the European Parliament in June 1994 the Council adopted on 1 February the decision increasing the number of Parliament Members and their new distribution.

This change, which brings the total number of seats to 567, is designed to take account of the representation of citizens in the eastern part of the unified Germany and to ensure that the respective demographic importance of the Member States is reflected to some extent, in accordance with the recommendation made in a resolution adopted by the European Parliament itself on 10 June 1992 and with an eye to the next enlargement of the Union.

Again with a view to the forthcoming elections to the European Parliament and in order to implement another of the most tangible — and symbolic — provisions of the citizenship established by Article 8 of the Treaty on Union, the Council adopted on 6 December a Directive laying down detailed arrangements for the exercise of the right to vote and to stand as a candidate in elections to the European Parliament for citizens of the Union residing in a Member State of which they are not nationals.

14. On the occasion of the European Council in Brussels on 29 October, in order to mark and at the same time prepare the entry into force of the Treaty on Union three days later, a declaration by the European Council was published underlining the contribution that the new Treaty would make to the concrete expression of the possibilities that membership of the Communities had already created for its Member States for over 40 years.

The Union, one of whose aims is to be close to its citizens, drew lessons from its difficult inception, and 1993 was also devoted to application of the guidelines adopted at the Edinburgh European Council in December 1992 regarding the openness and transparency of Council proceedings and confirmed in June in Copenhagen.

On 6 December the Council and the Commission adopted a code of conduct regarding public access to their documents which the Council put into effect on 20 December when it adopted a Decision on the practical arrangements for such access as far as its own role was concerned.

Similarly on 6 December the Council adopted new Rules of Procedure which consolidated the practice which had gradually been established during the year with regard to the opening-up to the public of Council discussions and publication of the result of Council voting.

15. 1993 also saw another opening-up, that of the Union itself, with the commencement on 1 February of the negotiations for enlargement to include Austria, Finland and Sweden and on 5 April to include Norway. The negotiations progressed so well, that they seemed to be close to completion at the end of the year, with the target of 1 January 1995 for their actual accession agreed to by the European Council in Copenhagen having a good chance of being met.

At its meeting on 10 and 11 December in Brussels the European Council adopted the Union's position on the place of the applicant countries in the institutions and bodies of the enlarged Communities.[1]

16. It was also agreed that all the measures deemed necessary to facilitate the work of the institutions and guarantee their effective operation would be examined at the Intergovernmental Conference which, under the Maastricht Treaty, was to be convened in 1996.

After resolving the difficult issue of the seat of the institutions in December 1992 in Edinburgh, the European Council designated, at its meeting on 29 October in Brussels, a whole series of seats for Community bodies and departments, some of which had been awaiting a decision for several years.[2]

On 8 June the Council adopted a Decision extending the powers of the Court of First Instance of the European Communities by transferring to it all the proceedings brought by natural or legal persons which until then had been dealt with by the Court of Justice, apart — for the time being — from those concerning measures to protect trade. This Decision amended the Decision of 24 October 1988 which had

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[1] See details of the breakdown in Part I: Functioning of the institutions and institutional affairs — Institutional affairs relating to enlargement.

[2] See Part I: Institutional affairs.

set up the Court through the application of Article 168a of the EC Treaty as inserted in 1986 by the Single European Act.

In accordance with the conclusions of the Edinburgh European Council in December 1992, the legal services of the Parliament, the Council and the Commission devised a draft accelerated working method with a view to the official consolidation of legislative texts. Examination of the draft started within the subordinate bodies of each of the three institutions.

Chapter II
Internal market — Freedom of movement

A — Abolition of physical frontiers

Controls on goods and customs union

COMMON CUSTOMS TARIFF

17. During 1993 the Council adopted eight Regulations temporarily suspending autonomous Common Customs Tariff duties and 15 Regulations opening or increasing Community tariff quotas for certain products or amending those Regulations.

On 17 March it adopted a Regulation amending Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff.

CHECKS ON THE CONFORMITY OF GOODS

18. On 8 February the Council adopted a Regulation on checks for conformity with the rules on product safety in the case of products imported from third countries.

The main purpose of this Regulation is to provide customs authorities with a legal basis enabling them to take action on external borders by temporarily suspending the customs clearance procedure where imported products might present a direct health or safety hazard or where they appear not to comply with Community or national rules in force.

INTERNATIONAL CUSTOMS CONVENTIONS

19. On 15 March the Council adopted a Decision concerning the conclusion of the Convention on Temporary Admission (Istanbul Convention) and acceptance of its Annexes. This Convention was adopted by the Customs Cooperate Council in June 1990 and the Community played a very active part in negotiating it. It is intended to become the reference Convention on temporary admission and will replace the large number of international agreements currently governing this area.

On 16 December the Council adopted a Decision concerning the conclusion of Customs Conventions on the temporary importation of private road vehicles (New York, 1954) and commercial road vehicles (Geneva, 1956) and the acceptance of the United Nations Resolution of 2 July 1993 on the applicability of 'Carnets de passage en douane' and CPD carnets to private road vehicles and commercial road vehicles. In their revised form these Conventions include a specific clause allowing Community accession.

STATISTICS

20. In the field of statistics, the Council adopted four Regulations, the main purpose of which is to contribute to the smooth operation of the internal market. The Regulations concern statistical units for the observation and analysis of the production system in the European Community (15 March 1993), transit statistics and storage statistics relating to the trading of goods between Member States (5 April 1993), Community coordination in drawing up business registers for statistical purposes (22 July 1993) and statistical classification of products by activity in the EEC (29 October 1993).

B — Abolition of technical and legal frontiers

Technical barriers

EXPLOSIVES FOR CIVIL USE

21. On 5 April the Council adopted a Directive on the harmonization of provisions governing the placing on the market and supervision of explosives for civil use.

The main purpose of the Directive is:

(i) to harmonize legislation governing the placing on the market of explosives by laying down essential product safety requirements and the procedures for checking conformity;

(ii) to set up a system for the supervision of transfers of explosives within the Community with the principal aim of abolishing checks at internal frontiers.

MACHINERY

22. On 14 June the Council adopted a Directive amending Directive 89/392/EEC on the approximation of the laws of the Member States relating to machinery.

The main purpose of that Directive is to insert in Directive 89/392/EEC a section on machinery for the raising and moving at a height of persons with the exception of lifts, which are included in a separate proposal for a Directive. It allows for the additional risks specifically run by such persons, which are not covered by the essential safety requirements in Chapter 4 of the Directive on machinery (relating to lifting equipment (for goods)).

CE CONFORMITY MARK

23. On 22 July the Council adopted a Directive and a Decision on harmonization of rules on CE conformity markings for industrial products covered by the 'New Approach' Directives.

The instruments concerned are:

(i) a Directive amending 11 Directives already adopted on the basis of the new approach and introducing the CE mark into Directive 73/23/EEC concerning low voltage;

(ii) a Decision supplementing Decision 90/683/EEC of 13 December 1990 concerning the certification modules for use in the technical Directives with provisions regarding the harmonized rules on CE conformity marking.

The CE marking rules adopted implement the principles laid down in the Council resolution of 7 May 1985 on the new approach and in the resolution of 21 December 1989 on a global approach to conformity assessment of industrial products. Under these rules, the CE mark on an industrial product denotes the latter's conformity with all of the provisions of the Directive concerning it and consequently ensures free movement of those products on the Community market.

MEDICAL DEVICES

24. The Council adopted a Directive on medical devices.

This Directive, the proposal for which was submitted in the context of the White Paper on the completion of the internal market, seeks to harmonize, in accordance with the new approach procedure, the conditions for the marketing and placing into service of medical devices with a view to protecting the health and safety of patients and users.

PPE

25. On 29 October the Council adopted a Directive amending Directive 89/686/EEC on the approximation of the laws of the Member States relating to personal protective equipment (PPE).

LIGHT COMMERCIAL VEHICLES

26. On 28 June the Council adopted a Directive aimed at making the standards for emissions applicable to light commercial vehicles as stringent as those in force for private vehicles (Directive 70/220/EEC as last amended by Directive 91/441/EEC on the approximation of measures to be taken against air pollution by emissions from motor vehicles).

TWO- OR THREE-WHEELED MOTOR VEHICLES

27. During 1993 considerable progress was made towards a Community type-approval system for two- or three-wheeled vehicles. After adopting in June 1992 the framework Directive laying down the conditions for granting EC type-approval, the Council was asked to act on a number of Commission proposals for the individual Directives provided for in the framework Directive. The Council adopted 10 Directives on braking (5 April 1993), identification of controls, telltales and indicators, audible warning devices, stands, passenger hand-holds, devices for protection against unauthorized use, statutory markings (all adopted on 14 June 1993) and the installation of lighting and light-signalling devices, masses and dimensions and the position for mounting the rear registration plate (all adopted on 29 October 1993).

The Council adopted a common position on 28 June 1993 on the 11th proposal submitted by the Commission, concerning the maximum torque and maximum power of these vehicles.

The Council also adopted a common position on the Directive relating to the mechanical coupling devices of motor vehicles and their trailers and their attachment to those vehicles (27 September 1993) and on the Directive amending Directive 70/220/EEC relating to measures to be taken against air pollution by emissions from motor vehicles (10 December 1993).

MEDICINAL PRODUCTS

28. On 14 June 1993[1] the Council adopted three Directives on:

(i) amendments to Directives 65/65/EEC, 75/318/EEC and 75/319/EEC on the approximation of the provisions laid down by law, regulation and administrative action relating to medicinal products for human use;

(ii) the repeal of Directive 87/22/EEC on the approximation of national measures relating to the placing on the market of high-technology medicinal products, particularly those derived from biotechnology;

[1] OJ L 214, 24.8.1993.

(iii) amendments to Directives 81/851/EEC and 81/852/EEC on the approximation of the laws of the Member States in respect of veterinary medicinal products.

29. On 22 July 1993[1] the Council adopted a Regulation laying down Community procedures for the authorization and supervision of medicinal products for human and veterinary use and establishing a European Agency for the Evaluation of Medicinal Products.

This legislative package is aimed at ensuring that there is a genuine single market in medicinal products and it supplements the technical harmonization in the pharmaceuticals sector begun in 1965 and completed in 1992 with the adoption of the Directives on the rational use of medicinal products for human use.

The main features of this new system for the free movement of medicinal products are summarized below.

It establishes a new centralized procedure leading to a Community authorization directly valid in all Member States for the most innovative medicinal products. The Community is, moreover, responsible for the monitoring of the medicinal products authorized under this procedure and the technical updating of the supporting documentation. The centralized procedure is compulsory for biotechnological and veterinary medicinal products intended to increase productivity and is optional for other innovative medicinal products.

The decentralized procedure, which is based on the principle of mutual recognition of national authorizations and which enables marketing authorizations issued by one Member State to be extended to other Member States, has been reinforced. The decentralized procedure will enable a firm which has obtained an authorization in one Member State to apply for one or more other Member States to accept that authorization, with binding arbitration at Community level in the event of any of the Member States concerned not accepting it. After a period of three years during which the decentralized procedure would remain optional, this procedure will become compulsory whenever a request for authorization concerns more than one Member State, in order to ensure that decisions are uniform throughout the internal market.

A European Agency for the Evaluation of Medicinal Products supplying appropriate logistical support for the proper functioning of these two procedures is established. The new Agency will encompass in particular the present Committee for Proprietary Medicinal Products and the Committee for Veterinary Medicinal Products, which will be at the head of its scientific structures. At the Brussels European Council on 29 October 1993, the representatives of the governments of the Member States decided by common accord that the Agency would be located in London.

[1] OJ L 214, 24.8.1993.

Cooperation and, where appropriate, coordination procedures regarding pharmacovigilance (monitoring of the side effects of medicinal products) have been introduced.

MISCELLANEOUS

30. The Council adopted common positions on the following four Directives in the field of technical barriers:

(i) amending for the second time Directive 83/189/EEC laying down a procedure for the provision of information in the field of technical standards and regulations (11 November 1993);

(ii) on the approximation of the laws, regulations and administrative provisions of the Member States relating to labelling of the materials used in the main components of footwear for sale to the consumer (11 November 1993);

(iii) on the approximation of the laws of the Member States concerning equipment and protective systems intended for use in potentially explosive atmospheres (11 November 1993);

(iv) on the approximation of the laws, regulations and administrative provisions of the Member States relating to recreational craft (16 December 1993).

Intellectual property

BROADCASTING

31. Following a policy debate on 5 April, the Council adopted its common position with a view to adoption of the Directive on the coordination of certain rules concerning copyright and related rights applicable to satellite broadcasting and cable retransmission on 10 May 1993.

Following the Opinion of the European Parliament on the second reading, delivered on 14 July 1993, the Council finally adopted the Directive on 27 September 1993[1] taking account of the amendments proposed by the European Parliament.

This Directive added to the 'Television without frontiers' Directive[2] provisions to ensure that copyright and related rights are respected in both satellite broadcasting

[1] OJ L 248, 6.10.1993.

[2] Directive 89/552/EEC of 3 October 1989 on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities, OJ L 298, 17.10.1989.

and cable retransmission of works, performances and other subjects protected by those rights.

The Directive provides that satellite broadcasting is subject to the authorization of the holder of that right and that such authorization must be obtained in the country of origin. It also provides for a common level of protection for authors, artists, performers, producers of phonograms and broadcasting organizations throughout the Community.

As regards cable retransmission rights, these must be negotiated solely through collecting societies representing the various categories of rightholders.

TERM OF PROTECTION

32. Following a policy debate on 14 June, on 22 July 1993 the Council adopted a common position with a view to adoption of the Directive on the harmonization of the term of protection of copyright and certain related rights.

Following the Opinion of the European Parliament on the second reading, given on 27 October 1993, the Council finally adopted the Directive on 29 October 1993.[1] The text corresponds to the common position, since the European Parliament did not propose any amendments.

The Directive provides for the term of copyright to be harmonized to cover the author's life and 70 years after his death, as proposed by the Commission and approved by the European Parliament.

It contains a special rule concerning the term of protection for cinematographic or audiovisual works: protection will come to an end 70 years after the death of the last of the following persons to survive: the principal director, the author of the screenplay, the author of the dialogue and the composer of music created specifically to be used in the work. The calculation of this term in relation to the death of the four persons concerned is without prejudice to the ownership of the works concerned.

In the case of the main related rights (those of performers, producers of phonograms or of films and broadcasting bodies), the term of protection is harmonized at 50 years. The content of such rights has already been harmonized, by Directive 92/100/EEC on rental right and lending right and on certain rights related to copyright in the field of intellectual property.[2]

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[1] OJ L 290, 24.11.1993.

[2] OJ L 346, 27.11.1992.

DATABASES

33. Throughout 1993 the Council's subordinate bodies continued examining the proposal for a Directive on the legal protection of databases,[1] followed by the amended proposal submitted by the Commission[2] following the Opinion delivered by the European Parliament on the first reading on 23 June 1993.[3]

The aim of this proposal is firstly to protect electronic databases by copyright as collections within the meaning of Article 2(5) of the Berne Convention for the Protection of Literary and Artistic Works, provided that they satisfy the criterion of originality, and secondly to provide a specific right protecting the content of electronic databases, which will apply whether or not they qualify for copyright protection.

TOPOGRAPHIES OF SEMICONDUCTOR PRODUCTS

34. The Council adopted:

(i) on 27 September 1993, a Decision amending Decision 93/16/EEC on the extension of the legal protection of topographies of semiconductor products to persons from the United States of America and certain territories,[4]

(ii) on 20 December 1993, a Decision on the extension of the legal protection of topographies of semiconductor products to persons from the United States of America.[5]

The Decision of 27 September extended the provisional protection provided by Decision 93/16/EEC[6] to the territories of Aruba and the Netherlands Antilles.

Since the provisional protection provided by Decision 93/16/EEC expired on 31 December 1993 as regards natural or legal persons from the United States, the Decision of 20 December extended that protection for those persons until 1 July 1994, to allow time for the procedure for granting mutual unlimited protection to be established.

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1 OJ C 156, 23. 6.1992.
2 OJ C 308, 15.11.1993.
3 OJ C 194, 19.7.1993.
4 OJ L 246, 2.10.1993.
5 OJ L 6, 8.1.1994.
6 Council Decision 93/16/EEC of 21 December 1992 on the extension of the legal protection of topographies of semiconductor products to persons from the United States of America and certain territories, OJ L 11, 19.1.1993.

PATENT LAW

Agreement relating to Community patents of 15 December 1989[1]

35. At its meeting on 27 September 1993 the Council noted that four Member States (Denmark, Germany, Greece and France) had already deposited their instruments of ratification and that the other Member States intended to ensure that the Agreement could enter into force in the near future.

Legal protection of biotechnological inventions

36. At its meeting on 16 December 1993 the Council reached political agreement on its common position on the proposal for a Directive on the legal protection of biotechnological inventions.

This proposal for a Directive is designed to harmonize the conditions for issuing patents for biotechnological inventions and certain other related provisions, for example the scope of the protection conferred by such patents, in view of the so-called farmer's privilege, or the possibility of granting compulsory licences on such patents.

The common position should be formally adopted by the Council at the beginning of 1994 and then forwarded to the European Parliament for the second reading under the co-decision procedure.

TRADE MARK LAW

37. At its meeting on 20 and 21 December 1993 the Council adopted the Regulation on the Community trade mark.

Under that Regulation a Community trade mark system was set up. The main points may be summarized as follows.

(i) The Community trade mark confers a uniform right for the whole Community. This right entitles the holder to prohibit any other person from using the same trade mark for identical products or services and, if there is a risk of confusion, also for similar products. This also applies to cases where another person uses a trade mark similar to that of the holder.

(ii) The Community trade mark will be granted by the Office for Harmonization in the Internal Market. Before registering the trade mark, the Office will examine whether there is any absolute reason against it, for example whether it is contrary to public policy or to accepted principles of morality. Further-

[1] OJ L 401, 30.12.1989.

more, the Office can take account of relative grounds only if they are submitted as opposition by a third party, for example where a third party claims to possess an earlier national or Community trade mark.

(iii) Even when the trade mark has been registered, the holder's right may be revoked (for example, if he has not used it for five years), or declared invalid (for example, if a third party can claim an earlier identical trade mark).

(iv) The trade mark is initially valid for 10 years, but may be renewed for further 10-year periods.

(v) Any natural or legal person domiciled in a Member State or in a third country which is a party to the Paris Convention for the Protection of Industrial Property may be the holder of a Community trade mark.

(vi) Detailed provisions are laid down to ensure legal protection for the parties to proceedings before the Office. The parties may appeal against decisions by the various departments of the Office (examiners, Opposition Divisions, etc.) before the Board of Appeal and actions may be brought before the European Court of Justice against decisions of the Board of Appeal. However in some situations national courts will be required to give a ruling, for example where a Community mark is infringed.

(vii) The languages of the Office are Spanish, German, English, French and Italian.

(viii) Applications for Community trade marks are filed in one of the official languages of the European Community, to be chosen by the applicant, who must also indicate a second language which must be one of the languages of the Office. The notice of opposition, the application for revocation or invalidity must be filed in one of the languages of the Office. If that language is one of the two languages chosen by the applicant, it will be the language of the proceedings; if not, the opposing party or the party seeking revocation or invalidity is required to produce a translation of his application into one of those two languages, provided that it is a language of the Office. The language into which the application is translated will then become the language of the proceedings. However, the parties to the proceedings may agree that another official language of the Community should be the language of the proceedings.

38. The Office for Harmonization in the Internal Market will have its seat in Alicante (Spain). Its language arrangements will enable any economic operator domiciled in the Community or elsewhere to file an application for a trade mark in one of the nine Community languages.

The Community trade mark system does not replace Member States' national trade mark systems, which were harmonized by a Community Directive of 1988, but supplements them. Economic operators will be able to choose between the two systems and their choice will doubtless be determined to a large extent by the financial and administrative advantages offered by each system in individual cases.

PROCEEDINGS IN THE FRAMEWORK OF INTERNATIONAL ORGANIZATIONS, IN PARTICULAR THE WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO)

39. The Member States and the Commission coordinated their positions, by the usual procedures, in preparation for the following proceedings:

(i) third meeting of the Committee of Experts on the development of The Hague Arrangement concerning the international deposit of industrial designs (26 to 30 April 1993);

(ii) fifth session of the Committee of Experts on the settlement of disputes between States in the field of intellectual property (10 to 21 May 1993);

(iii) fifth and sixth sessions of the Committee of Experts on the harmonization of laws for the protection of marks (7 to 18 June and 29 November to 10 December 1993);

(iv) third session of the Committee of Experts on a possible protocol relating to the Berne Convention for the Protection of Literary and Artistic Works (21 to 25 June 1993);

(v) first and second sessions of the Committee of Experts on a possible instrument on the protection of the rights of performers and producers of phonograms (28 June to 2 July and 8 to 12 November 1993);

(vi) second series of meetings of the WIPO executive bodies (20 to 29 September 1993);

(vii) Council of Europe proceedings on a draft Convention on issues of copyright and neighbouring rights in the framework of transfrontier broadcasting by satellite.

Protection of individuals with regard to the processing of personal data

AMENDED PROPOSAL FOR A COUNCIL DIRECTIVE ON THE PROTECTION OF INDIVIDUALS WITH REGARD TO THE PROCESSING OF PERSONAL DATA AND ON THE FREE MOVEMENT OF SUCH DATA

40. This proposal was discussed in depth throughout the year by the appropriate Council bodies. However, in view of the complexity of the subject, the discussions are still at technical level.

Public contracts

41. The Council carried out three consolidations. Directive 93/37/EEC[1] contains all the provisions governing public works contracts, Directive 93/36/EEC[1] the provisions on public supply contracts and Directive 93/38/EEC[1] those applicable to contracts concluded in the water, energy, transport and telecommunications sectors. The consolidations represent a major step towards transparency of the rules on public contracts and make it much easier to read and understand the Community provisions on the subject.

Freedom of movement for employees and in the professions Consolidation of the Directives on doctors

42. On 5 April 1993 the Council adopted Directive 93/16/EEC designed to facilitate the free movement of doctors and the mutual recognition of their diplomas, certificates and other evidence of formal qualifications (consolidated version).[2] This Directive established a consolidated text which provides a more accessible version of all the provisions existing in the following fields:

(i) mutual recognition of diplomas, certificates and other evidence of the formal qualifications of doctors and specialist doctors, including measures to facilitate the effective exercise of the right of establishment and freedom to provide services;

(ii) coordination of provisions laid down by law, regulation or administrative action in respect of activities of doctors;

(iii) specific training in general medical practice.

Financial services

INVESTMENT SERVICES AND CAPITAL ADEQUACY

43. At the close of the cooperate procedure with the European Parliament the Council finally adopted the Directive concerning investment services in the securities field on 10 May 1993.

This Directive and the supplementary Directive adopted on 15 March 1993 on the capital adequacy of investment firms and credit institutions were published in the same edition of the Official Journal.[3]

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1 OJ L 199, 9.8.1993.
2 OJ L 165, 7.7.1993.
3 OJ L 141, 11.6.1993.

Investment services

44. The Directive will enable an investment firm in any Member State to carry on business throughout the Community on the basis of a single authorization (known as the European passport) issued by its home Member State.

To this end, the Directive, *inter alia*:

(i) harmonizes the conditions of authorization and for carrying on business;

(ii) assigns competence for prudential supervision to the control authorities of the home Member State;

(iii) organizes collaboration between the authorities of the host Member State and of the home Member State in monitoring compliance of the firm's activities with the standards of the host Member State which apply to it;

(iv) gives investment firms right of access to all regulated markets in the Community, on the understanding that local rules and the operating rules for clearing and settlement must be observed;

(v) establishes minimum transparency rules to be complied with on regulated markets in order to guarantee investors a sufficient level of protection;

(vi) sets out the principles to which the rules of conduct, to be established by Member States, must respond and which the investment companies must respect in their relations with the investors.

Further harmonization is planned in respect of compensation systems for investors. Pending adoption of that legislation, each investor can be covered by his national system.

Capital adequacy

45. The Directive is the necessary complement to the investment services Directive.

The capital adequacy Directive meets several objectives at the same time; it ensures the solidity of an important aspect of financial services on integrated bases which ensure equivalent treatment throughout the Community, guarantees equal protection for investors, ensures compliance with equivalent conditions of competition between banks and securities establishments and, finally, strengthens Europe's attraction as a world financial centre.

Whilst the second banking Directive determined the amounts of initial capital for credit institutions, the capital adequacy Directive lays down for investment firms three levels of initial capital, depending on the nature of the activities which they are authorized to perform:

(i) firms which do not hold clients' money or which are not authorized to deal for their own account: ECU 50 000;

(ii) firms operating on investors' orders: ECU 125 000;

(iii) all others: ECU 730 000.

46. A temporary derogation is provided for in respect of firms existing on the date of entry into force of the Directive to enable them to adjust their funds. A transitional solution has also been prepared for changes in partnerships in which one of the original partners remains in the partnership, and for transfers of ownership by inheritance.

Lastly, it should be noted that the review clause is designed to make it possible in the near future (three years from entry into force) to make the adjustments necessary to take into account structural changes in the markets, notably at international level.

TRANSFERABLE SECURITIES

Undertakings for collective investment in transferable securities (UCITS)

47. The Council began discussing a new proposal for a Directive aimed at amending the 1985 UCITS Directive. The Commission proposal is designed to supplement the 1985 Directive in several respects, in particular by extending its scope to cover UCITS investing in the units of other UCITS and funds investing solely in bank deposits (cash funds).

Listing particulars

48. The Council examined in depth the proposal for a Directive intended to simplify the requirements for companies listed on a stock exchange as regards the obligation to publish listing particulars by extending the scope of Article 6 of Directive 80/390/EEC. That Article already includes a number of instances where the competent authorities in each Member State may grant a total or partial exemption from the requirement to publish listing particulars. The proposal for a Directive would extend that possibility to two other cases:

(i) the case where a company already officially listed on the stock exchange of one Member State asks to be admitted to official listing on the stock exchange of another Member State;

(ii) the case where a company whose shares have already been listed for at least two years on a regulated second-tier market asks to be admitted to official listing in the same Member State.

The Council's discussions resulted in some points of convergence, which should help it to reach a common position, in the light of the Opinion of the European Parliament which was delivered on 15 December 1993.

BANKING SERVICES

Deposit-guarantee schemes

49. On 25 October 1993 the Council adopted its common position on a Directive on deposit-guarantee schemes. This Directive is an important addition to the provisions on the European financial market because it obliges Member States to introduce by 1 January 1995 a system guaranteeing depositors of credit institutions minimum coverage of their assets in the event of a financial crisis. Such coverage contributes to the stability of the banking system, which is becoming more internationalized. It also guarantees reimbursement of money deposited with the bank up to a minimum level. In addition the smooth operation of the bank managing the deposit is subject to harmonized prudential rules guaranteeing its solvency and liquidity.

The main points of the common position are:

(i) recognition of the option for certain systems to attribute to the depositor part of the responsibility for his choice;

(ii) recognition of alternative systems guaranteeing the same degree of coverage (for example, systems guaranteeing the establishment itself);

(iii) coverage by the system of the home Member State up to the Community minimum level of deposits made with branches established in other Member States;

(iv) recognition of the option for a branch to make up the difference it would have to overcome to obtain access to the market, in addition to the coverage offered under the local guarantee system;

(v) prohibition of offers of guarantees higher than those offered in the host Member State;

(vi) fixing the threshold for triggering the guarantee and the deadline for compensation; information and transparency of the intervention mechanisms.

Third countries

50. On 20 December 1993 the Council instructed the Commission to negotiate with third countries bilateral agreements on the supervision of credit institutions on a consolidated basis.

The aim of these negotiations is to lay down framework agreements between the Community and third countries, the implementing rules of which would be the sub-

ject of future bilateral agreements to be concluded between the competent authorities of the Member States and of the third countries. These negotiations should create the conditions required for the exchange of information referred to in Article 8[2] of Directive 92/30/EEC (supervision on a consolidated basis), so that it is easier to make an overall assessment of commitments made by those institutions between which there are transfrontier links, particularly as regard the solvency ratio, capital adequacy for market risks and limits for large exposures. The information should be verifiable and available to all the authorities concerned.

Reorganization and winding-up of credit institutions

51. The Council resumed the discussions on the proposal which the Commission had submitted in 1986.

A first result was recorded during the second half of the year on the reorganization aspect, most of the problems having been identified and considered by joint agreement to be covered by the second Banking Directive adopted in 1989. That Directive provided for mutual recognition of a certain number of measures taken by the competent authorities (without intervention by the judicial authorities) which fall under the reorganization procedure. Those measures were removed from the reorganization Directive to avoid any duplication of Community provisions on the subject. The Council and the Commission will review the other reorganization measures not covered by Directive 89/646/EEC, mutual recognition of which could be necessary for the smooth operation of the financial market.

INSURANCE

Compulsory winding-up of direct insurance undertakings

52. The Council began examining the amended proposal for a Directive on the coordination of laws, regulations and administrative provisions relating to the compulsory winding-up of direct insurance undertakings.

The main objectives of the proposal, which is based on the principles of unity and universality, are:

(i) the completion of Community legislation on insurance, by extending it to cover situations in which authorization is withdrawn;

(ii) the protection of insurance creditors by guaranteeing them preferential treatment as compared with other creditors, in particular by means of a register of assets covering technical reserves;

(iii) the equivalent treatment of insurance creditors in all Member States.

INSTITUTIONS FOR RETIREMENT PROVISION

53. The Council continued discussing a proposal for a Directive relating to the freedom of management and investment of funds held by institutions for retirement provision. The main purpose of the proposal is to put into practice the free movement of capital provided for by the Treaty, as applying to institutions for retirement provision, through cross-border freedom of financial management and investment of funds held by such institutions.

Creation of a favourable legal and fiscal business environment

COMPANY LAW

European company

54. During the first half of the year meetings of the Group of Experts continued at a sustained pace to finalize solutions to all the questions preventing agreement from being reached. The tax questions were also discussed in the *ad hoc* Working Party on company taxation.

Although considerable progress was made on various points, the Council was unable to reconcile opposing views on the fundamental question of worker participation.

Businesses in the 'economie sociale' sector

55. This triple proposal from the Commission is intended to fill a legal gap in the context of the internal market and responds to the objective of offering partnerships existing in the Member States the opportunity to give their activities a Community dimension.

1993 saw the beginning of work on this dossier, which consists of three proposals for Regulations (European cooperative, association and mutual company) and three complementary proposals for directives on worker participation.

It was agreed to begin with the cooperative, because of its greater homogeneity in Member States' legislations, without prejudice to whether the proposed Directives should be adopted simultaneously or separately.

Following the Opinion of the European Parliament, the Commission submitted an amended proposal to the Council in August. The first reading of this amended proposal has been completed and the Internal Market Council in December was able to hold a policy debate on a number of key questions.

Bankruptcy Convention

56. The Council bodies continued to examine the draft Convention in detail. Adjustments to the wording following the discussions resolved a large number of problems raised by delegations.

During the second half of 1993 a very large majority of the Member States confirmed its agreement on the overall approach to the draft consisting of, firstly, main insolvency proceedings in the country where the insolvent person has his centre of interest and, secondly, the possibility of opening secondary proceedings of purely territorial scope (an approach envisaged after the approach of 'pure' universality and unity had been explored without success in previous years).

A Drafting Committee was accordingly set up and two rapporteurs appointed to draw up an explanatory report, so that the discussions could be finished in good time with the aim of convening a Diplomatic Conference in 1994.

Chapter III
Economic and monetary policy — Sectoral policies — Economic and social cohesion

A — Economic and monetary policy

Economic and monetary union

MULTILATERAL SURVEILLANCE/CONVERGENCE PROGRAMMES

57. In accordance with the Decision of 12 March 1990 which established the new procedures for achieving greater convergence of the economic policies and performances of the Member States,[1] the Council carried out a multilateral surveillance of economic policies on 18 January and 22 July 1993. In doing so it stressed the need for sustained growth in order to reduce unemployment without endangering the medium-term process of stabilizing public finances.

The Council examined convergence programmes for the period 1993-98 as follows: Greece on 15 March 1993, the United Kingdom on 12 July 1993, and the programmes presented jointly by Germany and France on 22 November 1993. The Council envisaged an annual review to see whether all programmes were being satisfactorily implemented in the light of economic developments.

COMMUNITY LOAN TO ITALY

58. In a Council Decision dated 18 January 1993,[2] the Community granted a loan of ECU 8 000 million to Italy to support the balance of payments and facilitate the implementation of Italy's economic adjustment and reform programme. The loan is being provided in four instalments of ECU 2 000 million each, for an average duration of six years.

[1] OJ L 78, 24.3.1990.
[2] OJ L 22, 30.1.1993.

Payment of each instalment depends on achievement of the budgetary targets presented by the Italian Government for the period 1993-95. The first two instalments were paid in February and October 1993. The third and fourth will be paid not earlier than 1 February 1994 and 1 February 1995, after a check to see that the measures necessary to achieve the budgetary targets set for 1994 and 1995 have been implemented.

BROAD GUIDELINES FOR ECONOMIC POLICIES

59. For the first time since the entry into force of the Treaty on European Union, on 22 December 1993 the Council adopted broad guidelines on the economic policies of the Member States and of the Community.[1] These guidelines constitute a reference framework for the closer coordination of economic policies and the basis for multilateral surveillance in the course of the second phase of economic and monetary union, which began on 1 January 1994 (Treaty Article 103(2)).

The Council considered that the priority short-term objective was to reverse the trend in unemployment and that the medium-term objective was substantially to reduce the number of unemployed. This should be achieved by means of sustainable, non-inflationary economic growth which respected the environment.

60. The guidelines recommended by the Council cover the following main points:

(i) price stability, reflected in an inflation rate not exceeding 2 or 3% in most Member States in 1996;

(ii) exchange-rate stability;

(iii) sound public finances preventing any further deterioration in the budgetary situation of the Member States in 1994 and, where appropriate, the continued reduction of budget deficits;

(iv) creation of more jobs through better functioning of the economies, paying special attention to the improvement of competitiveness;

(v) a significant increase in the share of investment in the GDP, making moderation in real pay necessary;

(vi) reduction in the indirect cost of labour, where appropriate, in order to favour the creation of jobs in services responding to new society needs, and to save jobs in sectors exposed to international competition;

[1] OJ L 7, 11.1.1994.

(vii) active employment policies involving educational and job-training systems and improvement of the functioning of placement services, thus contributing to greater flexibility and mobility of labour;

(viii) completion of the internal market, notably by fully incorporating Community legislation into national law.

PROMOTING ECONOMIC RECOVERY IN EUROPE

Growth initiative

61. As agreed at the Edinburgh European Council, the Community made its contribution to Member States' efforts to promote economic recovery. The measures decided on by the European Council were rapidly implemented, in particular those concerning a temporary EIB credit facility and the creation of the European Investment Fund.

EIB temporary loan mechanism

62. The EIB opened a temporary loan mechanism for an amount which, after the Copenhagen European Council, was increased to ECU 8 000 million. These loans — initially intended to finance infrastructure projects, particularly those concerning trans-European networks, in the areas of transport, telecommunications, energy production and the environment — were subsequently extended to urban renewal and investments in order to boost the competitiveness of small- and medium-sized undertakings. By the end of the year, more than ECU 4 000 million of loans had already been committed. The projects include some of the most ambitious in the Community: the 'Great Belt link' in Denmark, the new Jubilee line in London, the Belgian HST and the gas pipeline between Italy and Algeria. Within the above ceiling ECU 1 000 million was earmarked for small and medium-sized undertakings. On 22 December 1993 the Council reached political agreement on an interest-rate subsidy of 2 percentage points for the latter.

European Investment Fund

63. The Conference of representatives of the Governments of the Member States, meeting in Brussels on 25 March 1993, amended the Statute of the EIB and empowered its board of governors to create a European Investment Fund.

The Fund will be constituted by the EIB, the Community and the financial institutions of the Member States. Its task will be to give guarantees for loans for financing the major trans-European networks and for developing SMUs; at a later stage it may engage in equity participation.

The Community's participation in the Fund was decided on on 22 November 1993. The Fund should become operational in 1994.

White Paper on growth, competitiveness and employment

64. The Brussels European Council on 10 and 11 December 1993 decided to implement a plan of action on a medium-term strategy to promote growth, competitiveness and employment, on the basis of the Commission's White Paper. This plan of action is based on four prior conditions: the European economy must be healthy, open, based on solidarity and more decentralized. It comprises:

(i) a general framework for the policies to be followed by Member States to benefit employment;

(ii) specific back-up measures at Community level;

(iii) a follow-up procedure to enable the European Council to take stock of the results of the action plan at the end of each year.

The main specific measures are as follows:

(i) full use of the single market by simplifying regulations, creating an environment favourable to SMUs, improving the efficiency of capital markets;

(ii) faster construction of the trans-European transport and energy networks;

(iii) development of information infrastructures.

65. So that these measures can be initiated rapidly and efficiently, the European Council decided to set up the following two groups:

(i) a group of representatives of Heads of State or Government to assist the Commission in selecting the major priority trans-European network projects;

(ii) a group of leading figures representing industry, users and consumers in the sphere of information.

To finance these measures over the coming six years within the financial perspective defined at the Edinburgh European Council, it is planned that:

(i) the Community budget will supply about ECU 5 000 million per year;

(ii) the EIB and the European Investment Fund will contribute ECU 7 000 million in loans and guarantees per year;

(iii) the Ecofin Council will examine ways and means of mobilizing up to an extra ECU 8 000 million in loans per year.

EUROPEAN MONETARY SYSTEM

66. The monetary tensions which had beset the European Monetary System since autumn 1992 prolonged the uncertainty on the exchange-rate market throughout the first part of the year. The Irish pound was devalued by 10% on 30 January; the peseta and the escudo were once again devalued by 8 and 6.5% respectively on 13 May. Lastly, to counter speculation which had been seriously undermining other Community currencies — notably the French franc and the Danish krone — the Finance Ministers and the governors of the central banks of the Member States decided on 2 August 1993 to raise temporarily the obligatory marginal intervention thresholds of the currencies belonging to the exchange-rate mechanism to 15% above or below the bilateral central rates. This increased flexibility in the EMS operating rules allowed speculative movements to be stopped without destroying the system. Subsequently, exchange-rate changes on the markets and the gradual reduction of interest rates confirmed the major importance which Member States attach to exchange-rate stability and to the closest possible monetary cooperation.

PREPARATION FOR THE SECOND PHASE OF ECONOMIC AND MONETARY UNION

67. At its meetings on 22 November and 13 December 1993 the Council adopted the legislative acts necessary to start the second phase of EMU on 1 January 1994.[1] These acts are briefly summarized below.

Prohibition of monetary financing of the State by the central banks

68. This Regulation specifies definitions for application of the prohibition on any financing of public authorities by the central banks, as laid down in Article 104[1] of the Treaty. All credit facilities from the central banks to the public sector and the direct acquisition of public-sector debt instruments by the central banks are now prohibited. An exception is made for fixed-maturity claims acquired before 1 January 1994. The same applies to securities used for the conversion of such claims into negotiable securities under market conditions.

Prohibition of privileged access by public authorities to financial institutions

69. This Regulation principally defines the concept of privileged access (Article 104a of the Treaty).

The following are regarded as privileged access:

(i) the obligation on financial institutions to acquire or hold public-debt liabilities;

(ii) any tax or financial advantages granted to financial institutions to encourage the acquiring or holding of such liabilities.

[1] OJ L 332, 31.12.1993.

Obligations for funding social housing and financing repairs to disaster damage are not regarded as privileged access. But even in these cases, the financing conditions must not discriminate against private sector borrowers.

Excessive deficit procedure

70. This Regulation lays down the detailed rules and definitions with a view to implementing Article 104c(14) of the Treaty and the Protocol on the excessive deficit procedure. The procedure will enable the development of the budgetary situation and of the stock of government debt in the Member States to be monitored. The definitions are largely based on the European system of integrated economic accounts (ESA).[1] The Regulation also lays down rules for rapid and regular notification of the Commission by the Member States of their planned and actual deficits and the level of their debt.

EMI financial resources

71. This Decision lays down the statistical sources and the rules for calculating the share of each central bank in the financial resources of the European Monetary Institute. In all 50% of the weighting of a national central bank derives from the share of the Member State in the population and 50% from its share in the Community's gross domestic product.

Consultation of the EMI by Member States

72. This Decision lays down the detailed conditions for consultation of the European Monetary Institute by the Member States, as provided for in Article 109f(6) of the Treaty.

The authorities of the Member States will consult the EMI on any draft provision within its field of competence, with particular reference to:

(i) currency legislation, the status of the ecu and means of payment;

(ii) the status and powers of national central banks and the instruments of monetary policy;

(iii) monetary, financial, banking and balance-of-payments statistics;

(iv) compensation and payment systems;

(v) rules applicable to financial institutions in so far as they influence the stability of financial institutions and markets.

[1] Statistical office of the European Communities, *European system of integrated economic Accounts (ESA)*, second edition.

The national authorities may set the EMI a time limit (normally one month) for submission of its opinion.

Provisions according the same treatment to EMI staff as to Community staff

73. Two Regulations lay down that:

(i) European Monetary Institute staff members shall be subject to the EC tax;

(ii) European Monetary Institute staff members shall be entitled to the same privileges and immunities as EC staff.

SETTING UP THE EUROPEAN MONETARY INSTITUTE

74. On 10 and 11 December 1993, the European Council decided to appoint Baron Alexandre Lamfalussy President of the European Monetary Institute for a period of three years from 1 January 1994. On 29 October, the European Council decided that the Institute would have its seat in Frankfurt-am-Main.

Financial assistance to third countries

COMMUNITY GUARANTEE FOR EIB LOANS IN CENTRAL AND EASTERN EUROPE

75. On 13 December 1993 the Council decided to grant the guarantee of the Community budget to EIB loans in Central and East European countries.[1] The Community thus guarantees in full *vis-à-vis* the EIB any payments not received by it but due under the loans granted. The guarantee involves an overall loan ceiling of ECU 3 000 million over a period of three years.

The beneficiary countries are Poland, Hungary, the Czech Republic, the Slovak Republic, Romania, Bulgaria, Estonia, Latvia, Lithuania and Albania. The Council had already fixed a ceiling of guaranteed loans of ECU 200 million for three years to Estonia, Latvia and Lithuania on 15 March 1993.[2] This amount is included in the global ceiling of ECU 3 000 million.

USE OF EURATOM LOANS TO HELP FINANCE AN IMPROVEMENT IN THE DEGREE OF SAFETY AND EFFICIENCY OF NUCLEAR POWER STATIONS IN CENTRAL AND EASTERN EUROPE AND IN THE FORMER USSR

76. On 7 June 1993 the Council, pending the Opinion of the European Parliament, agreed in principle to a Decision to authorize the Commission to contract Euratom

[1] OJ L 321, 23.12.1993.
[2] OJ L 69, 20. 3.1993.

borrowings in order to contribute to improving the degree of efficiency and safety of nuclear power stations in certain non-member countries. The guidelines annexed to the text make these loans subject to a number of technical and economic conditions, fulfilment of which would be monitored by experts from the Commission and the Member States. The loans would be for a maximum of 20 years.

COMMUNITY GUARANTEE FOR EIB LOANS IN LATIN AMERICA AND ASIA

77. On 15 February 1993 the Council decided to grant the guarantee of the Community budget to EIB loans in certain third countries with which the Community had concluded cooperation agreements.[1] There is a ceiling on the guarantee of ECU 750 million for three years (ECU 250 million per year). The recipients are the developing countries of Latin America and Asia.

FINANCIAL AID TO THE PEACE PROCESS IN THE MIDDLE EAST

78. On 13 September 1993 the Council added ECU 20 million to the ECU 70 million already entered for this purpose in the 1993 budget. The sum, to be financed by transfers within the 1993 general budget, will be allocated to aid for creating the necessary administrative structures in Jericho and Gaza, in particular in the area of education and health, assistance in setting up small businesses, and food aid.

ELIGIBILITY OF AZERBAIJAN AND UZBEKISTAN FOR THE COMMUNITY LOAN TO THE FORMER USSR

79. On 15 November 1993 the Council agreed that Azerbaijan and Uzbekistan would be regarded as eligible for the Community loan facility of ECU 1 250 million granted to the countries of the former USSR pursuant to Council Decision 91/658/EEC of 16 December 1991[2] as soon as the arrangements concluded between Azerbaijan and Uzbekistan and the Russian Federation had been accepted by the official group (Club of Paris) of creditors of the former USSR.

Framework programme for statistical information 1993-97

80. On 22 July 1993 the Council decided on a framework programme for priority actions in the field of statistical information.[3] The purpose of the programme is to ensure the coherence and comparability of statistical data in the Community. It covers a five-year period from 1993 to 1997 and includes actions concerning the opera-

[1] OJ L 45, 23. 2.1993.
[2] OJ L 362, 31.12.1991.
[3] OJ L 219, 28. 8.1993.

tion of the single market, social policy, economic and social cohesion, consumer protection, economic and monetary union, relations between the Community and the rest of the world, the development of statistical technologies and human resources.

Export credits

ARRANGEMENT ON GUIDELINES FOR OFFICIALLY SUPPORTED EXPORT CREDITS

81. Since 1978 the Community has participated in the above Arrangement, the purpose of which is to control the granting of export credits. During 1993, the Council discussed improving the negotiating and consulting procedures laid down by the Arrangement in order to achieve greater transparency and greater respect for the rules on export credits, particularly those concerning the use of aid financing and credit conditions in the aircraft and shipping industries.

CONSULTATIONS WITHIN THE COMMUNITY

82. Under Decision 73/391/EEC,[1] the Member States must consult each other on all officially supported export credit operations exceeding five years. These consultations took place normally throughout 1993. In this context cover policies and changes in risks in different purchaser countries were regularly discussed by the Member States, with particular reference to the Gulf and East European countries. Particular attention was paid to payment incidents with the former USSR republics.

SINGLE MARKET

83. A Council Working Party continued the work of identifying medium- and long-term credit-insurance problems in the context of the single market.

Fiscal harmonization

84. On 25 October 1993 the Council adopted Directive 93/89/EEC[2] on the application by Member States of taxes on certain vehicles used for the carriage of goods by road and tolls and charges for the use of certain infrastructures.

On 29 October 1993 the Council adopted a Decision[3] on the adoption of a programme of Community action on the subject of the vocational training of indirect taxation officials (Matthaeus Tax).

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1 OJ L 345, 17.12.1973.
2 OJ L 279, 12.11.1993.
3 OJ L 280, 13.11.1993.

B — Industrial policy: sectoral questions

Iron and steel

85. The Industry Council met five times in 1993, on 25 February, 4 May, 21 September, 18 November and 17 December. The main questions on its agenda were as follows:

RESTRUCTURING OF INDUSTRY IN THE COMMUNITY

86. At its meeting on 25 February 1993, the Council adopted conclusions welcoming the Commission's course of action and defining a set of measures to be implemented, mainly for support, improvement of structures, monitoring of State aids, market stabilization and external measures.

Concerning the monitoring of State aids in particular, the Council gave its assent at its meeting on 22 December 1993, as requested pursuant to Article 95 of the ECSC Treaty on draft Commission decisions concerning:

(i) restructuring of the Spanish steel company Sidenor - Spain;

(ii) privatization of Sächsische Edelstahlwerke GmbH - Freital/Saxony - former GDR;

(iii) restructuring of the Spanish Integrated Steel Company, (Corporacion de la Siderurgia Integral - CSI) - Spain;

(iv) restructuring of the ILVA public steel industry - Italy;

(v) privatization, modernization and restructuring of EKO Stahl AG - former GDR;

(vi) restructuring of the steel company Siderurgia Nacional - Portugal.

87. These assents were accompanied by the following monitoring conditions which the Commission informed the Council it would add to its final decisions in all six Article 95 ECSC cases proposed.

(i) The Member States concerned shall supply the Commission biannually and not later than 15 March and 15 September respectively, with reports containing full information, in accordance with the enclosed Annex, concerning the companies benefiting from the present Article 95 ECSC proposals.

The first report should reach the Commission by 15 March 1994 and, unless the Commission decides otherwise, the last report by 15 September 1998.

(ii) On the basis of the aforementioned reports from Member States, the Commission shall draw up half-yearly reports, which will be submitted to the Council not later than 1 May and 1 November respectively, in order to allow discussion in the Council if necessary. In particular, if a company which has received aid pursuant to Article 95 ECSC intends to participate in an investment creating or extending capacity, the Commission shall inform the Council thereof on the basis of a report setting out the financing and demonstrating the absence of State aid.

(iii) In companies receiving aid, in accordance with Article 47 ECSC, the Commission may have any necessary checks made in order to verify the accuracy of the abovementioned information and in particular compliance with the conditions laid down in its decision.

In this context, where a Member State makes a complaint to the Commission that State aid is enabling one of the aided companies concerned to under-price, the Commission will launch an investigation under Article 60 ECSC.

(iv) If, on the basis of information received, the Commission discovers that the conditions laid down in its decisions under Article 95 have not been complied with, it may require suspension of aid payments and/or recovery of aid already paid. If a Member State fails to fulfil its obligations under such a decision Article 88 ECSC will apply.

Moreover, if the Commission establishes, on the basis of the reports from Member States, that substantial deviations from the financial data on which the viability assessment was made have occurred, it will require the reports referred to in paragraph (i) to be provided on a quarterly basis and may require the Member States concerned to take appropriate measures to reinforce the restructuring measures of the company receiving aid.

(v) The Commission may, in respect of each dossier, decide to monitor on a quarterly basis. It may also decide to use an independent consultant chosen in agreement with the Member State concerned to examine the monitoring results and to report on them to the Member States.

(vi) The Commission shall in particular ensure that, without prejudice to the financing plans approved by the Commission and included in its decisions pursuant to Article 95 ECSC, any financing through loans to the undertaking being monitored is granted under normal commercial conditions. It shall also ensure that there is no postponement or preferential treatment of debts to the State.

88. In addition, the following statement was inserted in the Council's minutes to emphasize the need to terminate State subsidies for the iron and steel industry:

'**The Council and the Commission** believe that the only way to secure a healthy EC steel industry, able to compete on the world market, is to put a permanent end to state subsidization of the steel industry and to close loss-making capacity. In giving its unanimous consent to the current Article 95 proposals, *the Council* reaffirms its commitment to a strict application of the Steel Aids Code in Commission Decision No 3855/91/ECSC and, in the absence of authorization under the Code, Article 4c of the ECSC Treaty. Without prejudice to the right of any Member State to request a decision under Article 95 ECSC, and in accordance with the Council conclusions of 25 February 1993, **the Council** declares its firm commitment to avoid any further Article 95 derogations in respect of aid for any individual companies.'

FUTURE OF THE ECSC TREATY: FINANCIAL ACTIVITIES

89. At its meeting on 4 May 1993, the Council asked the Commission to expedite work on the future of the ECSC Treaty and on financial activities so that final conclusions could be reached as soon as possible.

In November 1993 the Council received a communication on the future of the ECSC Treaty (borrowing and lending activities) and a Commission working paper updating the communication to the Council on the future of the ECSC Treaty (financial activities).

These questions are being examined by the Council bodies.

NON-ENERGY MINING INDUSTRY

90. At its meeting on 18 November 1993, the Council adopted conclusions on the definition of a Community approach to developing the non-energy mining industry.

REQUEST FOR COUNCIL ASSENT, PURSUANT TO THE SECOND PARAGRAPH OF ARTICLE 54 OF THE ECSC TREATY, FOR THE GRANTING OF LOANS FOR THE FINANCING OF HOUSING FOR PERSONS EMPLOYED IN THE ECSC INDUSTRIES.

91. At its meeting on 17 December 1993, the Council gave its assent pursuant to the second paragraph of Article 54 of the ECSC Treaty on the granting of a maximum of ECU 19 million in loans for 1993 and ECU 17 million for 1994 to finance housing for persons employed in the ECSC industries, without prejudice to any further decision on whether to continue the programme beyond 1994.

Promotion of undertakings and their environment

INDUSTRIAL COMPETITIVENESS AND PROTECTION OF THE ENVIRONMENT

92. At its meeting on 4 May 1993, the Council adopted conclusions on Community initiatives concerning the relationship between industrial competitiveness and environmental protection.

SMALL AND MEDIUM-SIZED ENTERPRISES

93. At its meeting on 14 June 1993, the Council adopted a Decision on a multiannual programme of Community measures to intensify priority areas and to ensure the continuity and consolidation of policy on enterprise, in particular small and medium-sized enterprises, in the Community.

At its meeting on 11 November 1993, the Council meeting on the internal market adopted a resolution on strengthening the competitiveness of enterprises, in particular of small and medium-sized enterprises and craft enterprises, and developing employment.

Competition rules

SHIPBUILDING

94. At its meeting on 16 December 1993, the Council adopted Directive 93/115/EC amending Directive 90/648/EEC (seventh Directive) on aids to shipbuilding. Directive 93/115/EC provides for extended application of Directive 90/648/EEC until 31 December 1994.

C — Research and technological development

Framework programmes

95. In order to ensure continuity in the Community's R&D effort, on 15 March 1993 the Council adopted a Decision on a financial supplement to the third research and technological development framework programme (1990-94). This supplement, amounting to ECU 900 million, brings the overall amount for the third framework programme to ECU 6 600 million.

However, the main thrust of the Council's work throughout 1993 was devoted to preparing research framework programmes for 1994 to 1998. Having received pro-

posals from the Commission on 17 June 1993, the Council reached an agreement on 22 December 1993 on:

(i) the common position on the fourth framework programme of European Economic Community activities in the field of research, technological development and demonstration (1994-98) and

(ii) a policy guideline on the framework programme of Community activities in the field of research and training for the European Atomic Energy Community (1994-98).

Following an agreement reached in the Brussels European Council on 10 and 11 December, the overall amount adopted by the Council is ECU 12 000 million (ECU 10 746 million for the EC framework programme and ECU 1 254 million for the Euratom framework programme), with a possibility, subject to the evaluation of the framework programmes in 1996, of increasing this sum to ECU 13 000 million (ECU 11 641 million and ECU 1 359 million respectively).

Contrary to the case for the third framework programme, it is necessary to adopt separate decisions on non-nuclear activities (which fall within the Treaty establishing the European Community) and nuclear activities (which fall within the Euratom Treaty), the Treaty on European Union having amended the procedures for adopting the EC framework programme (co-decision with the European Parliament). The two decisions will be adopted simultaneously. In accordance with the new procedure for co-decision with the European Parliament, many informal contacts have taken place between the two institutions to facilitate decision-making.

96. The EC framework programme is made up of four activities. The breakdown adopted by the Council in its common position concerning these four activities and, within the first activity, between themes, is as follows:

	Million ECU (current prices)
First activity (research, technological development and demonstration programmes)	9 282
Second activity (cooperation with third countries and international organizations)	420
Third activity (dissemination and application of results)	300
Fourth activity (stimulation of the training and mobility of researchers)	744
Maximum overall amount	10 746

Indicative breakdown of subjects and themes within the first activity

	Million ECU (current prices)
A. Information and communications technologies	**3 384**
1. Telematics	822
2. Communications technologies	630
3. Information technologies	1 932
B. Industrial technologies	**1 920**
4. Industrial technologies and materials technologies	1 632
5. Measurements and tests	288
C. Environment	**1 080**
6. Environment and climate	852
7. Marine sciences and technologies	228
D. Life sciences and technologies	**1 572**
8. Biotechnology	552
9. Biomedicine and health	336
10. Agriculture and fisheries (including agro-industry, food technology, forestry, aquaculture and rural development)	684
E. 11. Non-nuclear energy	**984**
F. 12. Transport	**240**
G. 13. Targeted socioeconomic research	**102**
	9 282

97. For the Euratom framework programme, the breakdown is as follows:

	Million ECU (current prices)
Nuclear fission safety	414
Controlled thermonuclear fusion	840
Amount deemed necessary	1 254

The Council also adopted conclusions on the Joint Research Centre (JRC), to which the common position allocates an operational budget of ECU 875 million, specifying its role in the research framework programmes. The Council considered it necessary to reinforce the move of the JRC towards a more competitive approach on the basis of a genuine customer/contractor relationship.

International cooperation

98. On 10 December 1993 the Council adopted a Decision containing a negotiating directive for the Commission concerning Protocol No 2 to the Euratom-Japan-Russia-United States Cooperation Agreement concerning activities dealing with the detailed project (engineering design activities) of the International Experimental Thermonuclear Reactor (ITER).

The Council examined a proposal for a Decision on the conclusion of a scientific and technical Cooperation Agreement between the European Community and Australia. It should adopt this Decision in the near future.

ECSC

99. The Council gave its assent to draft Commission Decisions concerning:

(i) the granting of ECU 44.6 million in financial aid to 127 technical coal research projects for 1993, the overall cost of these projects, including the part paid for by the contractor, amounting to ECU 74.3 million;

(ii) the granting of ECU 2 million financial aid to a Community research programme on technical coal research, costing in total ECU 3.3 million;

(iii) the granting of ECU 2.4 million financial aid to a Community research programme in the field of coal utilization, costing in total ECU 3.9 million.

Other decisions

100. The Council adopted a technology initiative for disabled and elderly people (TIDE) for 1993 to 1994. The main aim of this initiative, which has funding of ECU 30 million (which could be increased to ECU 35 million), is to help set up an internal market for rehabilitation technology in Europe to facilitate the economic and social integration of disabled and elderly persons.

The Council also adopted a multiannual programme for the development of Community statistics on R&D and innovation (1993-97) with the aim of establishing a Community frame of reference in this area.

Work of CREST

101. At its meetings in 1993, the Scientific and Technical Research Committee (CREST) gave its opinion on the scientific and technical aspects of the fourth Euro-

pean Community framework programme for Community RTD and development activities (1994-98).

D — Energy policy

Non-nuclear energy

GENERAL FRAMEWORK

102. The Council's activities in the sphere of non-nuclear energy in 1993 concentrated on:

(i) consolidating the internal energy market;

(ii) improving environmental conditions, including reducing CO_2 emissions;

(iii) adopting a regime of financial aid to the coal industry up to 23 July 2002, when the ECSC treaty expires;

(iv) finalizing a legally binding basic agreement for the European Energy Charter and energy assistance to Central and East European countries and countries of the former Soviet Union;

(v) a number of questions relating to Community energy policy itself.

IMPLEMENTATION

103. In connection with the creation of the internal energy market, the Council turned its attention to several questions.

(1) Pending the Opinion of the European Parliament, the Council worked hard on two proposals for Directives on liberalizing the internal market in electricity and natural gas.

In this connection, it is pointed out that:

(a) the Treaty on Union refers expressly to establishing a single market, the energy sector included;

(b) the markets in electricity and natural gas, as they are organized at present, still have to adapt themselves to market-economy conditions. The approach recommended by the Commission aims at completion of the internal market in these sectors in three stages, namely:

(i) implementation of the three Directives already adopted by the Council on natural gas and electricity transit and price transparency;

(ii) partial liberalization of the market on the basis of the two new proposals under examination which contain some elements referring to third-party access to the networks;

(iii) final completion in 1996 of the internal market in electricity and natural gas, at the same time completing the terms concerning third-party access.

The European Parliament gave its Opinion in November 1993 and the Commission submitted its amended proposal to the Council in December 1993.

(2) The Council adopted a common position in December 1993 on the proposal for authorizations for the prospection, exploration and extraction of hydrocarbons on European Union territory.

This proposal falls within the framework of the internal energy market which will enable operators in one Member State to prospect, explore and produce hydrocarbons in the other Member States, subject to the conditions laid down in the texts. In addition, taking account of the great dependence of the European Union on hydrocarbon imports, this proposal constitutes an important contribution to its security of supply.

(3) The Council asked the Commission to submit specific proposals to it on the basis of Articles 129 (b) (c) and (d) of the Treaty on European Union, concerning trans-European energy networks.

104. Under the Union's strategy concerning climate change, the Council organized a joint session on the environment and energy (April 1993). At that meeting, the Council, stressing again the serious environmental problems remaining worldwide, took note of the conclusions of the Presidency, emphasizing that measures to save energy, improve energy efficiency and promote the use of renewable energies were a fundamental part of that strategy, which should be actively pursued within the Union.

As part of this strategy, the Council adopted the following acts:

(i) Council framework Decision for the promotion of renewable energy in the Union, known as the 'Altener' programme, and

(ii) Council implementing Directive limiting emissions of carbon dioxide and improving energy efficiency (this Directive comes under the Save programme already adopted in October 1991).

105. Since the arrangements for State aids to the coal industry were due to expire at the end of 1993, the Council gave its assent to a Commission Decision on a new system of assistance by the Member States to the coal industry.

It should be noted here that the coal industry in the Union has been experiencing economic and social difficulties for several decades. Production, which had reached 500 million tonnes per year at the end of the 1950s, dropped to 190 million tonnes in 1993. Despite major efforts on productivity, the Community coal industry remains dependent on production aid. The Commission therefore asked for the old State aid system, due to expire on 31 December 1993, to be replaced by a new system extending up to 23 July 2002, when the ECSC Treaty expires.

The Council having given its assent in December 1993, the Commission was able to adopt this new aid system based on the dual need to avoid a too abrupt restructuring of the industry and to encourage the sector to intensify rationalization in order to ensure economic viability.

Finally, the Member States pointed out the need to maintain a certain level of production to ensure security of supply in any Member State where coal was the only energy source or one of few.

International relations

106. The Council attached great importance to assistance to Central and East European countries and the new independent States in the matter of nuclear safety and energy requirements.

It discussed this question several times in the framework of the joint Environment/Energy Council in April 1993 and of the Energy Councils in June and December 1993.

These discussions enabled the Council, on the basis of Commission reports on the Union's nuclear-safety and energy-policy assistance to those countries, to give the necessary impetus to continuing these measures.

In the conclusions adopted in particular at its meeting on 25 June 1993, the Council, emphasizing the dual aspect of this question, recalled its undertaking to contribute to improving nuclear safety in those countries and its desire to provide viable medium- and long-term solutions to those countries' energy supply problems.

107. Also in connection with external relations, the Council several times discussed developments in negotiations on the draft European Energy Charter Treaty. In particular, at its meeting on 10 December 1993, it noted with satisfaction the new approach suggested by the European Union delegation at the plenary meeting of the Charter Conference from 6 to 9 October 1993.

It is pointed out that the approach recommended by the Community delegation to reach a solution to the points still under discussion, in particular the problem of national treatment in the pre-investment phase, involves:

(i) a preliminary phase allowing rapid conclusion of the Treaty on the basis of all the other elements;

(ii) a second negotiation, to be concluded within three years, restricted to implementation of the national treatment in the pre-investment phase.

The Council reaffirmed that the European Union must maintain the initiative in the negotiating process under way, and to this effect was taking all appropriate measures.

The Council took part in meetings on the nuclear protocol finalizing the parts concerning non-proliferation and the responsible use of nuclear energy, both internally and internationally; the other parts concerning commercial and administrative arrangements still remain linked to the content of the Treaty on the European Energy Charter.

108. Among the questions relating to the Community's actual energy policy, the following should be mentioned:

New Community energy policy guidelines

The Community energy policy aims set by the Council in 1986 expire in 1995.

In this connection, the Council is aware that the new energy policy guidelines constitute an essential instrument in conducting a coherent medium- and long-term policy. In the absence of an 'energy' chapter in the European Union Treaty, such energy guidelines do not only concern activities within the European Union, but could also be an incentive to third countries to improve their energy relations with the relevant sectors inside the Union. The value to the European Union — the world's foremost commercial power, highly dependent on energy for its economic development — of acquiring a global, future-oriented energy policy is indisputable.

The availability of energy on acceptable economic conditions is a key condition both for development and for economic integration within the Union. The political, economic and social context has radically changed over the last decade. The fall of communism, the environmental dimension and the increasing internationalization of the energy market are among the factors to be taken into consideration in creating an energy policy for the Union, facing, as it must, a significant increase in its dependence on external energy (currently about 50%, possibly rising to about 75% in future years).

As regards the setting-up of new Community energy policy guidelines, the Council took note that the Commission would submit a communication to it in the first half of 1994.

Promotion of energy technologies for Europe (Thermie programme)

The Council noted that:

(i) pursuant to the Treaty on European Union, the Thermie programme would be integrated into the fourth research framework programme (RTD) under the demonstration section after its expiry at the end of 1994;

(ii) results to date on the application of the programme had proved very satisfactory, with particular reference to the creation of real economic benefits and a considerable reduction in CO_2 emissions;

(iii) some way should be found of continuing the Thermie programme (e.g. a Thermie *bis* programme, involving in particular the dissemination of projects and knowledge).

Nuclear energy

109. The Council's nuclear energy activities, which come under the provisions of the Treaty on the European Atomic Energy Community, centred on:

firstly, developing and updating Community legislation in the context of the single market;

secondly, furthering both bilateral and multilateral international relations with regard to nuclear matters.

DEVELOPING AND UPDATING COMMUNITY LEGISLATION

110. As part of the completion of the internal market, the Council adopted a Regulation concerning transfers of radioactive substances between Member States. This Regulation, which sets up a declaration system, is designed to enable the competent authorities of the Member States to have the same level of information on transfers as before the removal of intra-Community checks.

In the framework of the health protection of workers and the public against ionizing radiation, the Council held a first examination of a new proposal for a Directive laying down relevant basic standards. This Directive, proposed by the Commission under Article 31 EAEC, is designed to supplement and update the existing provisions, notably in the light of scientific development, and to replace Directive 836/80,

as amended in 1984. It will constitute one of the central elements of the Community's action in the nuclear sphere.

In addition, the Council bodies examined the current situation and outlook for the European management of radioactive waste in the European Union, on the basis of a Commission report, and intended to continue work on the Community's radioactive waste strategy.

THE FURTHERANCE OF INTERNATIONAL RELATIONS

111. The Council steadily followed developments in bilateral relations with third countries.

In this connection, the Council bodies periodically examined the progress of negotiations for a new Euratom/USA Nuclear Cooperation Agreement. This Agreement, which is being negotiated on the basis of a negotiating brief given to the Commission by the Council on 16 December 1991, is intended to replace the Agreement currently in force, which expires on 31 December 1995.

The Council also examined further three draft Cooperation Agreements between Euratom and Russia, established on the basis of the brief given to the Commission by the Council on 17 June 1991 to negotiate with the Soviet Union, on nuclear fusion, nuclear safety and nuclear trade. Examination of these Agreements falls within the wider framework of overall relations with Russia, notably in connection with the current negotiations towards a cooperation and partnership agreement.

The Council followed the work of the various bodies concerned in the area of multilateral international relations.

In the framework of relations with the International Atomic Energy Agency, the Council approved a Commission Regulation amending the present Regulation No 3227/76 concerning the application of the provisions on Euratom safeguards. This Regulation allows the Commission to send the IAEA information obtained from the Member States on new nuclear installations, in order to help strengthen international guarantee arrangements and non-proliferation.

The Council bodies also closely followed the effective setting-up of a 'new partnership approach' on safeguards between Euratom and the IAEA, intended to rationalize their safeguards by avoiding overlaps, thereby achieving budget savings.

On the basis of a Commission proposal, the Council examined for the first time participation by the European Atomic Energy Community in the International Convention on Nuclear Safety currently being negotiated. This Convention aims to promote a high level of nuclear safety throughout the world and to reinforce international cooperation in this area.

E — Transport policy

112. In 1993 the Council held four meetings on transport questions, on 15 March, 7 and 8 and 19 June, 28 September and 29 and 30 November.

The Ministers for Transport met informally in Brussels on 27 September.

Ministers for Transport and the Environment also met for an extraordinary Council meeting on Transport and the Environment on 25 January.

Activities affecting several modes of transport

Council conclusions on the White Paper on the future development of the common transport policy

113. At its meeting on 7 and 8 June, the Council agreed on conclusions on the White Paper on transport, involving an integrated, multimodal approach to transport policy.

These conclusions recognize the need to encourage efficacious and cost-effective measures to balance the development of transport with protection of the environment, safeguarding freedom of choice of modes of transport and taking account of the volume and type of demand. With this in view, it is important to promote forms of transport which respect the environment and are efficient, cost-effective and safe, while recognizing the role of road transport in view of its flexibility and without distorting competition between the different modes.

On infrastructure, it is necessary to improve traffic flows on the main transit routes to facilitate communications within the Community (especially island, landlocked and outlying regions) and also with third countries. In this context, reference is made to the trans-European networks and to the importance of consistency between Member States' investment plans.

Finally, a joint approach should be established to external relations on transport along with progress in completing the single market.

The Council asked the Commission to submit relevant proposals to it and undertook to return regularly to the question of implementing the common transport policy.

Land transport

GOODS CABOTAGE BY ROAD

114. On 25 October the Council adopted two measures of major importance for the implementation of a common transport policy, falling within the framework of the completion of the internal market:

(i) a liberalization measure represented by a Regulation on goods cabotage;

(ii) a harmonization measure represented by a Directive on the taxation of road transport.[1] The Council accordingly adopted Regulation (EEC) No 3118/93 laying down the conditions under which non-resident carriers may operate national road-haulage services within a Member State[2] which aims to provide definitive rules on cabotage.

The Regulation lays down that as from 1 July 1998 any road-haulage carrier in the Community meeting the conditions laid down by the Regulation shall be entitled to operate national road-haulage services in another Member State, on a temporary basis and without quantitative restrictions, without having a registered office or other establishment therein.

With a view to the progressive introduction of the definitive cabotage system, cabotage operations shall be carried out from 1 January 1994 to 30 June 1998 within the framework of a Community cabotage quota of 30 000 cabotage authorizations each valid for two months, divided between Member States in accordance with Article 2 (3) of the Regulation. This quota shall be increased annually by 30% from 1 January 1995.

TAXATION OF ROAD TRANSPORT

115. On 25 October the Council adopted Directive 93/89/EEC on the application by Member States of taxes on certain vehicles used for the carriage of goods by road and tolls and charges for the use of certain infrastructures.[2]

The purpose of this Directive is to guarantee that road haulage pays a fair part of the infrastructure costs which it causes, in order not to slow down the Community integration process.

The Council thought it right to proceed by stages towards harmonizing the levy systems and setting up fair mechanisms for charging infrastructure costs to road hauliers, with a view to a later transition to a more territorial levy system. The Community system of cost-charging laid down by the Directive is based on a combination of the following three elements: excise duties on fuel, taxes on vehicles, tolls and user charges. To be more precise, the Directive involves some harmonization of taxation on vehicles and, pending the arrival of technically and economically more appropriate forms of levy, the possibility of maintaining or introducing tolls and of introducing user charges for the use of road infrastructure, with harmonization of the collection of such tolls and charges. The Directive also provides for the possibility of setting up regional user-charge systems (regional stickers).

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1 See point 115 below.

2 OJ L 279, 12.11.1993.

ROAD SAFETY

Road safety action programme

Year of the Young Driver

116. On 30 November the Council adopted conclusions on road safety.

In these conclusions the Council considered that priority should be given to the causes of the most serious accidents and to targeting groups such as categories of users most often involved in road accidents and the most vulnerable categories of users. The target-group approach could be adopted in attempting to reduce the number of accidents linked in particular with alcohol, drugs or unsuitable speeds.

A sober style of driving should also be encouraged by influencing not only drivers' behaviour but also vehicles (design, construction and equipment) and infrastructure (design, maintenance, lay-out, road signs, safety equipment).

Furthermore, the relative costs and benefits and the enforceability of any measure envisaged should be estimated, ensuring that measures are adhered to by means of effective controls.

The Commission was asked to submit relevant proposals to the Council.

In addition, since young car and motor-cycle drivers are particularly vulnerable and therefore constitute an important target-group, the Council adopted a resolution making 1995 the 'Year of the Young Driver'.[1] This should allow concrete and effective measures to be taken with regard to the sections of the public concerned.

Database

117. On 30 November the Council adopted Decision 93/704/EEC on the creation of a Community database on road accidents.[2]

The database created by the Decision will compile statistics on road-accident deaths and injuries in the Community. It will allow a considerable extension of the scope of cases for study and will keep a breakdown of the accidents into individual cases, making the results easier to transfer.

The pilot project provided for by the Decision will last three years. The Commission will then examine, on the basis of experience gained, what follow-up measures, if any, should be taken.

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[1] OJ C 351, 30.12.1993.
[2] OJ L 329, 30.12.1993.

RELATIONS WITH THIRD COUNTRIES

Agreement between the Community and the Republic of Slovenia in the field of transport[1]

118. This Agreement was concluded on 19 and 20 July at the same time as the Economic and Commercial Cooperation Agreement and the Financial Cooperation Protocol. The Transport Agreement entered into force on 29 July 1993 while the other Agreement and Protocol mentioned above came into force on 1 September 1993.

This Agreement provides for free transit for Community carriers through Slovenia.

INFRASTRUCTURES

Action programme

119. On 25 June the Council adopted Regulation (EEC) No 1738/93 for an action programme in the field of transport infrastructure with a view to the completion of an integrated transport market.[2]

This Regulation concerns the granting of Community contributions to transport infrastructure projects forming part of an action programme covering the 1993 and 1994 financial years. It extends, subject to certain amendments regarding the objectives and infrastructure projects, Regulation (EEC) No 3359/90,[3] pending more comprehensive measures concerning trans-European networks to be taken later under the Treaty on European Union. The Regulation would be repealed if the Council were to adopt, before its expiry date, a new act on trans-European networks. It will be reviewed during 1994 in the light of the decisions taken on infrastructure funding.

Outline plans for trans-European transport networks[4]

Council Decision 93/628/EC of 29 October 1993 on the creation of a trans-European combined transport network;

Council Decision 93/629/EC of 29 October 1993 on the creation of a trans-European road network;

Council Decision 93/630/EC of 29 October 1993 on the creation of a trans-European inland waterway network.

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1 OJ L 189, 29. 7.1993.
2 OJ L 161, 2. 7.1993.
3 OJ L 326, 24.11.1990.
4 OJ L 305, 10.12.1993.

120. On 29 October the Council adopted the above three Decisions, the aim of which is to provide the Community with a new basis for contributions to the establishment and development of transport infrastructures.

Community action in this area is aimed at promoting the interconnection and interoperability of national networks and access to such networks, taking account of the need to link the Community's island, landlocked and outlying regions to its central regions.

The outline plans, while being for guidance only, are intended to be the main instrument for setting up the trans-European networks. They identify projects of Community interest for which there might be financial incentives from the Community. In addition, although the Decisions in question do not prejudge the financial commitment of a Member State or the Community, the projects of common interest contained in the trans-European network programmes adopted by the Council or proposed by the Commission may be co-financed by the cohesion financial instrument (and, in due course, by the Cohesion Fund).

These three networks are intended to be integrated into a single multimodal trans-European network comprising rail, road, air, maritime and inland-waterway transport, both of goods and passengers.

Shipping

SAFE SEAS

Establishment of a general framework for a policy on safe seas

121. Following the serious accidents involving oil tankers off the Spanish coast and the Shetland Islands in December 1992 and January 1993 respectively, the Council held a special joint meeting on 25 January of Ministers for Transport and for the Environment. After a very detailed discussion it adopted conclusions on safe seas and the prevention of pollution in the Community which give the Council's full backing to the activities of the relevant international organizations.

After the Commission had presented its communication concerning a common policy on safe seas to the Transport Council on 15 March, the Council was quick to react favourably to the ideas contained in the communication and adopted its resolution concerning a common policy on safe seas on 8 June. The resolution includes a list of objectives — namely withdrawal from Community waters of any substandard vessel, improvement of shipping safety and protection of ecologically sensitive areas within the Community — and an ambitious action programme to achieve these objectives.

In its conclusions of 28 and 29 June 1992 the Environment Council gave a favourable reception to this resolution, while underlining the importance of the third objective mentioned above.

Vessels transporting dangerous and polluting goods

122. The adoption of Directive 93/75/EEC of 13 September concerning minimum requirements for vessels bound for or leaving Community ports and carrying dangerous or polluting goods[1] was the first act in the implementation of the action programme. Adopted after further consultation of the European Parliament, it is designed to ensure that the authorities designated by the Member States are informed of the presence of dangerous or polluting goods on board any vessel bound for or leaving Community ports. This should enable such authorities to take all the measures necessary for receiving such vessels in ports or taking action in the event of an incident. The Directive will enter into force in September 1995 and will then replace Council Directive 79/116/EEC of 21 December 1978 concerning minimum requirements for certain tankers entering or leaving Community ports.[2]

Air transport

ALLOCATION OF SLOTS

123. On 18 January the Council adopted Regulation (EEC) No 95/93 on common rules for the allocation of slots at Community airports.[3]

This Regulation, which introduces a code of conduct for the allocation of slots at Community airports, lays down the measures for avoiding a situation where liberalization has no effect for want of sufficient supply or where the benefits of such liberalization are unevenly spread and competition is distorted.

Moreover, this code defines the 'new entrants' that are entitled to request slots for a particular day on a specific route, confirming the principle that 'an unused slot is a lost slot.'

COMPUTERIZED RESERVATION SYSTEMS (CRS)

124. On 29 October the Council adopted Regulation (EEC) No 3089/93 amending Regulation (EEC) No 2299/89 on a code of conduct for computerized reservation systems (CRS).[4] The Regulation provides:

(i) that CRS parent carriers shall communicate information to other computerized reservation systems on request;

[1] OJ L 247, 5.10.1993.
[2] OJ L 33, 8. 2.1979, amended by Directive 79/1034/EEC, OJ L 315, 11.12.1979.
[3] OJ L 14, 22. 1.1993.
[4] OJ L 278, 11.11.1993.

(ii) that air carriers which own computerized reservation systems must meet the requirements of non-discrimination *vis-à-vis* other carriers in respect of information displayed on their own computer system;

(iii) for, under certain conditions, separation of internal and external services (technical de-hosting) and legal separation of CRS vendors from parent airline companies (legal de-hosting).

AIR-TRAFFIC CONTROL (ATC)

125. On 19 July the Council adopted Directive 93/65/EEC on the definition and use of compatible technical specifications for the procurement of air-traffic-management equipment and systems.[1]

The Directive is in response to a request made by the Council concerning the problems connected with air-traffic-system capacity, the aim being to integrate specifications and standards developed by Eurocontrol into Community legislation.

RELATIONS WITH THIRD COUNTRIES

Setting up and operation of the Aviation Group within the Council

126. In the external-relations context the Council took note of the setting-up, by Decision[2] of the Permanent Representatives Committee, of an Aviation Group establishing an appropriate framework for the operation of this Group within the Council, in particular as regards its mandate and working methods.

Relations with Norway and Sweden

127. On 22 July the Council adopted Decision 93/453/EEC concerning amendment of the Agreement between the European Economic Community, Norway and Sweden on civil aviation.[3] The amendment is designed to incorporate into the Agreement in force eight Council Regulations and a Decision representing the third liberalization package in the air transport sector and also to maintain the Agreement in force for a limited period after the entry into force of the EEA Agreement.

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1 OJ L 187, 29.7.1993.
2 This Decision was taken on 7 July 1993.
3 OJ L 212, 21.8.1993.

F — Telecommunications and postal services

Telecommunications

128. The Telecommunications Council met on three occasions in 1993: 10 May, 16 June and 7 December.

On 10 May 1993 the Council adopted a common position with a view to the adoption of a Council Directive on the application of open network provision to voice telephony (ONP). The text has three main objectives:

(i) to lay down the rights of users of voice telephony services in their relations with telecommunications organizations;

(ii) to improve access for all users, including providers of services, to the public telephone network infrastructure;

(iii) to encourage the Community-wide provision of voice telephony services.

129. On 16 June the Council reached agreement on a resolution on the review of the situation in the telecommunications sector and the need for further development in that market.[1]

In that text the Council notes the points of consensus resulting from the consultation held by the Commission, recognizes the key factors in the development of future regulatory policy for telecommunications in the Community, in particular the application of ONP measures, and defines the major short- and longer-term goals for Community policy, with the prospect of full liberalization of public telephony services by 1 January 1998 while maintaining a universal service and ensuring balance between liberalization and harmonization.

Following the discussions held at that meeting the Council formally adopted on 29 October 1993 Directive 93/97/EEC supplementing Directive 91/263/EEC in respect of satellite earth station equipment.[2]

The purpose of the Directive is to establish a modern and open market for satellite earth station equipment through the introduction of harmonized and efficient procedures for certification, testing, quality assurance and product surveillance.

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[1] Adopted on 22 July 1993, OJ C 213, 6.8.1993.

[2] OJ L 290, 24.11.1993.

To achieve this aim, the Directive provides for an extension of the scope of the harmonization procedures laid down by Council Directive 91/263/EEC concerning telecommunications terminal equipment to satellite earth station equipment.

At that meeting the Council also reached agreement on an action plan for the introduction of advanced television services in Europe. The action plan, which is intended to promote production and broadcasting in the 16:9 format, includes a Community contribution of ECU 228 million to cover (for the period up to 30 June 1997) part of the additional costs involved in producing and broadcasting in this format.

On the same occasion the Council adopted a resolution in which it invited the Commission to propose a revision of Directive 92/38/EEC on television broadcasting standards in order to adapt it to the current market and technological realities, and to submit a communication and, where appropriate, proposals concerning digital television.

130. At its meeting on 7 December the Council reached agreement on a draft resolution on the development of universal service in the telecommunications sector. The text, which supplements the abovementioned resolution of 22 July 1993,[1] recognizes that the maintenance and development of a universal service ensured through adequate financing represent a key factor for the future development of telecommunications in the Community and identifies the questions raised by the definition of a universal service, which have still to be examined in more detail.

At the meeting, and as a result in particular of the entry into force of the Treaty on European Union, the Council opened up a new area in its proceedings by examining the question of trans-European networks with regard to telecommunications. It held a comprehensive discussion of the scope of application of Title XII of the Maastricht Treaty (trans-European networks) to the telecommunications sector and a policy debate on a Commission proposal concerning trans-European data-communications networks between administrations (IDA),[2] the main aim of which is to facilitate exchange of the information necessary for the operation of the internal market and for the implementation of common policies for national administrations and Community institutions.

Postal services

131. At this same meeting (7 December) the Council responded to the Commission's Green Paper on the development of the single market for postal services and to the ensuing consultation by approving a resolution on the development of Community postal services. The resolution lays the foundations for a policy of this kind by identifying as major policy goals the provision of a quality universal service at a

[1] See declaration 1 on page 4 of the press release.

[2] Interchange of data between administrations.

reasonable price for all users with non-discriminatory access and reconciliation of the gradual, controlled liberalization of the postal market, accompanied by a durable guarantee of provision of the universal service. Moreover, the text raises questions which have still to be dealt with in further discussions within the Community and/or Member States, in particular the formulation of quality standards and tariff principles for the universal service, and the introduction of an appropriate terminal-dues system based on costs and quality.

G — Structural Funds — Economic and social cohesion

Structural Funds

132. Following the decisions taken by the Edinburgh European Council in December 1992 the Council adopted on 20 July 1993 the new rules which will govern the activities, for the period 1994-99, of the Structural Funds (Regional Fund, Social Fund and EAGGF Guidance Section) and of the new instrument for financing structural measures in the fisheries sector. [1]

The budget for the Structural Funds is substantially increased compared with the previous period and amounts to ECU 141 471 million, which is equivalent to three times the Marshall Plan.

A sum of ECU 96 346 million is allocated to assistance for regions whose development is lagging behind in order to promote their development and structural adjustment ('Objective 1 regions').

These regions are:

Belgium	Hainaut
Germany	Brandenburg, Mecklenburg-Western Pomerania, East Berlin, Saxony, Saxony-Anhalt, Thuringia
Greece	the entire country
Spain	Andalusia, Asturias, Cantabria, Castile Leon, Castile-La Mancha, Ceuta-Melilla, Valencia, Extremadura, Galicia, Canary Islands, Murcia
France	French overseas departments, Corsica, the 'arrondissements' of Avesnes, Douai and Valenciennes

[1] OJ L 193, 31.7.1993.

Ireland	the entire country
Italy	Abruzzi (1994-96), Basilicata, Calabria, Campania, Molise, Apulia, Sardinia, Sicily
Netherlands	Flevoland
Portugal	the entire country
United Kingdom	Highland and Islands enterprise area, Merseyside, Northern Ireland

133. The remainder of the Funds' budget makes an appropriate contribution to the attainment of the following main objectives:

(i) converting the regions seriously affected by industrial decline (Objective 2);

(ii) combating long-term unemployment and facilitating the integration into working life of young people and of persons exposed to exclusion from the labour market (Objective 3);

(iii) facilitating the adaptation of workers to industrial change and to changes in production systems (Objective 4);

(iv) promoting rural development (Objectives 5 (a) and 5 (b).

In all, 9% of the Structural Funds' commitment appropriations will be used to fund activities undertaken on the Commission's initiative (Community initiatives).

These initiatives have an important role to play in the attainment of the general objectives of the Structural Funds' policy (strengthening of the economic and social cohesion of the Community) and should promote mainly cross-border, transnational and interregional cooperation and aid for the outermost regions.

The Commission will be assisted in implementing them by a management committee comprising representatives of the Member States.

134. The rules governing the operation of the Funds are broadly the same as during the preceding period. In keeping with the subsidiarity principle the partnership between the Commission and the Member States concerned is maintained and strengthened by including both sides of industry, as appropriate, in addition to the relevant authorities and bodies designated by the Member State at national, regional, local or other level.

The main improvements to the rules in force may be summarized as follows:

(i) greater flexibility in the programming procedure, which may, under certain conditions, take place in two and not three phases;

(ii) clarification and boosting of additionality; to ensure real economic impact, the Structural Funds' appropriations for each of the Objectives cannot replace government structural expenditure or the like by the Member State concerned;

(iii) increase in the effectiveness of Community funding by stepping up the appraisal, before they are carried out, and the evaluation, after they have been carried out, of measures co-financed by the Structural Funds.

Cohesion financial instrument

135. Furthermore, with the aim of consolidating and further developing Community action in the field of economic and social cohesion, the Treaty on European Union provided for the setting up of a Cohesion Fund.

This Fund will be designed to help Member States — those whose GNP is less than 90% of the Community average — to satisfy the criteria for economic convergence.

Its task will be to contribute in financial terms to projects concerning the environment and trans-European networks with regard to transport infrastructures.

Pending implementation of the Maastricht Treaty and the setting up of the Cohesion Fund, the Council decided on 30 March 1993[1] to create a cohesion financial instrument of a temporary nature with the same scope as the future Cohesion Fund, with ECU 1 500 million, expressed in 1992 prices, being allocated to it for 1993.

136. The financial instrument is applicable to Greece, Spain, Ireland and Portugal, whose GNP is currently less than 90% of the Community average. Rates of assistance under the instrument are between 80 and 85% of government or similar expenditure.

The Regulation establishing this financial instrument remains in force until the entry into force of the Regulation establishing the Cohesion Fund and until 1 April 1994 at the latest. The Council agreed to extend the validity beyond 1 April 1994 if the Cohesion Fund had not been set up by that date.

Following the entry into force of the Maastricht Treaty the Commission submitted a proposal for a Regulation establishing the Cohesion Fund, which the Council is required to adopt during 1994 after obtaining the opinion of the Committee of the Regions and with Parliament's assent.

Assistance under the cohesion financial instrument and the Cohesion Fund, added to that of the Structural Funds, will enable the four Member States to benefit during the period till the end of 1999 from a doubling in real terms of the financial commitments in their favour.

[1] OJ L 79, 1.4.1993.

Chapter IV
Common agricultural policy and fisheries policy

I — Common agricultural policy

A — Guidelines for the common agricultural policy

Reform of the common agricultural policy

137. During 1993, the Council formally adopted the reform measures in the beef and veal sector[1] that had been decided on in 1992;[2] it received a communication from the Commission on the reform of the wine sector (see below) and it asked the Commission to submit proposals for the sectors which had not been subject to reform. The Council also made adjustments to certain measures decided on in 1992; they are summarized in Section B.

WINE SECTOR

138. In August 1993, the Commission submitted to the Council a communication on the development and future of wine-sector policy. This discussion paper set out the guidelines which the Commission felt should govern the future reform of the sector. The Commission considered that maintenance of the *status quo* was out of the question because of the continuing deterioration of the market situation — notably the growing gap between production and consumption — and the high level of Community expenditure. It advocated a comprehensive reform that would achieve market balance by the end of the century, essentially by means of two series of measures:

firstly, 'positive' measures, aimed at establishing a 'partnership' with the major wine-producing regions in order to control production and yields, involving the

[1] Regulation (EEC) No 125/93, (OJ L 18, 27.1.1993).
[2] See 40th Review, point 189.

implementation of multiannual regional programmes under which grubbing-up premiums would be increased, as well as measures to improve quality;

secondly, 'deterrent' measures, based on a thorough review of distillation arrangements and on increased monitoring, devolving greater responsibility to the Member State concerned.

This communication was the subject of a broad exchange of views at the Council meeting on 21 September 1993. Following that discussion, the Council asked the Commission to submit formal proposals for reform of the sector.

Agricultural prices for the 1993/94 marketing year

139. For products covered by the arrangements for major crops and for milk and beef and veal, the main decisions on prices and support measures had been taken on a multiannual basis in the context of the 1992 reform of the common agricultural policy. As a result, the scope of the decisions on agricultural prices for the 1993/94 marketing year, taken at the conclusion of the Council meeting of 24 to 27 May 1993, was of lesser scope than in the past.

Without prejudice to the effects of the possible application of the stabilizer mechanism, specific adjustments to certain prices obtaining in Spain and Portugal and monetary adjustments, prices were generally maintained at the level fixed for the 1992/93 marketing year.

In the rice sector, the target price of husked rice was reduced by 1.46% following an updated calculation of transport costs, one of the elements taken into account when calculating the price from the intervention price. The Council also decided to extend the aid for conversion to Indica rice, but its level was fixed at ECU 100/ha, i.e. half that paid during the previous marketing year.

In order to ensure competitiveness between different forms of starch, and to take account of the specific constraints, particularly structural, affecting the starch manufacturing sector, the premium paid to producers of potato starch was extended. For the 1993/94 marketing year, it was kept at ECU 18.67/tonne; the same price will apply for the 1994/95 and 1995/96 marketing years, provided that total production of potato starch does not exceed 1.5 million tonnes during one or two of the preceding marketing years.

In the light of the situation on the olive-oil market, the Council decided to continue the transfer of the consumption subsidy to production aid, which thus increased by ECU 50/tonne; the intervention price was consequently reduced by the same amount.

The levels of aid for fibre flax and hemp were adjusted in order to compensate for the loss of aid for flax and hemp seeds.

Lastly, the Council decided that the 5% reduction in the intervention price for butter, to be introduced as part of the reform of the milk sector,[1] would be effected in two stages: 3% on 1 July 1993 and 2% on 1 July 1994.

New common organization of the markets

140. Further to the guidelines adopted in December 1992,[2] on 13 February 1993 the Council adopted a Regulation on the common organization of the market in bananas.[3] The Regulation, which is intended to ensure free movement of bananas within the single internal market, has an external side with a tariff quota and a system of import licences, and an internal side with, *inter alia*, a scheme of specific aid for Community production.

On the external side,[4] the Regulation provides for:

(i) the opening of a 2-million-tonne tariff quota for each year for imports of third-country bananas and non-traditional ACP bananas. Within that tariff quota, imports of third-country bananas are subject to a duty of ECU 100/tonne, and imports of non-traditional ACP bananas are duty-free;

(ii) outside the quota, imports of non-traditional ACP bananas are subject to a duty of ECU 750/tonne and imports of third-country bananas are subject to a duty of ECU 850/tonne;

(iii) quantities of third-country and non-traditional ACP bananas re-exported from the Community are not counted against the quota in question;

(iv) a scheme to distribute licences giving access to the reduced-duty tariff quota and ensuring compliance with obligations towards Community and ACP producers has been introduced.

141. The internal side[5] of the new scheme is based essentially on:

(i) the preparation of common quality and marketing standards;

(ii) encouragement to set up producers' organizations and coordination mechanisms;

(iii) the introduction of structural aid and of aid to compensate for any fall in Community producer incomes.

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1 See 40th Review, point 188.
2 See 40th Review, point 194.
3 Regulation (EEC) No 404/93, OJ L 47, 25.2.1993.
4 See Article 18 of the aforementioned Regulation.
5 See Articles 10 to 14 of the aforementioned Regulation.

In conjunction with the introduction of this common market organization, the Commission submitted to the Council proposals for Community financial assistance to ACP States which submit programmes to help their banana producers to adapt to new market conditions, and for the creation of a diversification and development fund for the banana-producing countries of Latin America.

B — Management of the common agricultural policy

142. During 1993, the Council adopted a number of measures concerning the management of the various markets and adapting the basic regulations, particularly as regards the application of the reform of the common agricultural policy decided on in 1992. These measures are summarized below.

Plant products

ARRANGEMENTS FOR ARABLE CROPS

143. Regulation (EEC) No 1765/92 establishing a support system for producers of certain arable crops provided for the possibility of introducing non-rotational set-aside, on the understanding that the percentage of set-aside would be fixed in such a way as to ensure a reduction in production comparable to that resulting from rotational set-aside. In the context of its decision on prices and related measures for the 1993/94 marketing year, the Council decided to fix that percentage at the rotational set-aside percentage plus 5% percent, as a general rule. That rate is, however, limited to 3 percentage points:

(i) in the vulnerable zones referred to in Directive 91/676/EEC or in the whole of the territory of a Member State which chooses to apply there the action programmes provided for by that Directive;

(ii) for land set aside for the 1994/95 and 1995/96 marketing years, in any Member State in which, according to the estimates of the preliminary draft budget for 1994, the area to be entered into set-aside in the first year of the scheme will exceed 13% of the base area.[1]

At the same meeting, the Council contemplated the idea of making the set-aside scheme a little more flexible, without compromising the basic direction of the reform.

[1] Regulation (EEC) No 1541/93, OJ L 154, 25.6.1993.

144. The desired flexibility was the subject of an agreement by the Council at its meeting from 14 to 17 December 1993, and the changes, which will be formally adopted early in 1994, are essentially the following:

(i) introduction of a set-aside rate 5 points higher than the rate for rotational set-aside, for all forms of non-rotational set-aside;

(ii) application of a set-aside rate of 18% in regions where mixed set-aside — i.e. rotational and fixed — is practised;

(iii) Member States will be allowed greater latitude in the criteria for regionalization plans without in any way departing from past average yields;

(iv) the voluntary set-aside rate will be fixed at ECU 57 per tonne of cereals, i.e. at the same rate as for compulsory set-aside;

(v) the ceiling for both voluntary and compulsory set-aside will be 50% of the total area of the holding concerned;

(vi) the transfer of set-aside obligations, particularly within a radius of 20 km around the holding concerned, will be authorized;

(vii) it will be possible to grow short-rotation coppice for biomass on set-aside land with the help of national loans to assist producers to cover initial costs;

(viii) the German base area will be increased by 181 000 ha to take account of a statistical error made when determining the arable areas of the new Länder.

The Council also asked the Commission to give careful consideration, with a view to submitting proposals, to the question of transition from the existing regional base-area system to the individual base-area system, in particular to ensure that regional base areas can be allocated equitably among producers.

INDIVIDUAL PRODUCTS COVERED BY THE ARRANGEMENTS FOR ARABLE CROPS

145. As part of the reform of this sector, the level of aid granted to producers of durum wheat situated in the traditional producing zones was increased to compensate for the additional loss of income resulting from the alignment of the intervention price for durum wheat on that for other cereals. On 10 February 1993, the Council adopted a Regulation[1] both extending the traditional zones in order to cover certain departments in the south of France where durum wheat cultivation is of particular importance owing to the lack of a viable alternative, and altering the reference period in Spain and Portugal for calculating the areas eligible for that aid.

[1] Regulation (EEC) No 364/93, OJ L 42, 19.2.1993.

In the context of its overall Decision on prices and related measures for the 1993/94 marketing year, the Council decided to incorporate linseed in the support system for producers of certain arable crops established by Regulation (EEC) No 1765/92. The Regulation implementing that decision was adopted by the Council on 14 July 1993.[1]

On 19 July 1993, the Council adopted a Regulation amending Regulation (EEC) No 2371/75 fixing standard qualities for common wheat, rye, barley, maize, sorghum and durum wheat.[2] That amendment aligned the provisions fixing those standard qualities on those adopted in the context of the reform of the sector.[3]

146. In the agreement concluded between the Community and the United States in 1987, the Community undertook to open an annual quota for imports into Spain of 2 million tonnes of maize and 300 000 tonnes of sorghum. As that agreement had been extended until the end of 1993,[2] on 17 December 1993 the Council adopted a Regulation — with retroactive effect from 1 January 1993 — intended to ensure the practical implementation of this further extension.[4]

At the end of 1992, negotiations took place between the Community and the United States with the aim of settling the dispute over oilseeds which had for some time divided the Community and other trading partners in the GATT. The outcome of those negotiations was the subject of a Memorandum of Understanding on oilseeds, which was approved by the Council on 8 June 1993.[5] In order to apply the provisions of this Memorandum of Understanding, at its meeting from 14 to 17 December 1993, the Council:

(i) endorsed the special arrangements for imports of maize into Portugal under which a reduced-tariff quota was established for the import of 500 000 tonnes of maize from third countries into Portugal, beginning in the 1993/94 marketing year; the Regulation in question was formally adopted by the Council on 22 December 1993;[6]

(ii) allocated between the various Member States the Community base area for oilseeds as contained in the Memorandum of Understanding; if that total area, which is 5.5 million ha for 1994/95 and 5.128 million ha for the following years, is exceeded, the penalties laid down in the Memorandum will be borne by the producers situated in the Member States in which the excess has occurred; the Regulation giving legal form to this decision will be formally adopted by the Council at the beginning of 1994.

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1 Regulation (EEC) No 1552/93, OJ L 154, 25. 6.1993.
2 Regulation (EEC) No 991/93, OJ L 104, 29. 4.1993.
3 Regulation (EEC) No 2054/93, OJ L 187, 29. 7.1993.
4 Regulation (EC) No 3640/93, OJ L 333, 31.12.1993.
5 Decision 93/355/EEC, OJ L 147, 18.6.1993.
6 Regulation (EC) No 3670/93, OJ L 338, 31.12.1993.

SUGAR

147. In view of the prevailing climate, in particular the uncertainty over the consequences for the sugar sector of the international trade negotiations, the need for a Community evaluation of the impact of the single market and the volatility of the world sugar market, on 14 June 1993 the Council decided to extend by one year, until 30 June 1994, the Community sugar arrangements introduced by Regulation (EEC) No 1785/81.[1]

At its meeting from 14 to 17 December 1993, the Council again decided to extend the arrangements, this time until 30 June 1995. At that meeting, the Council also decided to include Community production of inulin syrup in the quota system laid down by Regulation (EEC) No 1785/81. The Regulation giving legal form to this decision will be formally adopted by the Council early in 1994.

In May 1990, the Council adopted three Regulations on Community levulose and levulose imported under these arrangements,[2] and provided that for levulose originating in third countries not bound to the Community by preferential agreements, a Community quota, exempt from the variable component and equal to the quantities traditionally imported, would be opened. On 17 March 1993, the Council fixed that quantity at 4 504 tonnes for 1993.[3] On 14 December 1993, the Council agreed to set the same quantity for 1994.[4]

Lastly, regarding preferential sugar, the Council:

(i) on 26 April 1993, adopted the Decision concluding, in the form of an exchange of letters, agreements between the Community and, on the one hand, the ACP States concerned, and on the other hand, the Republic of India, on the guaranteed prices for preferential sugar for the 1992/93 delivery period;

(ii) on 19 July 1993, instructed the Commission to negotiate the guaranteed prices for the 1993/94 delivery period.

OLIVE-OIL

148. As a number of management problems in the olive-oil sector had been raised during the discussions on the agricultural prices for 1993/1994, on 16 November 1993 the Council adopted an amendment to Regulation No 136/66/EEC on the establishment of a common organization of the markets in oils and fats.[5] That amendment supplements the rules in force by introducing the possibility of adopting

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1 Regulation (EEC) No 1548/93, OJ L 154, 25. 6.1993.
2 See 38th Review, point 362.
3 Regulation (EEC) No 637/93, OJ L 69, 20. 3.1993.
4 Regulation (EC) No 3512/93, OJ L 320, 22.12.1993.
5 Regulation (EC) No 3179/93, OJ L 285, 20.11.1993.

special intervention measures in the event of serious market disturbances before the opening of the normal intervention period.

FRUIT AND VEGETABLES

149. Following the agreement in principle reached in December 1992, on 17 March 1993 the Council adopted a Regulation amending the basic Regulation on fruit and vegetables and the Regulation on the common organization of the markets in certain products listed in Annex II to the Treaty.[1] The purpose of this amendment was to incorporate new products within the scope of the Community arrangements for fruit and vegetables and, with a view to the introduction of the single market on 1 January 1993, to replace the mechanism of national quantitative restrictions by a system of certificates which will enable imports to be quantified and market developments to be followed more closely.

On the same day, the Council also adopted a Regulation reinstating the previous production quota system for processed tomato products.[2] The measure, which reflected the Council conclusions of June 1992, replaced the threshold system by a quota distributed among the six producer Member States and also between the three categories of processed tomato products, but with the possibility of transfers between categories under certain conditions.

A premium is granted for processed tomato products provided that a significant quantity of the fresh tomatoes used is the subject of a contract concluded with the producers' associations. For the 1993/94 marketing year, that quantity was fixed by the Council on 20 November 1993 at the same level as for the previous year, i.e. 80% of the total quantity of tomatoes processed.[3]

In order to facilitate the disposal of apples still in storage on 31 May 1993, on 1 June 1993 the Council fixed a basic and a buying-in price for this fruit for June 1993.[4]

In May 1992, the Council adopted a Regulation on the system of minimum import prices for certain soft fruits originating in Hungary, Poland, and Czechoslovakia.[5] On 19 July 1993, the Council extended that system to imports from Bulgaria and Romania.[6]

On 8 November 1993, the Council decided to grant Community aid for processing oranges, mandarins and clementines into juice and satsumas into segments.[7]

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1 Regulation (EEC) No 638/93, OJ L 69, 20. 3.1993.
2 Regulation (EEC) No 668/93, OJ L 72, 25. 3.1993.
3 Regulation (EC) No 3178/93, OJ L 285, 20.11.1993.
4 Regulation (EEC) No 1352/93, OJ L 133, 2. 6.1993.
5 See 40th Review, point 202.
6 Regulation (EEC) No 1988/93, OJ L 182, 24. 7.1993.
7 Regulation (EC) No 3119/93, OJ L 279, 12.11.1993.

Lastly, on 14 December 1993, the Council adopted a Regulation making it possible for table apples and oranges withdrawn from the market to be made available, during the 1993/1994 marketing year, to charitable organizations approved by the Member States with a view to their free distribution to the victims of the conflict in the former Yugoslavia.[1]

WINE

150. In order not to disturb trade pending completion of the negotiations with the United States, on 17 May 1993 the Council decided to extend until 30 April 1994 the derogations accorded to the United States which, subject to appropriate guarantees, soften the requirements relating to the certificates of origin and analysis reports to be supplied with imports into the Community of wines from the United States,[2] and permit the importation of wines which have undergone oenological processes authorized in the United States, but not in the Community.[3]

On 19 July 1993, the Council adopted a Regulation introducing a series of specific technical amendments to the Community scheme for the permanent abandonment of wine-growing areas, which had proved necessary in the light of experience, and extending until 31 December 1996 the financial provisions of the scheme which had expired on 31 December 1992.[4]

With a view to an agreement to be concluded between the Community and Hungary in the wine sector, on 21 September 1993 the Council decided to extend until 31 August 1994 the derogation arrangements laid down in Regulation (EEC) No 3677/89, which authorize Hungary to export to the Community wines with an alcoholic strength above the 15% maximum normally allowed under Community rules.[5]

On 16 November 1993, the Council adopted an amendment to Regulation (EEC) No 357/79 on statistical surveys of areas under vines;[6] the purpose of the amendment was to allow progressive use of the vineyard register for the purposes of statistical surveys, and thus to reduce the workload on the Member States concerned.

HOPS

151. On 19 July 1993, the Council adopted two Regulations in the hops sector:

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1 Regulation (EC) No 3511/93, OJ L 320, 22.12.1993.
2 Regulation (EEC) No 1211/93, OJ L 123, 19. 5.1993.
3 Regulation (EEC) No 1212/93, OJ L 123, 19. 5.1993.
4 Regulation (EEC) No 1990/93, OJ L 182, 24. 7.1993.
5 Regulation (EEC) No 2606/93, OJ L 239, 24. 9.1993.
6 Regulation (EC) No 3205/93, OJ L 289, 24.11.1993.

(i) amending Regulation (EEC) No 1784/77 concerning the certification of hops. This amendment is intended both to place a range of new isomerized products on the list of exceptions laid down by Regulation (EEC) No 1784/77 and to extend until 31 December 1995 the duration of the transitional arrangements introduced following German reunification;[1]

(ii) laying down the amount of aid to producers for the 1992 harvest; the level of aid was set at ECU 365/ha for aromatic varieties, ECU 400/ha for bitter varieties and ECU 280/ha for other varieties and experimental strains.[2]

TEXTILE FIBRES

152. The support system for cotton established by Regulation (EEC) No 1964/87 provides for a reduction in aid in line with the amount by which the quantities guaranteed for each marketing year are exceeded. In its decisions on agricultural prices and certain related measures for the 1993/94 marketing year, the Council was faced with a considerable expansion of cotton cultivation in the Community and therefore agreed to increase from 15 to 20% the maximum reduction in the norm price applied if the maximum guaranteed quantity fixed for cotton is exceeded, and to increase from 5 to 7% the limit on the amount which can be carried forward to the following marketing year if the new ceiling is exceeded.[3] These changes will apply as from the 1994/95 marketing year.

As linseed had been brought into the general scheme for arable crops in the decision on agricultural prices for the 1993/94 marketing year,[4] on 19 July 1993 the Council adopted a Regulation on the general rules for granting aid for flax in order to make it clear that the previous allocation of aid for flax, i.e. 25% to the producer and 75% to the processor, will be maintained in the future.[5]

TOBACCO

153. The new Community arrangements for the tobacco sector were adopted by the Council in 1992.[6] At that time, a global guarantee threshold of 350 000 tonnes was fixed for the 1994 harvest, with guarantee thresholds by group of varieties and by Member State set within that global quantity. In view of the situation and prospects on the tobacco market, at its meeting from 14 to 17 December 1993 the Council decided to make a number of changes to the levels of individual thresholds. The Regulation giving legal form to this decision will be formally adopted by the Council early in 1994.

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1 Regulation (EEC) No 1987/93, OJ L 182, 24.7.1993.
2 Regulation (EEC) No 1991/93, OJ L 182, 24.7.1993.
3 Regulation (EEC) No 1553/93, OJ L 154, 25.6.1993.
4 See point 145 of this Review.
5 Regulation (EEC) No 1989/93, OJ L 182, 24.7.1993.
6 See 40th Review, point 207.

Animal products

MILK PRODUCTS

154. In 1977, the Council, by means of Regulation (EEC) No 1079/77, introduced a normal co-responsibility levy applicable to all milk supplied to dairies. As that Regulation and Regulation (EEC) No 2073/92 had the same objectives, on 27 April 1993 the Council decided to repeal Regulation (EEC) No 1079/77 and thus to abolish the co-responsibility levy as from 1 April 1993.[1]

As indicated in the previous Review, in 1992 the Council agreed that the milk quotas for Spain, Greece and Italy would be increased if it could be proved that the quota arrangements had been correctly applied in those Member States.[2] In the light of the Commission reports on the matter, when taking its decisions on agricultural prices and related measures the Council agreed that for the period 1993/94, the total quantities for Spain, Greece and Italy would be increased by 0.5 million tonnes, 0.1 million tonnes and 0.9 million tonnes respectively.[3] The question whether the increased quotas should be maintained in 1994/95 and subsequent years will be examined by the Council on the basis of a report to be submitted by the Commission in 1994. In the same Regulation, the Council also decided to increase the quotas of the other Member States by 0.6%, in order to permit the assignment of special quantities to certain producers with priority claims, and to authorize certain quota transfers in Germany and Portugal.

155. In the light of judgments of the Court of Justice, on 19 July 1993 the Council adopted a Regulation allocating quotas to certain producers of milk and milk products.[4] That Regulation lays down the conditions for the grant of a special reference quantity to producers who have taken over all or part of a farm the previous holder of which received a premium under the non-marketing or conversion programme. The quotas in question will be established by the Member State concerned in accordance with objective criteria, and the quantities needed for their allocation will be drawn from the national reserve. To provide for this, on 14 June 1993 the Council decided to increase the total quantities of Member States' milk by 0.6%, as indicated above.[3]

On 19 July 1993, the Council also endorsed an offer of compensation to certain producers of milk and milk products temporarily prevented from carrying on their trade. This measure was formally adopted by the Council on 22 July 1993[5] following a Court of Justice judgment delivered in May 1992,[6] ordering the Community to make

1 Regulation (EEC) No 1029/93, OJ L 108, 1. 5.1993.
2 See 40th Review, point 209.
3 Regulation (EEC) No 1560/93, OJ L 154, 25.6.1993.
4 Regulation (EEC) No 2055/93, OJ L 187, 29.7.1993.
5 Regulation (EEC) No 2187/93, OJ L 196, 5. 8.1993.
6 See 40th Review, point 210.

good the damage suffered by milk producers who, because of earlier non-marketing or conversion commitments, did not supply any milk during the reference year used, and who consequently were not allocated individual reference quantities under the Community milk quota scheme in 1984. The offer to the producers concerned consists of compensation in the form of lump-sum payments, with three different categories based on farm size.

In connection with the aforementioned abolition of the co-responsibility levy, the revenue from which was used to finance 75% of the cost of the school-milk scheme, on 4 October 1993 the Council decided to reduce the amount of Community aid for the scheme from 125 to 95% of the guide price.[1]

In the light of a detailed Commission report on imports of New Zealand butter into the United Kingdom on special terms, and pending implementation of the conclusions of the Uruguay Round trade negotiations under the GATT, on 22 December 1993 the Council decided to extend the special arrangements for these imports until 31 December 1994.[2] For 1994, a maximum quantity of 51 830 tonnes, subject to a special levy of ECU 33.84/100kg, may be imported.

BEEF AND VEAL

156. On 19 April 1993, the Council adopted a special import tariff quota for 1993 at 20% duty covering, as in the previous year, 11 430 tonnes of high-quality, fresh, chilled or frozen beef and veal.[3]

Community tariff quotas at 4% duty for the period 1 July 1993 to 30 June 1994 were adopted by the Council on 17 July 1993 for:

42 600 head of heifers and cows, other than those intended for slaughter, of certain mountain breeds;[4]

5 000 head of bulls, cows and heifers, other than those intended for slaughter, of certain Alpine breeds.[5]

At its meeting from 14 to 17 December 1993, the Council decided to make a series of amendments to the basic beef and veal Regulation in order to:

(i) increase the additional rights to the suckler cow premium in Luxembourg, raising the headage from 760 to 3 000;

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1 Regulation (EEC) No 2748/93, OJ L 249, 7.10.1993.
2 Regulation (EC) No 3610/93, OJ L 328, 29.12.1993.
3 Regulation (EEC) No 929/93, OJ L 96, 22. 4.1993.
4 Regulation (EEC) No 1918/93, OJ L 174, 17. 7.1993.
5 Regulation (EEC) No 1919/93, OJ L 174, 17. 7.1993.

(ii) make the payment of premiums for male bovines subject to certain environmental conditions, as under the system already instituted for the suckler cow premium;

(iii) lower the weight limit for animals imported from Central European countries, mainly Poland, which, under the Community's trade commitments, benefit from a 75% reduction in the levy and a reduction in customs duties.

The Regulation in question was formally adopted by the Council on 22 December 1993.[1]

SHEEPMEAT AND GOATMEAT

157. As indicated in the previous Review,[2] in December 1992 the Council was planning to make the 1992 marketing year the last year of transition to the single ewe premium and, consequently, to keep the special quotation in Ireland and Northern Ireland for that marketing year and also to raise the premium for ewes producing heavy lambs applicable in the less-favoured areas of all Member States for 1992 from ECU 5.5 to ECU 7 per ewe as an exceptional measure. As the Commission had submitted a proposal to that effect, the Council adopted the Regulation in question on 10 February 1993.[3]

Pending the entry into force of the new multilateral framework for agricultural trade, the Council decided, on 6 December 1993, to authorize the Commission to open negotiations with a view to making provision until 31 December 1994 for interim access arrangements, as the voluntary restraint agreements with certain third countries in this sector were due to expire at the end of 1993. The outcome of these negotiations with Argentina, Australia, Bulgaria, Hungary, New Zealand, Poland, Slovakia, the Czech Republic and Uruguay were approved by the Council on 22 December 1993 and, at the same meeting, the Council decided to extend until 31 December 1994, within certain quantitative limits, suspension of the import levy on sheepmeat and goatmeat sector products to cover all countries supplying the Community.[4]

As part of the reform measures in the sheepmeat sector adopted in 1992, a system of individual limits or premium quotas had been introduced. In order to simplify the support arrangements, at its meeting from 14 and 17 December 1993 the Council decided to subsume the ewe premium into the system of individual limits. At the same time, as in the case of beef and veal, it decided to subject the payment of ewe premiums to certain environmental conditions. That Regulation will be adopted by the Council early in 1994.

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1 Regulation (EC) No 3611/93, OJ L 328, 29.12.1993.
2 See 40th Review, point 215.
3 Regulation (EEC) No 363/93, OJ L 42, 19. 2.1993.
4 Regulation (EC) No 3609/93, OJ L 328, 29.12.1993.

PIGMEAT

158. In order to take account of the latest technical developments in the grading of pig carcasses and with the aim of harmonizing and simplifying the existing Community arrangements, on 14 December 1993 the Council decided to introduce the appropriate adjustments to Regulation (EEC) No 3220/84 determining the Community scale for grading pig carcasses.[1]

POULTRYMEAT AND EGGS

159. Regulation (EEC) No 1906/90 on certain marketing standards for poultrymeat was amended twice during 1993. The first amendment, adopted by the Council on 9 February 1993, clarified the definition of poultrymeat and authorized the Member States to lay down specific temperature requirements for the cutting and storage of fresh poultrymeat in the retail trade.[2] With the second amendment, adopted on 16 November 1993,[3] the Council made the technical adaptations that had become necessary following the adoption in December 1992 of the amendment to and updating of Directive 71/118/EEC on health problems in fresh poultrymeat.

In order to guarantee uniform application of the provisions regulating external trade in the egg and poultrymeat sectors, on 14 June 1993 the Council made the appropriate technical amendments to the relevant basic regulations and to Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff.[4]

On 21 September 1993, the Council adopted a Regulation amending Regulation (EEC) No 1907/90 on certain marketing standards for eggs.[5] The amendment had two purposes, firstly to replace the indication of the packing date of eggs by that of their 'best before' date, and secondly to allow promotional material to be carried on egg packs.

PROCESSED AGRICULTURAL PRODUCTS

160. As the trade arrangements applicable to certain goods resulting from the processing of agricultural products laid down in Regulations (EEC) No 3033/80 and 3034/80 had undergone a number of amendments in recent years, on 6 December 1993 the Council decided to codify the existing rules and, at the same time, extend the scope of the arrangements to cover trade within preferential agreements and make the administration of this sector more efficient by setting up a Management Committee.[6]

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1 Regulation (EC) No 3513/93, OJ L 320, 22.12.1993.
2 Regulation (EEC) No 317/93, OJ L 37, 13. 2.1993.
3 Regulation (EC) No 3204/93, OJ L 289, 24.11.1993.
4 Regulation (EEC) No 1574/93, OJ L 152, 24. 6.1993.
5 Regulation (EEC) No 2617/93, OJ L 240, 25. 9.1993.
6 Regulation (EC) No 3448/93, OJ L 318, 20.12.1993.

Transitional measures concerning the accession of Spain and Portugal

161. Difficulties over the transitional arrangements for agricultural products provided for by the Act of Accession of Spain and Portugal arose in the context of the establishment of the single market from the beginning of 1993. In order to overcome these difficulties, on 17 March 1993 the Council adopted a series of regulations intended to abolish or adapt the transitional measures applicable to Portugal, thus integrating Portuguese agriculture into the single market.[1]

Similar measures applicable to Spanish agriculture were adopted by the Council in December 1992.[2]

C — Agricultural structures policy

162. During 1993, the Council's activities on the completion and adaptation of Community legislation on agricultural structures policy continued apace.

On 23 March 1993, the Council adopted an amendment[3] to Regulation (EEC) No 1360/78 on producer groups and associations thereof.[4] The main aim of this amendment is to extend the validity of the common measure which the Council had introduced in 1978 to assist producers to form groups in certain sectors and certain regions of the Community where the supply of agricultural products reflected severe structural deficiencies. In those regions and sectors, the Community provided launching aid to encourage farmers to form groups or associations, which would intervene in the economic process to concentrate the supply of agricultural products and adapt production to market requirements. Since its introduction, the scheme has been extended to other regions and sectors with similar needs. As the scheme expired at the end of 1991, the Council decided to extend it indefinitely from 1 January 1992, it being agreed that the Commission would report to the Council before 1997 on the results of the implementation of this common measure. As well as extending the duration of the measure, the new Regulation strengthens the monitoring powers conferred on producer groups as regards harvesting and the availability of products and raises the overall amount of launching aid available to associations to ECU 120 000.

On 14 June 1993, the Council adopted a Decision[5] relating to the common measure on the development of agricultural advisory services in Italy. The Council had intro-

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1 Regulations (EEC) Nos 738/93 to 747/93, OJ L 77, 31.3.1993.
2 See 40th Review, point 216.
3 Regulation (EEC) No 698/93, OJ L 74, 27. 3.1993.
4 OJ L 166, 23.6.1978.
5 Decision 93/385/EEC, OJ L 166, 8.7.1993.

duced this common measure in 1979 with the adoption of Regulation (EEC) No 270/79,[1] in order to provide farmers in Italy with permanent access to an agricultural information and guidance system and thereby help to increase productivity and income and enable Italian farms to be modernized. Under the Regulation, the Community reimburses Italy for the cost of employing advisers in Italy. The Decision adopted by the Council raises the annual maximum eligible amount per trained adviser to ECU 25 000, which is double the amount previously available. The increase applies to costs incurred after 1 July 1990 in order to take account of prevailing salary levels in Italy.

163. On 19 July 1993, the Council adopted a series of specific measures for the smaller Aegean Islands concerning certain agricultural products.[2] The measures are in line with the undertakings given by the Community since the European Council, at its meeting in Rhodes in December 1988, recognized the specific socioeconomic problems experienced by certain island regions of the Community.

Implementation of these measures will be multiannual and multisectoral, and will focus on three types of action:

(i) specific supply arrangements for vital basic products have been established in order to deal with the exceptional geographical situation of the Aegean Islands in relation to the sources of supply of food and agricultural products essential for everyday consumption or agricultural production. The quantities of products benefiting from the arrangements are determined periodically on the basis of the essential requirements of the local market and taking account of local production;

(ii) measures to support local products have been taken in the stock-farming and animal-production sector and that of plant production. The measures comprise:

supplementary premiums for fattening male bovine animals and maintaining suckler cows;

private storage aid for cheeses traditionally made on the islands;

in the fruit and vegetable and flower-growing sectors, per-hectare aid to support and increase production, improve farm productivity and product quality;

per-hectare aid for the production of potatoes for human consumption and seed potatoes;

in the wine sector, aid for vines producing quality wines psr and aid to offset the costs of storage for the ageing of local quality liqueur wines psr;

[1] OJ L 38, 14.2.1979.
[2] Regulation (EEC) No 2019/93, OJ L 184, 27.7.1993.

flat-rate per-hectare aid for the maintenance of olive groves in traditional olive-growing zones, in order to maintain production potential and preserve the countryside and the natural environment on the islands in question;

aid for the production of honey, available to producer groups which undertake to implement programmes of initiatives designed to improve the conditions under which quality honey is marketed and promoted;

(iii) the Council recognized that farms on the Aegean Islands present manifest structural weaknesses from which specific difficulties derive, and it therefore authorized a number of derogations from the horizontal rules on agricultural structures. The purpose of these derogations is to relax the rules of Council Regulation (EEC) No 2328/91 on improving the efficiency of agricultural structures,[1] as regards investment aid, the keeping of simplified accounts, pig production on family holdings, egg and poultry production, installation aid for young farmers and the conditions for granting the compensatory allowance.

164. Additionally on 19 July 1993, the Council extended the Community list of less-favoured farming areas with regard to Greece.[2] The extension amounts to 177 950 hectares, which brings the proportion of less-favoured farming areas in Greece to 80.2% of the total usable agricultural area. Apart from the extension, the new Directive provides for 113 290 hectares already classified as less-favoured to be reclassified as areas affected by specific handicaps, in order to homogenize agricultural land in border areas.

165. On 22 December 1993, the Council adopted a Regulation of major importance, with a view to expediting the adjustment of production, processing and marketing structures as part of the reform of the common agricultural policy;[3] following the reform of the Structural Funds which took place in July 1993, the Regulation lays down the procedures for implementing measures to adjust agricultural structures (Objective 5 (a) of the Structural Funds).

In the case of measures to adjust production structures, the new Regulation provides that for 1994 to 1999 every Member State must establish annual expenditure forecasts for measures financed by the EAGGF, Guidance Section, pursuant to Regulations Nos 2328/91,[4] · 1035/72,[5] 1360/78,[6] 389/82,[7] and 1696/71,[8] and Directives

1 OJ L 218, 6.8.1991.
2 Directive 93/66/EEC, OJ L 184, 27.7.1993.
3 Regulation (EEC) No 3669/93, OJ L 388, 31.12.1993.
4 OJ L 218, 6.8.1991.
5 OJ L 118, 20.5.1972.
6 OJ L 166, 23.6.1978.
7 OJ L 51, 23.2.1982.
8 OJ L 175, 4.8.1971.

72/159/EEC[1] and 72/160/EEC.[1] Member States must forward with the annual expenditure forecasts an aid application which must include a description of the proposed measures, their scope, including geographical coverage, and their specific objectives, a breakdown of forecast expenditure and an indication of the bodies responsible for carrying out the measures and the beneficiaries. A derogation from this general principle applies to measures in the regions covered by Objective 1 of the Structural Funds (structurally disadvantaged regions), for which expenditure forecasts are to be included in the regional-development plan.

Lastly, the Regulation introduces a new provision enabling the Member States to restrict the right of applicants to receive aid. This adjustment, like all the others listed above, is guided by a desire for consistency with the financial framework of, and the allocation of appropriations under, the Structural Funds.

With regard to the measures on the marketing and processing of agricultural products,[2] the new Regulation retains their basic content, but in greatly simplified form. The funding of investment in this sector continues both within the framework of aid applications and plans designed to improve the structures relating to the various product sectors, to be presented by the Member States, and on the basis of Community support frameworks, in accordance with selection criteria. The simplification of the new Regulation can be seen principally in:

(i) the possibility for Member States to present a single plan covering several production sectors;

(ii) the simpler aid-application structure; in particular, it is no longer necessary to indicate individual projects; and

(iii) the possibility of submitting a single programming document which includes all the information required in the plans and that required in the aid applications.

166. The main purpose of the new Regulation was to adjust Objective 5 (a) measures following the introduction of the new rules for the Structural Funds, but its also contains some technical amendments and a small number of changes to existing measures, in the main intended to take account of the reform of the common agricultural policy. The most important of these provisions concern Regulation No 2328/91,[3] which was amended in the following areas:

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1 OJ L 96, 23.4.1972.
2 Regulation (EEC) No 866/90, OJ L 91, 6.4.1990).
3 OJ L 218, 6.8.1991.

(i) investment aid in the beef sector is henceforth restricted to livestock enterprises which conform to the stocking rate in livestock units (LU) per hectare agreed under the CAP reform;

Member States may intensify measures to create or step up services to assist farm management;

(ii) certain special provisions on the application of investment aid for holdings in Portugal and on the territory of the new German *Länder* have been extended for a limited period;

(iii) the provisions of Regulation (EEC) No 2328/91 on set-aside, extensification, environmental measures in sensitive areas and forestry measures have been repealed, as these measures are now covered by various back-up measures under the CAP reform.

When adopting this Regulation, the Council felt that other adjustments to the Regulations relating to Objective 5(a) were necessary, in particular to take account of current developments and certain specific situations. It asked the Commission to examine the Member States' requests in this respect, and on the basis of that examination, to submit appropriate proposals by 30 April 1994 at the latest. The Council undertook to take a decision on them no later than 31 July 1994.

167. In March 1993, the Council bodies took careful note of a report on the progress of the specific common measure to encourage the development of agriculture in certain regions of Spain. This report was submitted by the Commission to the Council pursuant to Article 6 of Regulation (EEC) No 1118/88,[1] and provides detailed information on the implementation of the specific measure adopted by the Council in April 1988 in order to encourage agricultural development in certain regions of Spain. The report shows that the measure is progressing satisfactorily and that the objectives laid down in the programme will be attained as scheduled, i.e. by the end of 1993.

Lastly, in September the Council received a proposal on the conservation, characterization and utilization of genetic resources in agriculture. The proposal gave substance to the Commission's intention, stated in a report to the Council in May 1992, of implementing a Community programme in the field of the conservation and utilization of genetic resources in agriculture. The aims of the proposal are essentially:

(i) to establish and publish an inventory of work being carried out in the Member States;

[1] OJ L 107, 28.4.1988.

(ii) to coordinate parallel work already begun by several Member States and improve efficiency by avoiding duplication;

(iii) to support new conservation measures being undertaken in at least two Member States;

(iv) to implement back-up measures to assist in organizing seminars, workshops and training programmes.

The Council bodies began examining the proposal in October.

D — Agricultural statistics

168. On 5 April 1993, the Council adopted Regulation (EEC) No 959/93 concerning statistical information to be supplied by the Member States on crop products other than cereals.[1] This Regulation supplements the rules adopted by the Council in 1990 on statistics for cereals production.[2] The aim of the new Regulation is to harmonize and improve the flow of largely-existing data. It defines the data to be supplied, lays down deadlines for their transmission and establishes the degree of accuracy to be met in order to ensure objectivity and representativeness.

On 1 June 1993, the Council adopted three Directives on the statistical surveys to be carried out on the production of pigs,[3] bovine animals,[4] sheep and goat stocks.[5]

Stemming from a desire for clarity on the part of the Council, these Directives effectively recast the existing provisions in this field, which had in the past been amended several times. The aim of the new Directives is to supply the Commission, at regular intervals, with data on trends in livestock populations and production potential, in order to ensure that the common agricultural policy is properly administered. Among other things they lay down the procedures for carrying out surveys, regional breakdowns, size classes of herds kept and Community production and external-trade forecasts.

1 OJ L 98, 24.4.1993.
2 Regulation (EEC) No 837/90, OJ L 88, 3.4.1990.
3 Directive 93/23/EEC, OJ L 149, 21.6.1993.
4 Directive 93/24/EEC, OJ L 149, 21.6.1993.
5 Directive 93/25/EEC, OJ L 149, 21.6.1993.

E — Agri-financial and agrimonetary matters

Council Regulation (EEC) No 1992/93 of 19 July 1993

169. This Regulation transfers the financing of certain aids provided for in Regulations (EEC) No 1096/88 and (EEC) No 2328/91 from the EAGGF Guidance Section to the EAGGF Guarantee Section and amends Regulation (EEC) No 2328/91 as regards part-financing of the system to encourage the set-aside of arable land.[1]

The Council adopted the legal basis necessary for the financing of certain measures by the EAGGF Guarantee Section, rather than the EAGGF Guidance Section, as had previously been decided as part of the CAP reform. The measures in question relate to both expenditure on set-aside and ancillary measures under the CAP reform. These ancillary measures concern the Community aid scheme for early retirement, the Community aid scheme for forestry in agriculture, and the scheme to encourage agricultural-production methods compatible with the requirements of protection of the environment and the maintenance of the countryside.

Under the new Regulation, for reasons of compatibility with existing schemes, expenditure incurred by the Member States for set-aside from 16 October 1992 is eligible for financing from the EAGGF Guarantee Section. Expenditure incurred by the Member States for ancillary measures from 1 January 1993 is eligible for financing from the EAGGF Guarantee Section. It should be noted that CAP reform and related measures are financed from the EAGGF Guarantee Section, and are thus subject to the agricultural guideline.

Council Regulation (EEC) No 1571/93 of 14 June 1993

170. This Regulation amends Regulation (EEC) No 1883/78 laying down general rules for the financing of interventions by the EAGGF Guarantee Section.[2]

The Council amended Council Regulation No 1883/78[3] laying down general rules for the financing of interventions by the EAGGF Guarantee Section, in order to administer the Community budget more economically: Member States may be reimbursed for expenditure related to intervention purchasing at a uniform interest rate fixed at a level lower than the level representative of actual interest rates. This dero-

[1] OJ L 182, 24.7.1993.
[2] OJ L 154, 25.6.1993.
[3] OJ L 216, 5.8.1978.

gation, which was applied during the 1989 to 1992 financial years, now becomes the norm.

At the same time, the Council made a gesture of financial solidarity towards Greece, by allowing the Community budget to assume an additional proportion of its very high interest rates.

Council Decision of 26 April 1993

171. The subject of this Decision is further temporary national compensation for farmers in Germany.[1]

In view of the great political importance of this matter for the Member State in question, the Council adopted a further Decision on temporary national compensation for farmers in Germany. This special aid, financed by the Member State, is to be paid in 1993, 1994 and 1995 with specified ceilings.

The aid is an extension of several successive aid schemes implemented since 1984, when the principle of national aid to offset a fall in prices in the currency of the Member State, of monetary origin (fall in green rates in order to dismantle positive compensatory amounts), was accepted.

Council Regulation of 21 December 1993

172. This Regulation amends Regulation (EEC) No 3813/92 on the unit of account and the conversion rates to be applied for the purposes of the CAP.[2]

A new situation was created by the decision of the Ministers for Financial Affairs and the governors of the central banks to widen the EMS fluctuation margins to +15% and -15% on either side of the central currency rates.

This decision avoided the need for monetary realignment, and had the lasting consequence of making such realignments very unlikely.

In the agrimonetary field, the transfer (or 'switch-over') mechanism, which avoids having to lower prices in the Member State with the highest currency revaluation against the ecu, by means of a 'notional' or green ecu, was effectively suspended.

Consequently, Member States which regard their currencies as fixed (Germany and the Netherlands) asked for the agrimonetary arrangements to be modified.

Against this background and in order to resolve the problems raised by this situation, during which the Commission was compelled to freeze the green rates, the Council

1 OJ C 97, 6.4.1993.
2 OJ L 320, 22.12.1993.

adopted a Regulation adjusting the basic agrimonetary arrangements for one year (Council Regulation (EEC) No 3813/92 of 31 December 1992.[1] The solution chosen was not to adapt the transfer (switch-over) mechanism, but simply to broaden the margin within which the Commission does not need to change the green rates. This margin of -2% to +3% in relation to the central rate (multiplied by the correcting factor corresponding to the green ecu described above), may, as and when necessary, be taken by the Commission as between 0% and +5%, in order to avoid having to change the green rate of a revalued currency.

These changes to the agrimonetary rules are to last one year, since Article 13(2) of Council Regulation (EEC) No 3813/92 provides that before the end of 1994, 'the Commission will present a report to the Council on the arrangements contained in this Regulation, accompanied by appropriate proposals, in order to permit the Council, acting by qualified majority, to decide on future policy in this field'.

F — Harmonization of legislation

Veterinary and zootechnical sector

173. On 14 June 1993 the Council adopted a set of Decisions in the veterinary legislation sphere:

Decision 93/383/EEC[2] on reference laboratories for the controlled monitoring of marine biotoxins, designating the Vigo Laboratory in Spain as the Community reference laboratory responsible for ensuring the efficiency of the system for monitoring marine biotoxins implemented in the Member States, together with the national reference laboratories, their tasks and operating conditions;

Council Decision 93/386/EEC[2] amending Decision 88/408/EEC so as to extend until 30 September 1993 the decision to levy a flat-rate fee on poultry meat for purposes of the health inspection and control of fresh meat. That Decision was again extended until 31 December 1993 by Decision 93/513/EEC.[3]

Directive 93/52/EEC[2] amending Directive 89/556/EEC on animal health conditions governing intra-Community trade in and importation from third countries of embryos of domestic animals of the bovine species, so as to include embryos derived by *in vitro* fertilization and to take account of new Community requirements on non-vaccination against foot-and-mouth disease.

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1 OJ L 387, 31.12.1992.
2 OJ L 166, 8.7.1993.
3 OJ L 240, 25.9.1993.

174. On 24 June 1993 the Council adopted two Directives in the area of aquaculture products:

Directive 93/53/EEC[1] introducing minimum Community measures for the control of certain fish diseases, so as to ensure the eradication of these diseases and prevent their spread;

Directive 93/54/EEC[1] amending Directive 91/67/EEC concerning the animal health conditions governing the placing on the market of aquaculture animals and products, with a view to revising the list of diseases affecting aquaculture animals and clarifying a number of the health requirements laid down in that Directive.

On 30 June 1993 the Council adopted Directive 93/60/EEC[2] amending Directive 88/407/EEC to take account of technical progress particularly in respect of the requirements regarding the following diseases: infectious bovine rhinotracheitis, infectious pustular vulvo-vaginitis, tuberculosis and foot-and-mouth disease, and to include requirements covering fresh semen.

175. On 22 December 1993 the Council adopted the following set of measures:

(a) Decision 93/718/EC[3] amending Decision 90/218/EEC concerning the placing on the market and administration of bovine somatotropine (BST), so as to extend until 31 December 1994 the ban on the marketing and administration to dairy cows of that substance;

(b) Directive 93/118/EC[4] amending Directive 85/73/EEC on the financing of health inspections and controls of fresh meat and poultry meat so as to extend the principle of the levying of a health fee on all the products of animal origin referred to in Directive 89/662/EEC and placed on the market whether of Community origin or imported and, in the light of experience, adjust the detailed rules for the levying of the fees for fresh meat;

(c) Directive 93/119/EC[4] on the protection of animals at the time of slaughter or killing which lays down, as regards the slaughter and killing of animals, rules which are based on the one hand, on the European Convention on the protection of animals during slaughter and on the other, on recent scientific studies, with the objective of sparing the animal any avoidable suffering when it is killed;

(d) Directives 93/120/EC and 93/121/EC amending Directives 91/494/EEC and 90/539/EEC on animal health conditions governing intra-Community trade in and imports from third countries of poultry and hatching eggs.

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1 OJ L 175, 19.7.1993.
2 OJ L 186, 28.7.1993.
3 OJ L 333, 31.12.1993.
4 OJ L 340, 31.12.1993.

These two Directives are designed to clarify the requirements of Directive 90/539/EEC and to simplify its application in the Member States while taking account of experience acquired and also to establish, within the framework of Directive 91/494/EEC, rules for vaccination against Newcastle disease.

176. Finally, on 22 December 1993 the Council adopted a resolution on the strengthening of veterinary epidemiological surveillance measures.[1]

In that resolution the Council considers that, in order to ensure effective control of the movement of animals after the abolition of border checks, it is necessary to supplement and strengthen existing control provisions as regards holdings and trade to allow in particular a high level of veterinary checks and guarantee effective surveillance of holdings.

Plant health

177. The Council's proceedings in this sector were essentially devoted to the preparation of the instruments necessary to complete the Community legislation applicable in the new situation brought about by the single market.

Accordingly the Council, anxious to ensure appropriate legal security for all those required to work in the plant-health sector, adopted Directive 93/19/EEC, amending Directive 77/93/EEC on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community[2] with a view to establishing a single date of implementation for the legislative provisions adopted for the setting up of the internal market.

The Council also turned its attention to a first organic revision of the legislation on pesticide residues and adopted two Directives: Directive 93/57/EC amending the Annexes to Directives 86/362/EEC and 86/363/EEC on the fixing of maximum levels for pesticide residues in and on cereals and foodstuffs of animal origin respectively[3] and Directive 93/58/EEC amending Annex II to Directive 76/895/EEC relating to the fixing of maximum levels for pesticide residues in and on fruit and vegetables and the Annex to Directive 90/642/EEC relating to the fixing of maximum levels for pesticide residues in and on certain products of plant origin, including fruit and vegetables, and providing for the establishment of a first list of maximum levels. [3]

These two acts constitute an important step towards Community legislation which establishes as comprehensively as possible maximum levels of pesticide residues in

[1] OJ C 16, 19. 1.1994.
[2] OJ L 96, 22. 4.1993.
[3] OJ L 211, 23. 8.1993.

foodstuffs thereby giving operators definite reference data for their production and trade and guaranteeing effective health protection for consumers.

178. The Council also adopted Directive 93/85/EEC on the control of potato ring rot.[1]

This is an extremely technical Directive which lays down the measures necessary for systematically combating the pathogenic agent of so-called potato ring rot disease, which presents a risk to potato cultivation throughout the Community.

Having received proposals from the Commission on the basis of the 'Standing Committee' procedure whereby the Commission may submit to the Council a proposal on which the Standing Committee has not delivered a favourable opinion, the Council also adopted two Decisions, namely Decision 93/357/EEC and Decision 93/358/EEC, authorizing the Member States to provide for derogations from certain provisions of Directive 77/93/EEC in respect of wood of conifers (Coniferales) other than of Thuja L., Pinus L. and mixtures with Pinus L. originating in the United States of America and Canada respectively.[2]

The purpose of these Decisions is in fact to authorize Member States which so wish to allow, by way of derogation from the normal arrangements, the import of certain conifer wood from the United States and Canada provided it is accompanied by a certificate of debarking and grub hole control instead of a certificate guaranteeing that the wood has undergone the appropriate heat treatment. This facility was granted for an extremely limited period and is subject to conditions ensuring that Community forests will be protected from the introduction of pine wood nematode.

Animal feedingstuffs

179. In the animal feedingstuffs sector, the Council's legislative activity during the period under review focused on the adoption of three Directives designed to supplement the legislation already in place so as to take account of scientific and technical progress.

The first of these Directives was 93/74/EEC on feedingstuffs intended for particular nutritional purposes[3] which governs a particular type of animal feedingstuffs which is playing an increasing role in the diet of both pet animals and productive livestock, namely feedingstuffs whose composition and manufacture meet certain specific nutritional needs of certain categories of animal with impaired digestion or metabolism.

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1 OJ L 259, 18.10.1993.
2 OJ L 148, 19.6.1993.
3 OJ L 237, 22.9.1993.

The other two Directives concern a new generation of substances and products of which increasing use is being made in feedingstuffs, namely enzymes, micro-organisms and their preparations to improve the digestibility of feedingstuffs but which are not at present covered by the Community Directive on additives in animal feedingstuffs.

Adoption of these two Directives, which will henceforth allow the Commission to obtain detailed information regarding those products concerned which are authorized at national level, represents an initial step towards the establishment of Community legislation on the matter.

The two Directives in question are the following:

Directive 93/113/EC concerning the use and marketing of enzymes, micro-organisms and their preparations in animal nutrition;

Directive 93/114/EEC amending Directive 70/524/EEC concerning additives in feedingstuffs.[1]

Foodstuffs

180. The Council pressed on with the harmonization of legislation in the foodstuff sector so as to make good the lacunae still existing in certain areas.

It began by establishing Community procedures for contaminants.[2] This Regulation aims to achieve further elimination of contamination of contaminants by means of good working practices which must be efficiently monitored.

The Council then adopted rules for assistance to the Commission and cooperation by the Member States in the scientific examination of questions relating to food.[3] The completion and smooth operation of the internal market for foodstuffs make it necessary to examine and evaluate scientific questions relating to food and secure the wider involvement of the Scientific Committee for Food in Community policies. This Directive accordingly enables the Community to benefit from scientific support from the Member States.

On 14 June 1993, the Council adopted a Directive on the hygiene of foodstuffs. [4] That Directive establishes general hygiene rules for foodstuffs and procedures for verifying compliance with those rules during the preparation, processing, manufac-

[1] OJ L 334, 31.12.1993.
[2] Regulation (EEC) No 315/93 of 8 February 1993, OJ L 37, 13.2.1993.
[3] Directive 93/5/EEC of 25 February 1993, OJ L 52, 4.3.1993.
[4] Directive 93/43/EEC of 14 June 1993, OJ L 175, 19.7.1993.

turing, packaging, storage, transportation, distribution, handling or offering for sale or supply of foodstuffs. Together with Directive 89/397/EEC on the official control of foodstuffs, it constitutes one of the two basic pillars ensuring the protection of human health.

For reasons of clarity and rationality, the Council consolidated the Directive on the approximation of the laws of the Member States concerning fruit juices and certain similar products.[1] That Directive had been frequently and substantially amended and its consolidation had become necessary.

The Council felt there was a need for additional rules to improve the control procedures in force in the Community and accordingly adopted a Directive[2] governing the technical and administrative qualifications of the staff responsible for control and introducing a system of quality standards for laboratories. Directive 93/99/EEC also lays down provisions on mutual administrative assistance between the national authorities and the Commission in order to ensure that the legislation on foodstuffs is correctly applied.

G — International affairs with respect to agriculture

GATT and the Uruguay Round[3]

181. Throughout 1993 the Council followed closely the development of the agricultural aspect of the multilateral trade negotiations (Uruguay Round) on the basis of regular information supplied to it by the Commission.

At its meeting on 26 and 27 April 1993 the Council held a wide-ranging discussion which made it possible to pinpoint the major problems arising for the Member States with respect to the final agreement of the Uruguay Round and also to assess the compatibility of the so-called Blair House Agreements with the common agricultural policy.

These topics were discussed further in even greater detail at a joint Council meeting (general affairs, foreign trade, agriculture) on 20 September 1993 devoted to the principal questions — particularly those in the agriculture sphere — raised by the

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1 Directive 93/77/EEC of 21 September 1993, OJ L 244, 30.9.1993.

2 Directive 93/99/EEC of 29 October 1993, OJ L 290, 24.11.1993.

3 For an assessment of the outcome of the Uruguay Round see Chapter VI (Section B) of this Review.

Uruguay Round negotiations. At that meeting the Council again discussed the question of the compatibility of the measures decided upon in the framework of the reform of the CAP and established basic guidelines for the conclusion of these negotiations.

In the same context, where the sectors as yet unreformed were concerned, the Council and the Commission undertook to adopt the necessary provisions to guarantee agricultural earnings and Community preference, taking account of the agricultural and financial conditions and principles which had been applied for the entire agricultural sector given the Uruguay Round context.

Finally, following several Council meetings (7, 13, 14 and 15 December 1993), the Council noted that the Commission would be able to announce the Community's acceptance of the outcome of the negotiations in Geneva. It expressed its great appreciation for the part played by the Commission as the Community negotiator and welcomed the solidarity shown by the Council and the Member States in the closing stages of the negotiations.

FAO

182. In 1993 the Community continued to apply and improve the application of the arrangement defining the distribution of competences and the exercise of voting rights within the FAO. Experience showed that coordination of the positions of the Member States and of the Community produced an improvement in the definition of the respective roles, particularly as regards agriculture, and a development of cooperation which brought out more clearly the convergence of interests and the complementary nature of the various positions.

As regards fishery policy questions, the process of distributing competences and voting rights still required a number of improvements.

From the institutional point of view, this year saw the renewal, at the FAO Conference meeting in Rome from 6 to 25 November 1993, of the administrative and financial conditions of the Community's participation as a member of the FAO on the original terms (1991 Agreement) for a period of two years.

International Sugar Agreement

183. The International Sugar Agreement negotiated in 1992 entered into force on 20 January 1993 following the United Nations Conference on Sugar held on the same date in London. By the end of 1993 some 30 major producers, exporters and importers of sugar, including the Community, had joined the new Agreement. In the course of the year the Community took an active part in the various meetings convened within the framework of the Agreement.

International Agreement on Olive-oil and Table Olives

184. As usual the Community took an active part during the year in the work of administering the Agreement.

The main event was, however, the extension of the Agreement beyond the expiry date of 31 December 1993. An *ad hoc* United Nations Conference held in Geneva from 8 to 10 March 1993 established by means of a Protocol that the 1986 Agreement was to be extended, with some drafting adjustments, until 31 December 1998; however, the International Olive-oil Council may take a decision to extend that date further for successive two-year periods.

The International Olive-oil Council is thus continuing its work on a more stable basis and with the renewed energy resulting from the accession to the International Olive-oil Organization of Cyprus in 1992 and Israel in 1993.

International Wine Office (IWO)

185. The IWO's General Assembly — the 73rd in the series — took place in San Francisco (USA) from 28 August to 3 September 1993.

The central theme of the discussions was how to facilitate international trade in vine products and this was, as is customary, examined from the angle of wine-growing, oenology and the wine-growing economy.

The Council prepared for the discussions by holding several prior coordination meetings in Brussels to decide on the positions to be adopted by the Member States and the Commission at the Assembly in question.

Coordination of Member States' attitudes in the international context

CODEX ALIMENTARIUS (FAO/WHO)

186. Within the framework of the proceedings of the *Codex alimentarius* (FAO/WHO), the Member States and the Commission coordinated their positions in an effort to reach a common approach to the questions under discussion at meetings of the Codex Commission as well as of its various committees.

II — Common fisheries policy

A — Community arrangements for the conservation and management of resources

187. During 1993 the Council amended the total allowable catches (TACs) and the fishing possibilities allocated to the Member States (quotas) for that year[1] on three occasions by:

(i) fixing definitively the TACs and quotas for stocks in the Skagerrak and Kattegat zones after consultation with the Norwegian and Swedish authorities;[2]

(ii) fixing definitively the TACs and quotas for stocks in the Baltic Sea after consulting the Republic of Estonia and specifying, for certain stocks managed jointly with Norway, the part which could be fished in Norwegian waters;[3]

(iii) increasing the TACs for sprat allocated to the Community following the meeting of the International Baltic Sea Fisheries Commission.[4]

At its meeting on 21 December 1993, the Council established the TACs and fixed the quotas and related technical fishing conditions for 1994.[5]

The Council adopted the usual Regulations implementing the Act of Accession of Spain and Portugal fixing certain measures for the conservation and management of fishery resources applicable to vessels flying the flag of Portugal in waters of the Community of Ten[6] (Spain's fishing rights in the waters of the Community of Ten being established by the Act of Accession itself); and of a Member State of the Community of Ten in the waters of Portugal[7] and Spain,[8] for the period 1994.

For the period 1 January to 31 December 1994 the Council adopted a Regulation laying down 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 Guiana.[9]

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1 Regulation (EEC) No 3919/92, OJ L 397, 31.12.1992.
2 Regulation (EEC) No 927/93, OJ L 96, 22. 4.1993.
3 Regulation (EC) No 3177/93, OJ L 285, 20.11.1993.
4 Regulation (EC) No 3401/93, OJ L 310, 14.12.1993.
5 Regulation (EC) No 3676/93, OJ L 341, 31.12.1993.
6 Regulation (EC) No 3677/93, OJ L 341, 31.12.1993.
7 Regulation (EC) No 3678/93, OJ L 341, 31.12.1993.
8 Regulation (EC) No 3679/93, OJ L 341, 31.12.1993.
9 Regulation (EC) No 3681/93, OJ L 341, 31.12.1993.

B — Technical conservation measures

188. By means of an amendment to Regulation (EEC) No 2245/85 the Council implemented[1] technical measures for the conservation of fish stocks in the Antarctic, which were notified to the members of the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR) on 10 November 1992. These measures essentially amount to TACs for certain species and to a ban on fishing for certain periods and species, applicable in the waters of South Georgia.

C — Common organization of the markets

189. In view of the steady increase in the demand for and imports of surimi, the Council adopted a Regulation[2] subjecting this washed and stabilized protein gel made from minced fish to a rate of duty by amending Regulations (EEC) No 3759/92 and (EEC) No 2658/87. The purpose is a better monitoring of trade in these products and of the trend in market prices.

Following the reform of certain of the mechanisms of the common organization of the markets in fishery products introduced by Regulation (EEC) No 3759/92, the Council defined common marketing standards, in particular size standards for the new species eligible for assistance[3]

The Council fixed the guide prices for the 1993 fishing year for certain fresh and frozen products following the introduction of these species into the common organization of the markets by means of Regulation (EEC) No 3759/92.[4]

The Council fixed the guide prices for the fresh fishery products listed in Annex I (A), (D) and (E) to Regulation (EEC) No 3759/92 for the 1994 fishing year.[5] Around half the prices remained at the previous year's level while the other half dropped generally between 2 and 5%, in view of the surpluses in the Community.

For the frozen fishery products listed in Annex II to Regulation (EEC) No 3759/92, the Council adopted a Regulation fixing guide prices for the 1994 fishing year.[6] Broadly speaking the trend in these guide prices is slightly down.

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1 Regulation (EEC) No 1210/93, OJ L 123, 19. 5.1993.
2 Regulation (EEC) No 1891/93, OJ L 172, 15. 7.1993.
3 Regulation (EEC) No 1935/93, OJ L 176, 20. 7.1993.
4 Regulation (EEC) No 1917/93, OJ L 174, 17. 7.1993 and Corrigendum OJ L 282, 17.11.1993.
5 Regulation (EC) No 3353/93, OJ L 301, 8.12.1993.
6 Regulation (EC) No 3354/93, OJ L 301, 8.12.1993.

The Council fixed the Community producer price for tuna intended for industrial canning for 1994[1] The trend in market prices and the prospects for the development of supply and demand warrant a 4.5% reduction in prices as compared with the previous year.

D — Structural policy

190. On the basis of the programmes specific to the remote and insular nature of the Canary Islands, the Council established financial support for cephalopod producers based in the Canary Islands.[2] The aid in question is set at ECU 108 per tonne for a maximum quantity of 30 000 tonnes per year and may not exceed an amount equivalent to 2.5% of annual production.

In implementing basic Regulation (EEC) No 3760/92 establishing a Community system for fisheries and aquaculture, the Council adopted a Decision aimed at achieving a lasting balance between resources and their exploitation.[3] Under this Decision, by 31 December 1996 at the latest, the fishing effort of the fleet of each Member State must have decreased as compared with 31 December 1991 by:

(i) 20% for trawlers carrying out bottom-trawling for demersal stocks;

(ii) 15% for dredgers and beam trawlers exploiting benthic stocks;

(iii) 0%, i.e. no increase, for the other fleet segments.

The Council adopted a Regulation regarding Community structural assistance in the fisheries and aquaculture sector and the processing and marketing of its products.[4] The structural aspect of the common fisheries policy is thus incorporated into the legal system of the Structural Funds, particularly through the financial instrument for fisheries guidance (FIOP).

E — Control and monitoring

191. In improving market management in the fishery-products sector within the framework of the European Economic Area (EEA), the Council adopted a Regulation amending Regulation (EEC) No 1382/91 on the submission of data on landings of fishery products in the Member States.[5] As a result each Member State submits to

[1] Regulation (EC) No 3355/93, OJ L 301, 8.12.1993.
[2] Regulation (EEC) No 1658/93, OJ L 158, 30. 6.1993.
[3] Council Decision 94/15/EC of 20.12.1993, OJ L 10, 14.1.1994.
[4] Regulation (EC) No 3699/93, OJ L 346, 31.12.1993.
[5] Regulation (EEC) No 2104/93, OJ L 191, 31. 7.1993.

the Commission data on fishery products landed in its territory by EFTA vessels and, optionally, by third-country vessels.

The Council adopted a Regulation[1] reforming the control system applicable to the common fisheries policy following the entry into force of basic Regulation (EEC) No 3760/92. The purpose of this system is the technical monitoring of:

(i) resource conservation and management measures;

(ii) structural measures;

(iii) measures concerning the common organization of the market.

It applies to all fishing activities and associated activities carried out within the territory and maritime waters of a Member State regardless of the origin of the vessels. Member State vessels operating in the waters of non-member countries or on the high seas are also subject to this monitoring system.

Again in implementation of basic Regulation (EEC) No 3760/92, the Council adopted a Regulation establishing a Community system laying down rules for the minimum information to be contained in fishing licences.[2] As from 1 January 1995, only vessels having a fishing licence on board will be authorized to catch, retain on board, transfer or land fish. Member States may grant temporary derogations and exemptions for certain categories of vessel.

F — Fisheries relations between the Community and certain third countries

Scandinavian countries

192. As it does every year, in 1993 the Community held consultations with the competent authorities of Norway, Sweden and the Faeroe Islands on fishery arrangements for 1994, which were set out in the 1994 TACs and quotas Regulation[3] allocating the quotas available to the Community among the Member States as regards joint stocks, and in separate Regulations as regards autonomous stocks; these Regulations were adopted on 20 and 21 December 1993.[4]

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1 Regulation (EEC) No 2847/93, OJ L 261, 20.10.1993.
2 Regulation (EC) No 3690/93, OJ L 341, 31.12.1993.
3 Regulation (EC) No 3676/93, OJ L 341, 31.12.1993.
4 For Sweden: Regulations (EC) No 3682/93 and (EC) No 3683/93, OJ L 341, 31.12.1993.
For Norway: Regulations (EC) No 3691/93 and (EC) No 3692/93, OJ L 341, 31.12.1993.

SWEDEN

193. Additional quotas were granted to Community vessels in the zones under Swedish jurisdiction in the Baltic Sea by Regulation (EEC) No 661/93[1] consisting in particular of 1 500 tonnes of herring and 600 tonnes of cod for vessels flying the flags of Denmark and Germany.

Within the context of the European Economic Area (EEA) and in order to consolidate their fisheries cooperation, the Community and the Kingdom of Sweden concluded an agreement in the form of an exchange of letters.[2]

NORWAY

194. Council Regulation (EEC) No 330/93[3] increases the Community quotas for 'other species' in ICES Division IV from 8 500[4] to 9 250 tonnes.

Within the framework of the European Economic Area, a fisheries Agreement in the form of an exchange of letters was concluded between the Community and the Kingdom of Norway so as to consolidate their cooperation.[5]

GREENLAND

195. The TACs and quotas for Community vessels in Greenland waters were broadly kept at their 1992 level.[6]

FAEROE ISLANDS

196. The TACs and quotas for Community vessels (Denmark) fishing in Faeroese waters were broadly kept at their 1992 levels; only mackerel quotas were increased.[7]

ICELAND

197. Again within the framework of the European Economic Area, an Agreement on fisheries and the marine environment was concluded between the Community and Iceland. Both parties will cooperate, for an initial 10-year period, to ensure the conservation and rational management of the fish stocks occurring within the areas of fisheries jurisdiction of both parties and in adjacent areas.[8]

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1 Regulation (EEC) No 661/93, OJ L 71, 24.3.1993.
2 Decision 93/741/EC of 13.12.1993, OJ L 346, 31.12.1993.
3 Regulation (EEC) No 330/93, OJ L 38, 16.2.1993.
4 Regulation No 2984/92, OJ L 300, 16.10.1992).
5 Decision 93/740/EC of 13.12.1993, OJ L 346, 31.12.1993.
6 Regulation (EC) No 3693/93, OJ L 341, 31.12.1993.
7 Regulations (EC) No 3694/93 and No 3695/93, OJ L 341, 31.12.1993.
8 Regulation (EEC) No 1737/93, OJ L 161, 2.7.1993.

Iceland also granted the Community fishing possibilities in Iceland's exclusive economic zone corresponding to 3 000 tonnes of redfish in exchange for a quota of 3 000 tonnes of Community capelin to be allocated under its fisheries Agreement with Greenland.

North America

NAFO

198. Council Regulation No 2018/93[1] lays down how catch and fishing-effort statistics are to be submitted by Member States fishing in the Northwest Atlantic.

The Council adopted Regulation No 3680/93[2] laying down for 1994 the catch possibilities for certain fish stocks or groups of stocks in the regulatory area defined by the NAFO Convention.

Broadly speaking, the TACs and quotas have been reduced with the exception of those for redfish in NAFO zone 3LN and yellow tail flounder in NAFO zone 3LNO, which were kept at their 1993 level.

CANADA

199. Further to the Memorandum of Understanding of December 1992, an Agreement in the form of an exchange of letters between the European Community and the Government of Canada was concluded by means of Regulation No 3675/93[3] which establishes that:

(i) Canadian ports are open to Community vessels;

(ii) the Community fleet has access to fish which are surplus to Canadian requirements in the Canadian fishing zone;

(iii) Community fishermen may participate with Canadian companies in commercial arrangements;

(iv) inspection and control in the NAFO zone are to be improved;

(v) measures are to be taken to limit the fishing activity of vessels which are not Contracting Parties to the NAFO Convention;

[1] Regulation (EEC) No 2018/93, OJ L 186, 28. 7.1993.
[2] Regulation (EC) No 3680/93, OJ L 341, 31.12.1993.
[3] Regulation (EC) No 3675/93, OJ L 340, 31.12.1993.

(vi) measures are to be taken for the conservation, optimum utilization and rational management of stocks in the NAFO regulatory area, as well as in Canadian waters, and in particular measures for 2J3KL cod.

Baltic countries

200. Agreements on fisheries relations between the European Economic Community and the Republic of Estonia,[1] the Republic of Latvia,[2] and the Republic of Lithuania[3] were concluded.

For 1994, certain catch quotas were allocated among Member States for vessels fishing in Lithuanian,[4] Latvian,[5] and Estonian[6] waters.

Certain measures for the conservation and management of fishery resources applicable to vessels flying the flag of Lithuania,[7] Latvia,[8] and Estonia[9] were established.

South America

ARGENTINE REPUBLIC

201. The Community and the Argentine Republic negotiated a fisheries Agreement for a five-year period with the possibility of an automatic two-year extension.[10]

In addition to the usual provisions on catches and financial compensation, this Agreement makes provision for the establishment of joint enterprises, the grant of trade concessions to help supply the Community market in fishery products from Argentina as well as cooperation in scientific and technical matters.

The costs of the Agreement amount to ECU 162.5 million for the five-year period and the Community is allowed annual catches of 120 000 tonnes of *Merluccius hubbsi*, 130 000 tonnes of other species (essentially Patagonian grenadier, Patagonian rock cod and squid) and 10% of by-catches.

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1 Regulation (EEC) No 519/93, OJ L 56, 9. 3.1993.
2 Regulation (EEC) No 520/93, OJ L 56, 9. 3.1993.
3 Regulation (EEC) No 521/93, OJ L 56, 9. 3.1993.
4 Regulation (EEC) No 3689/93, OJ L 341, 31.12.1993.
5 Regulation (EC) No 3687/93, OJ L 341, 31.12.1993.
6 Regulation (EC) No 3685/93, OJ L 341, 31.12.1993.
7 Regulation (EC) No 3688/93, OJ L 341, 31.12.1993.
8 Regulation (EC) No 3686/93, OJ L 341, 31.12.1993.
9 Regulation (EC) No 3684/93, OJ L 341, 31.12.1993.
10 Regulation (EEC) No 3447/93, OJ L 318, 20.12.1993.

DOMINICA

202. A fisheries Agreement between the European Community and the Government of the Commonwealth of Dominica was negotiated for an initial period of three years.[1]

This Agreement guarantees fishing possibilities for Community vessels in waters under the sovereignty or jurisdiction of Dominica as well as reciprocal possibilities for Dominica fishermen in waters off the coast of the French Departments of Guadeloupe and Martinique.

G — Countries on the African continent and the Indian Ocean

South Africa

203. The Council adopted Decisions[2] authorizing the Kingdom of Spain and the Portuguese Republic to extend for one year (until 7 March 1994) their respective Agreements on mutual fishery relations with the Republic of South Africa.

Gambia

204. The Council took a decision on the provisional application of a fisheries Protocol between the Community and the Republic of Gambia for the period 1 July 1993 to 30 June 1996[3] involving the following fishing possibilities:

tuna vessels:
(a) freezer seiners: 23 vessels;
(b) pole-and-line: seven vessels;

trawlers and other vessels:
(a) fresh-fish trawlers: 410 GRT;
(b) freezer trawlers: fishing for shrimp: 2 000 GRT; fishing for other species: 750 GRT.

Community financial compensation amounts to ECU 1.4 million, including a contribution towards the funding of scientific programmes amounting to ECU 300 000.

[1] Regulation (EC) No 3329/93, OJ L 299, 4.12.1993.
[2] Decisions 205/93/EEC and 206/93/EEC, OJ L 88, 8.4.1993.
[3] Decision 567/93/EEC, OJ L 274, 6.11.1993.

Guinea-Bissau

205. The Council decided on the provisional application of a fisheries Protocol between the Community and the Republic of Guinea-Bissau for the period 16 June 1993 to 15 June 1995[1] with the following fishing possibilities:

freezer shrimp trawlers: 11 000 GRT per month, annual average;

freezer fish and cephalopod trawlers: 4 000 GRT per month, annual average;

freezer tuna seiners: 22 vessels;

pole-and-line tuna vessels and surface longliners: 10 vessels.

Financial compensation amounts to ECU 12.45 million, including a contribution to the financing of scientific-research programmes amounting to ECU 450 000.

Madagascar

206. A Protocol was concluded defining the fishing opportunities and the financial contribution provided for in the Agreement between the Community and Madagascar for the period 21 May 1992 to 20 May 1995.[2]

For the duration of the Protocol the Community compensation amounts to a minimum of ECU 1 350 000 (which represents the equivalent of 9 000 tonnes of tuna per year) and the Protocol authorizes 42 freezer tuna seiners and eight surface longliners to fish off Madagascar.

Mauritania

207. The Council adopted a Decision on the provisional application of the Protocol setting out the fishing opportunities and financial contribution provided for in the fisheries Agreement between the Community and Mauritania.[3] This Protocol allows Community vessels to fish for a variety of stated species up to a total of 23 600 GRT per month, annual average. The financial compensation amounts to ECU 26 million of which ECU 900 000 is earmarked for scientific programmes and ECU 360 000 for training in fisheries disciplines.

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[1] Decision 568/93/EEC, OJ L 274, 6.11.1993.
[2] Regulation (EEC) No 983/93, OJ L 106, 30. 4.1993.
[3] Decision 93/605/EEC, OJ L 290, 24.11.1993.

Sao Tomé and Príncipe

208. The Council approved the conclusion of a fisheries Protocol with the Democratic Republic of São Tomé and Príncipe for a three-year period (1 June 1993 to 31 May 1996)[1] which allows 40 freezer tuna seiners and eight pole-and-line wet tuna vessels or surface longliners to catch 9 000 tonnes of tuna per year.

The financial compensation for the duration of the Agreement amounts to ECU 1.65 million to cover an annual catch of 9 000 tonnes. Provision is made for a contribution of ECU 250 000 to the financing of scientific and technical programmes.

Senegal

209. The Council approved the conclusion of a new fisheries Protocol between the Community and Senegal for a two-year period (2 October 1992 to 1 October 1994).[2] This Regulation follows on from Council Decision 92/560/EEC of 27 November 1992 which provisionally applied that fisheries Protocol. The Protocol makes provision for fishing rights for Community vessels amounting to a total of 30 600 GRT year and for financial compensation amounting to ECU 31.2 million plus ECU 600 000 for scientific programmes and ECU 200 000 for training programmes.

Seychelles

210. The Council approved the conclusion of a new fisheries Protocol with the Republic of Seychelles for a period of three years (18 January 1993 to 17 January 1996)[3] which makes provision for licences for 40 ocean-going tuna seiners, tuna trollers and surface tuna longliners not exceeding 18 metres length overall.

The financial compensation which corresponds to a catch of 46 000 tonnes per year in Seychelles waters amounts to ECU 6.9 million. Furthermore, the Community is contributing to the financing of scientific programmes in Seychelles for an amount of ECU 2.7 million.

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1 Regulation (EC) No 3221/93, OJ L 292, 26.11.1993.
2 Regulation (EEC) No 2296/93, OJ L 212, 23. 8.1993.
3 Regulation (EEC) No 2718/93, OJ L 246, 2.10.1993.

H — International organizations

211. The Council decided to authorize the Commission to conduct negotiations within the framework of a United Nations Intergovernmental Conference on Straddling Stocks and Highly Migratory Species.

Within the FAO framework, the Community took part in the drawing up of a code of conduct for responsible fishing.

As in the past the Community participated in proceedings conducted within the organs of various international fisheries conventions including:

Convention for the Conservation of Salmon in the North Atlantic (NASCO);

Convention on Fishing and Conservation of Living Resources in the Baltic Sea (IBSFC);

Convention on Future Multilateral Cooperation in the North-west Atlantic (NAFO);

North-east Atlantic Fisheries Convention (NEAFC);

Convention on the Conservation of Antarctic Marine Living Resources (CCAMLR);

International Convention for the Conservation of Atlantic Tunas (ICCAT).

Chapter V
Social policy — Education — Culture — Health — Environment — Consumer protection

A — Social and employment policy

General

212. The Council held four meetings, in Luxembourg on 6 April, 1 June and 12 October and in Brussels on 23 November.

In addition, in order to discuss a number of important topical issues, the Presidency organized informal meetings:

of the Ministers for Labour: on 3 and 4 May in Nyborg (Denmark) and on 22 and 23 September in Bruges (Belgium);

of the Ministers for Social Affairs: on 27 and 28 January in Copenhagen and on 9 and 10 November in Charleroi (Belgium);

of the Ministers concerned with the status of women: on 23 and 24 September in Bruges.

The Council welcomed: the Commission White Paper on growth, competitiveness and employment and the Commission Green Paper entitled 'European social policy — options for the Union'.

213. The dialogue with the social partners continued in the Standing Committee on Employment, which held its 44th meeting, on 24 June, on the Community-wide framework for employment and, on 22 September, its 45th meeting devoted to the rolling programme on employment: adaptability — indirect wage costs — training.

The Member States coordinated their positions on the topics discussed at the 80th session of the International Labour Conference (ILO Geneva, June 1993), with particular reference to the following: prevention of major industrial accidents, part-time work.

Furthermore, on 30 June 1993 the Council adopted Regulations (EEC) Nos 1946/93 to 1949/93, amending the Regulations establishing the European Centre for the Development of Vocational Training (Cedefop) and on the creation of the European Foundation for the Improvement of Living and Working Conditions respectively, as well as the Regulations on the financial provisions applying to the Cedefop and the said Foundation.[1]

Employment and vocational training

214. At its meeting on 6 April 1993 the Council held a public debate on the employment situation in the Community.

It thereby fulfilled the undertaking which it gave in its resolution of 21 December 1992 to examine this issue every six months in the appropriate forums.

Delegations described the action taken in their respective States to fight unemployment, and stressed the important role of the social partners and the need for proper coordination of economic and social policies.

The Commission stressed that the current recession should be addressed with confidence, solidarity and imagination.

Subsequently, on 1 June 1993 the Council held an exchange of views on the Commission communication entitled 'Community-wide framework for employment', reaching the following conclusions:

(i) the Council underlined the vital importance it attached to attacking the problem of severe unemployment throughout the Community;

(ii) the Council pledged the collective commitment of Labour and Social Affairs Ministers to seek solutions to unemployment;

(iii) the Council welcomed the Commission communication as a valuable contribution to this process, while recognizing that the primary responsibility for employment policies lay with the Member States;

(iv) the Council would intensify its efforts to these ends and would seek to mobilize all parties concerned, notably the social partners.

215. On 30 June 1993 the Council adopted Recommendation 93/404/EEC on access to continuing vocational training.

[1] OJ L 181, 23.7.1993.

In that Recommendation, which was provided for in the Commission's action programme relating to implementation of the Community charter of the fundamental social rights of workers, the Council recommends that Member States gear their vocational training policies to ensuring that every worker of the Community must be able to have access to continuing vocational training without any form of discrimination and to benefit therefrom throughout his or her working life.

The Recommendation provides for Member States to take a series of measures concerning, *inter alia*:

(i) training plans and programmes of undertakings;

(ii) support for SMEs and undertakings facing industrial change;

(iii) continuing vocational training as a means of regional or local development;

(iv) information of employees and information and consultation of employees' representatives;

(v) new methods of teaching and learning;

(vi) access to continuing vocational training for women, young people and the unemployed;

(vii) the transnational dimension, in particular to facilitate the free movement of workers.

Employment relationships

216. On 23 November 1993 the Council adopted, with the United Kingdom abstaining, Directive 93/104/EEC concerning certain aspects of working time.[1]

The Directive, which is based on Article 118a of the Treaty, lays down minimum health and safety provisions in the following areas:

(i) maximum weekly working time (48 hours including overtime);

(ii) daily rest (11 hours);

(iii) breaks;

(iv) weekly rest (24 hours);

[1] OJ L 307, 13.12.1993.

(v) annual paid leave (four weeks);

(vi) night-time working hours (eight hours).

It also includes a provision for the protection of night workers. In addition, the Directive provides for the possibility of fixing: reference periods for weekly rest, maximum weekly working time and night-time working hours and derogations from some of its Articles.

217. At its meeting on 12 October 1993 the Council discussed the last remaining points concerning the draft Directive on European works councils put forward by the Presidency.

At the end of the discussion the Presidency noted that most delegations broadly agreed to the draft.

On 23 November 1993 the Council was informed by the Commission that it had sent a consultation document to representatives of management and labour in accordance with the procedure laid down in the Social Protocol annexed to the Treaty on European Union, and that the social partners now had six weeks to comment on the possible direction of any Community action in this area.

At its meetings on 12 October and 23 November 1993 the Council discussed the proposal for a Directive on non-standard employment.

On 23 November 1993 it discussed the proposal for a Directive concerning the posting of workers in the framework of the provision of services.

It agreed to continue its work on these issues.

Health and safety of workers at the workplace

218. On 23 November 1993, with France and the United Kingdom abstaining, the Council adopted Directive 93/103/EEC on the minimum safety and health requirements for work on board fishing vessels (13th individual Directive within the meaning of Article 16 (1) of Directive 89/391/EEC).[1]

The Directive applies to:

new vessels 15 or more metres in length;

existing vessels 18 or more metres in length.

[1] OJ L 307, 13.12.1993.

The Directive provides *inter alia* that:

(i) owners must ensure that vessels are used without endangering the safety and health of workers;

(ii) any occurrences at sea which affect or could affect the health and safety of the workers on board must be described in a report to be forwarded to the competent authorities;

(iii) to verify their compliance with the Directive vessels must be subject to regular checks by authorities specifically empowered to carry out such checks;

(iv) owners must ensure that any defects likely to affect the safety and health of workers are rectified;

(v) owners must ensure that the vessels are cleaned regularly and that life-saving and survival equipment is in good working order and take account of personal protective equipment specifications.

The Directive also contains provisions on the information, training, consultation and participation of workers.

It contains four Annexes laying down:

minimum health and safety requirements for new vessels;

minimum health and safety requirements for existing vessels;

minimum health and safety requirements concerning life-saving and survival equipment;

minimum health and safety requirements concerning personal protective equipment.

219. On 12 October 1993 the Council adopted Directive 93/88/EEC amending Directive 90/679/EEC on the protection of workers from risks related to exposure to biological agents at work (seventh individual Directive within the meaning of Article 16 (1) of Directive 89/391/EEC.[1]

The biological agents covered (bacteria and the like, viruses, parasites and fungi) are classified according to the risk of infection they present, and details are given where necessary of their potential toxin or allergy risk.

The text also contains a recommended code of practice on the vaccination of workers exposed to biological agents for which effective vaccines exist.

[1] OJ L 268, 29.10.1993.

Directive 90/679/EEC provides that in the case of any activity likely to involve a risk of exposure to biological agents, the nature, degree and duration of workers' exposure must be determined in order to make it possible to assess any risk to workers' health or safety and to lay down the measures to be taken.

220. At its meeting on 23 November 1993 the Council adopted unanimously, with Spain and Italy abstaining, the common position on the Directive concerning the protection of young people at work.

The Directive, which is based on Article 118a of the Treaty, provides that Member States will:

(i) take the necessary measures to prohibit work by children;

(ii) ensure that work by adolescents is strictly regulated and protected.

The Directive applies to anyone under the age of 18 who has an employment contract or an employment relationship defined by the law in force in a Member State and/or governed by the law in force in a Member State. It defines the following groups of young people:

(i) child: any young person of less than 15 years of age or who is still subject to compulsory full-time schooling under national law;

(ii) adolescent: any young person of at least 15 years of age but less than 18 years of age who is no longer subject to compulsory full-time schooling under national law.

The first aim of the Directive is to prohibit work by children.

However, the Directive allows Member States, under certain conditions, to make provision to the effect that the prohibition on work by children does not apply to:

(i) children pursuing cultural, artistic, sports or advertising activities;

(ii) children of at least 14 years of age working under a combined work/training scheme or an in-plant work-experience scheme;

(iii) children of at least 14 years of age performing light work other than that referred to in the first indent; light work may, however, be performed by children of 13 years of age for a limited number of hours per week in the case of categories of work determined by national legislation.

Light work means all work which:

(i) is not likely to be harmful to the safety, health or development of young people, and

(ii) is not such as to be harmful to their attendance at school, their participation in vocational guidance or training programmes approved by the competent authority or their capacity to benefit from the instruction received.

The Directive contains provisions concerning:

general obligations on employers, such as protecting the health and safety of young people, assessing the hazards to young people in connection with their work, assessing and monitoring the health of young people, informing young people and the legal representatives of children about possible risks to health and safety;

work which young people are not allowed to perform, e.g. work which is beyond their physical or psychological capacity; work involving harmful exposure to dangerous agents.

It also contains detailed provisions on the following points:

(i) working time;

(ii) night work;

(iii) rest periods;

(iv) annual rest;

(v) annual holidays

(vi) breaks.

Equal treatment for men and women

222. At its meeting on 23 November 1993 the Council examined the proposal for a Directive on parental leave and the proposal for a Directive on the burden of proof on the basis of compromise texts submitted by the Belgian Presidency.

It agreed to continue its work on both issues.

Freedom of movement of workers — social protection

223. The Council continued its work on the proposal for a Regulation amending Regulation (EEC) No 1612/68 on freedom of movement for workers within the Community and on the proposal for a Directive amending Directive 68/360/EEC relating to movement and residence within the Community for workers of Member States and their families.

In the field of social security for migrant workers, on 30 June 1993 the Council adopted Regulation (EEC) No 1945/93[1] amending Regulations (EEC) Nos 1408/71, 574/72 and 1247/92, taking into account changes in national legislation and adjusting the Community Regulations in question in the light of experience acquired in implementing them.

224. On 25 February 1993 the Council adopted the Decision establishing a third Community action programme to assist disabled people (Helios II 1993 to 1996).[2]

The purpose of the action programme is to promote equal opportunities for the integration of disabled people. The sum of the Community financial resources estimated to be necessary for its implementation is ECU 37 million.

The objectives of the programme include the following:

(i) to continue to develop and improve exchange and information activities with the Member States and non-governmental organizations concerned;

(ii) to promote the development of a policy at Community level of cooperation with the Member states and the organizations and associations concerned with integration based on the best innovative and effective practice in the Member States;

(iii) to continue cooperation with European NGOs and NGOs which are regarded as representative in the respective Member States, through national disability councils where they exist, and which have expressed a desire to cooperate at Community level.

Those objectives are pursued through the following general measures:

(i) coordinating, undertaking and encouraging activities based on specific annual themes, with the close involvement, *inter alios*, of disabled people, their families, organizations concerned and the two sides of industry;

(ii) meeting the information needs of disabled people;

(iii) encouraging disabled people to take part in Community programmes;

(iv) developing exchanges of information and experience on issues common to Member States' education systems;

(v) ensuring close coordination with activities undertaken by organizations at international level.

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[1] OJ L 181, 23.7.1993.
[2] OJ L 56, 9.3.1993.

The Commission is assisted by an Advisory Committee.

Before consulting the Committee, the Commission ascertains the views of a European disability forum on all appropriate aspects of Helios II.

225. In the field of social protection, on 30 June 1993 the Council adopted a resolution on flexible retirement arrangements.[1]

In that resolution the Council wishes to see older people continue to play an active part in society and maintain a link with the labour market.

It is emphasized that a smooth transition to retirement may constitute a rational response to changing demographic patterns and to labour market changes.

The resolution also emphasizes that the framing and implementation of a policy on flexible retirement arrangements is a matter for each Member State.

It calls on the Member States and the Commission to continue certain actions, in particular in the field of exchanges of information.

226. On 6 December 1993 the Council and the Ministers for Social Affairs, meeting within the Council, adopted a Declaration of Principles to be made at the ceremony to mark the end of the European Year of the Elderly and of Solidarity between Generations (1993).[2]

That Declaration of Principles lays down certain guidelines for future policy on the elderly, who form a significant and ever-growing proportion of the citizens of the European Union.

The Declaration of Principles covers the following aspects in particular:

(i) level of income and standard of living;

(ii) housing and mobility;

(iii) provision of care and services;

(iv) employment of elderly workers and preparation for retirement;

(v) participation of the elderly in the life of the community.

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[1] OJ C 188, 10. 7.1993.

[2] OJ C 343, 21.12.1993.

B — Education

227. On 29 April 1993 the Council extended the Tempus programme for a second phase of four years, starting from the 1994-95 academic year.

Tempus is the name given to the Trans-European cooperation scheme for university studies, which was conceived to assist the countries of Central and Eastern Europe and the Republics of the former Soviet Union in restructuring their higher education systems. Tempus forms an integral part of the Community aid programmes PHARE and TACIS. The main objectives of the programme are:

(i) to improve the quality and promote the development and restructuring of higher education in the eligible countries by developing and reshaping course programmes and reforming the structures and management of higher education institutions;

(ii) to encourage university-industry cooperation.

Furthermore, in the conclusions which it adopted on 11 June 1993 on furthering an open European space for cooperation within higher education, the Council stated that students should be able to pursue part or all of their studies in the higher education institutions of other Member States in ways which best match their needs, while retaining any right they might have to financial assistance.

To that end the Commission was invited to prepare an evaluation of the different forms of admission to higher education and a review of the differing financing procedures for higher education.

228. In the same context of higher education in the framework of an open European space for education, on 8 November 1993 the Council discussed *inter alia* the problem of access to this type of education, of the flow of students between Member States, of the imbalance in that flow, of their impact on the point of view of the management of those institutions and of the legal consequences. The Commission undertook to provide more detailed, comparable information on this aspect of the question.

Lastly, in its resolution of 11 June 1993 on vocational training in the 1990s, the Council advocates strengthening the quality of such training in order to encourage opportunities for individuals to develop their knowledge and skills throughout their working life. Such quality vocational training will thus contribute to increased economic and social cohesion and to the competitiveness of the European economies. Member States will make particular endeavours to offer all young people recognized basic vocational education and training so that they are better qualified for the labour

market, while encouraging them to undertake further training courses at a future date.

The Commission was invited to strengthen coherence at Community level between vocational education and training programmes and other policies which support Member State efforts in this field, while developing transnational cooperation and exchanges of information and experience.

C — Culture

European city of culture

229. At the Council meeting on 5 November the Ministers designated Stockholm as European city of culture for 1998 and Weimar for 1999. Ljubljana and Nicosia were designated jointly as hosts to European cultural month for 1995. The Ministers expressed the wish that some attention be devoted, under the next Presidency, to the concepts of the European city of culture and the European cultural month and how these had developed.

Translation of dramatic works

230. On 17 May the Council and the Ministers adopted a resolution on the promotion of the translation of contemporary European dramatic works.

This action will be carried out first within the pilot scheme for the translation of contemporary literary works established by the resolution of 9 November 1987; thereafter it will be incorporated in a general proposal on translation to be put forward by the Commission at the end of that pilot scheme in 1994.

Cinema

231. A resolution on the cinema's first century was adopted on 5 November 1993. The resolution is directed towards increasing action to restore films from the European heritage, encouraging the dissemination of that heritage and promoting awareness of the artistic trends of European cinema. The Commission was called on to participate, in particular in liaison with the Council of Europe, by continuing and expanding its activities and by helping to give maximum publicity to action taken in this campaign.

D — Health

General context of Community action

LEGAL CONTEXT

232. The new provisions of the Treaty which came into force on 1 November 1993 officialized, albeit with limited powers and measures, the Council's competence to deal with matters of public health (Title X - Article 129). That competence, which is subsidiary to that of the Member States, is part of the task conferred on the Community in this field, which is to contribute to ensuring a high level of health protection — in accordance with the general objective set forth in Article 3 (o) — 'by encouraging cooperation between the Member States and, if necessary, lending support to their action'.

The measures provided for in Article 129 (4) are of two types:

(i) incentive measures adopted in accordance with the co-decision procedure with the European Parliament provided for in Article 189b after consulting the Economic and Social Committee and the (new) Committee of the Regions (excluding any harmonization of national provisions);

(ii) recommendations adopted by a qualified majority.

Furthermore, Article 129 stipulates that 'health protection requirements shall form a constituent part of the Community's other policies'.

FRAMEWORK FOR ACTION

233. Continuing the discussions begun under the United Kingdom Presidency[1] on guidelines and a framework for future action in the field of public health, the Council and the Ministers for Health stated their views on the matter on 27 May 1993 in a resolution on such action,[2] constituting a message to the Commission for its future proposals.

The latter was called upon to submit to the Council as soon as possible a programme of action in this field, having regard, amongst other things, to a whole range of guidelines and principles allowing the framework for future cooperation and Community action to be outlined and directed broadly towards:

[1] See 40th Review, point 306.
[2] OJ C 174, 25.6.1993.

(i) the introduction of multiannual planning which incorporates all such action on a flexible and adjustable basis;

(ii) the elaboration of broad criteria for selecting priorities and areas of activity;

(iii) strengthened and more efficient methods of cooperation and monitoring;

(iv) greater attention to the intersectoral aspects of health protection requirements;

(v) increased cooperation with third countries and international organizations active in the health field, notably the WHO and the Council of Europe.

Furthermore, the Commission submitted to the Council meeting on 13 December, for examination, a communication on the framework for action in the field of public health, taking into account the entry into force of the Treaty on European Union — in particular the provisions of Articles 3 (o) and 129 — and the contributions submitted by the other institutions.

PUBLIC HEALTH QUESTIONS IN RELATED FIELDS

234. During its proceedings the Council reaffirmed its concern to pay all necessary attention to health protection requirements under the various Community policies.

During 1993 that attention centred in particular on the following issues:

(i) the price of medicinal products, with particular reference to the abnormally high price of certain new medicinal products;

(ii) the balance to be sought, in the health field, between the requirement of data protection and that of epidemiological research, in the context of personal record research under the proposal for a Directive on the protection of natural persons, as regards the processing of personal data, and on the free movement of such data and, generally, on the effects of those provisions on medical research and the health and social services.

The Council's attention was also drawn to:

(i) the provisions on freedom of establishment of members of the medical professions contained in the Association Agreements negotiated with the CCEE;

(ii) the quality requirements for water intended for human consumption to be put forward on the occasion of a possible amendment of Directive 80/778/EEC;

(iii) 'mad cow' disease.

Effort to combat diseases and other 'scourges'

CANCER

235. In accordance with Decision 90/238/Euratom, ECSC, EEC of 17 May 1990, which adopted the 1990 to 1994 action plan in the context of the Europe against Cancer programme,[1] on 23 March 1993 the Council received from the Commission a report on the evaluation of the effectiveness of action undertaken in the framework of that programme between 1987 and 1992.

Initially the Council, by a Decision of 27 May 1993 concerning the continuation in 1994 of the 1990 to 1994 action plan,[2] raised the overall amount of the Community contribution estimated necessary for its implementation from ECU 50 million to ECU 55 million.

That increase, which had been envisaged when the plan was adopted in 1990 (Article 2 (2) of the Decision in question), should make it possible to maintain an activity comparable to that of the previous years until the end of the present plan, in 1994.

Following a detailed examination of the Commission report the Council subsequently adopted, on 13 December 1993, a resolution on future guidelines for the Europe against Cancer programme following evaluation thereof for the period 1987-92.[3]

With a view to a third action plan the Council agreed on a range of objectives and guidelines — which it invited the Commission to take into account in its proposal — relating to:

(i) the various areas of action;

(ii) the legal and financial means and means of cooperation;

(iii) the method of programme evaluation.

It placed particular emphasis on redefining and strengthening means of cooperation between the Commission and the Member States.

236. With particular reference to the anti-smoking campaign, the Council continued its discussions in the framework of the Europe against Cancer programme, beginning a more general discussion on all the measures which could be implemented to reduce tobacco consumption.

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1 See 38th Review, point 193.
2 OJ L 150, 22.6.1993.
3 OJ C 15, 18.1.1994.

In the light of a Commission interim report on the response to their resolution of 18 July 1989 on banning smoking in places open to the public, the Council and the Ministers for Health, meeting within the Council, reached conclusions[1] on 27 May 1993 on means of developing a systematic assessment of the measures taken, so as to take full advantage of the experience acquired and to draw appropriate lessons and guidelines for the future.

Although, in general terms, continuation of the anti-smoking campaign remains an important and undisputed objective, the Council encountered certain difficulties in defining the most appropriate measures to be implemented as a priority to that end at Community level.

As regards the proposal for a Directive on advertising for tobacco products,[2] which provides for a very wide-ranging ban on such advertising in particular, it continued its discussions without to date reaching a common position.

AIDS

237. Pending decisions to be taken in the context of longer-term planning, the Council endeavoured to ensure that the activities under the Europe against AIDS programme — as defined for the period 1991-93 in the action plan adopted in 1991 — continued uninterrupted in 1994.

At its meeting on 27 May, jointly with the Ministers for Health, it called upon the Commission to take the necessary steps to that end.

Subsequently, on 29 September the Council and the Ministers actually had before them a proposal for a Decision on the extension to the end of 1994 of the 1991-93 action plan adopted under the Europe against AIDS programme, on which the European Parliament and the Economic and Social Committee were consulted.

However, as there was not enough time for the Decision to be adopted by the end of the year, at its meeting on 13 December the Council took the transitional measure of adopting a resolution on the subject,[3] requesting the Commission to ensure that the 1991 to 1993 plan of action was continued by using the appropriations entered in the budget for 1994. It included in the resolution, for the Commission's attention, a number of very general guidelines on the structure of and bases for evaluating the programme.

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1 OJ C 174, 25.6.1993.
2 See 40th Review, point 307.
3 OJ C 15, 18.1.1994.

DRUG ADDICTION

238. In the light of a communication submitted by the Commission on the evaluation of European Drug Prevention Week (from 16 to 22 November 1992),[1] the Council agreed to the organization of a second week in the second half of 1994, under the German Presidency. On 13 December 1993 it adopted a declaration on that week, scheduled for October 1994.

Placing particular emphasis on 'measures aimed at lasting primary prevention' targeted particularly on young people, the Council called upon the Commission and the Member States to commence the requisite preparations forthwith 'using the network of national coordinators and, where appropriate, the national organizing committees'.

Other questions

BLOOD AND BLOOD PRODUCTS

239. The Council examined a Commission communication on self-sufficiency in blood in the European Community, based on the results of a survey carried out jointly with the Council of Europe and taking into account the comments submitted by Member States.

Welcoming the recommendations contained in that communication, at its meeting on 13 December 1993 the Council adopted conclusions[2] which reaffirmed the principle of voluntary, unpaid blood donations and gave some guidelines as to how to progress towards the objective of self-sufficiency in blood and its derivatives in the Community and the Member States. In addition to monitoring the situation, including the question of substitute medicinal products, Community support for Member States' measures, in particular, those undertaken by national donor organizations and encouragement for efforts in the Member States in the training and informing of medical staff in this area, the Council envisages Community measures to assist in implementing the rules adopted in the context of the provisions on proprietary medicinal products[3] in order to promote the quality and safety of blood collection and of blood-derivative production.

EPIDEMIOLOGY

240. On 13 December 1993 the Council adopted conclusions on the setting up of an epidemiological network in the Community.

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1 See 40th Review, point 309.
2 OJ C 15, 18.1.1994.
3 Directive 89/381/EEC, OJ L 181, 28.6.1989.

Such a structure will make possible better integration and coordination of the existing data and systems by developing a common basis.

Those conclusions highlight the importance for the Community as a whole to acquire better knowledge of the causes and their epidemiological context, and to have a structure for the collection of information from disease-monitoring networks in the Member States, while ensuring its comparability and compatibility and developing the theoretical training and practical preparation of participating teams.

With that in mind, the Commission was requested, as part of its future initiatives, to devote special attention to setting up an epidemiological network in the Community and to examine the feasibility of such a network.

E — Environment

241. The Council held four meetings in 1993 specifically devoted to the protection of the environment. In addition, it held two joint meetings, namely environment/transport and environment/energy.

On 1 February 1993 the Council adopted a resolution on the fifth action programme on the environment and sustainable development, which takes over from the previous programmes. This programme marks a turning-point in Community policy on environmental protection by proposing an integrated approach based on target sectors such as industry, energy, transport, agriculture and tourism.

The purpose of the programme is to involve in environmental protection not only the public authorities at their various levels, but also businessmen and public opinion in general.

1993 also saw the follow-up given by the Council to the commitments entered into at the Rio Conference. In that context the Community and its Member States concluded the two most important instruments resulting from the Earth Summit, namely the Convention on Climate Change and the Convention on Biological Diversity, thus highlighting the leading role of the European Union in this field at international level. Likewise, the European Union continued its efforts, notably in the United Nations Sustainable Development Commission, towards a Convention on Forests and another on Desertification. In the same vein the Council introduced a system for monitoring CO_2 and other greenhouse gas emissions at Community level, reaffirming the objective of stabilizing such emissions at the 1990 level by 2000. The Council also decided to ratify the amendments to the Montreal Protocol directed towards closer monitoring of substances that deplete the ozone layer, and gave its political agreement to the Community Regulation on such substances laying down even more stringent obligations on the Member States.

At European continent level the Council played an active part in the Conference of European Ministers for the Environment held in Lucerne with a view in particular to increasing cooperation on the environment between the European Union and the States of Central and Eastern Europe.

242. At the beginning of 1993 two shipping accidents seriously damaged the environment of the Community coasts. The Council, in a joint meeting of Ministers for the Environment and their colleagues with responsibility for shipping, gave urgent consideration to the question of safety and the prevention of maritime pollution in the Community, analysing the role of shipping accidents, with a view *inter alia* to establishing intervention plans, bolstering mutual assistance between Member States and providing greater protection for areas of major ecological importance.[1]

Of major concern to the Council in 1993 were problems linked with waste, its prevention, management and disposal (in particular by incineration) and the transboundary movement of waste. Thus, subject to fresh consultation of the European Parliament on a change to the legal basis, agreement was reached on a Directive on the incineration of hazardous waste, which will make it possible to prevent the negative effects of incineration on the environment and human health. The Council decided on ratification by the Community of the Basel Convention once the corresponding Community Regulation enters into force. That Convention and the Regulation lay down conditions for all transboundary movements of hazardous waste and for its disposal so as to ensure that such movements do not harm the environment either within the European Union or in third States, most particularly in the developing countries.

As regards waste management, consistent with Community strategy in this field, the Council is continuing its work on the Directive on the landfill of waste, which will ensure a high level of protection for areas likely to be affected by such landfills. Community strategy on waste management places landfills at the last stage of waste disposal, which is itself low in the order of preference under that strategy. The Directive will be directed towards the harmonization of environmental and technical standards relating to landfills, by preventing distortions of competition as regards the movement of waste which might result from differences between Member States' laws.

The Council also agreed on a common position, to be forwarded to the European Parliament, on packaging and packaging waste, which will make it possible to reduce considerably this category of waste, which constitutes the vast majority of household waste. The Directive sets very ambitious objectives, in particular as regards the percentage of such waste which will have to be recovered. It also sets targets for re-use and prevention. A balance is struck in this way between environ-

[1] See point 2 of this Review.

mental protection and the internal market, and an order of preference of waste-management methods is established which will give precise information to economic operations.

243. The implementation of the 1979 Directive on the protection of wild birds gave rise to numerous difficulties. The Council reached agreement on a common position on amending the Directive to allow the level of protection of certain species to be adapted to the particular circumstances obtaining in the territory of the various Member States.

As part of the measures complementary to the regulatory policy, a Community eco-audit scheme was established in which companies can participate on a voluntary basis with a view to prevention. The purpose of the Regulation establishing the scheme is evaluation and improvement of the environment performances of certain activities of undertakings and at the same time an increase in the information made available to the general public.

The Council contained its work on a number of other legislative proposals. Of those, emphasis should be placed on the political agreement reached on a new Directive on the control of volatile organic compound emissions resulting from the storage of petrol and its distribution from terminals to service stations. This Directive is the first stage of the Community strategy to reduce very significantly such losses of petrol by evaporation. It therefore involves improving air quality in the Community through a general reduction in such losses by evaporation, which are estimated at some 500 000 tonnes a year. The targets set will make it possible to reduce such emissions by nearly 90%.

The Council also continued work on the Regulation which will lay down provisions with regard to possession of and trade in specimens of wild fauna and flora (CITES) and on the Directive aimed at the elimination of polychlorinated biphenyls and polychlorinated terphenyls, which are highly pollutant substances which have been used in certain types of electric transformer and condenser.

F — Consumer protection

244. The entry into force of the Treaty on European Union marked a turning-point in consumer protection by establishing a specific legal framework for this Community policy, which will be required to play a general role in the coming years.

In the course of 1993 the Council adopted a Directive on unfair terms in consumer contracts. This Directive represents considerable progress in the protection of consumers against non-negotiated, and often unfair terms. In particular, it gives consumer organizations the right to bring proceedings on the matter.

The Directive has the objective of approximating the laws, regulations and administrative provisions of the Member States relating to that type of term. The Council had a dual concern: to draw up a text which, while being sufficiently clear and precise to ensure the effective protection of the consumer, could be swiftly implemented. The Directive, which allows each Member State to provide increased protection, concerns only standard or non-negotiated terms, consigning the specific treatment of harmonization of guarantees to a separate Directive.

The Council also agreed on a common position to be forwarded to the European Parliament concerning a new Directive on the protection of purchasers in contracts relating to the purchase of a right to utilize one or more immovable properties on a timeshare basis. These are known as 'timeshare' contracts. The purpose of this Directive, which fits into the context of completion of the internal market, is to increase consumer protection in this rapidly expanding sector of the property market, in which account has to be taken of the transboundary nature of most contracts and of the aggressive sales techniques often used.

The Council also took account of the fact that the legal status of such contracts varies greatly from one Member State to another. The Directive places emphasis on two aspects of consumer protection: prior information on the distinguishing features of the contract and the procedures for cancellation and withdrawal.

245. The Council renewed the Community system of information on home and leisure accidents (Ehlass) which, on the basis of data provided by hospitals or household surveys, will serve as an indicator of the dangers presented by certain products, thus making it possible to evolve corresponding safety measures. This Community system, which was introduced in 1986, makes it possible at national level to use the results to define measures, and at Community level to prepare summary reports based on data provided by the Member States and to carry out detailed studies of various aspects relating to the data available. It should be stressed that this system is not a statistical instrument acting as an indicator in the context of the measures to be envisaged.

The Council also adopted a resolution on future action on the labelling of products in the interest of the consumer, directed towards making the information on such labelling comprehensible, relevant and transparent.

The Council also continued work on other proposals for the improvement of consumer protection and information, including a proposal for a Directive on contracts negotiated at a distance which, through the approximation of laws, aims to regulate order-solicitation, delivery of goods or performance of the service, and gives consumers the right, under certain conditions, to cancel the contract.

Chapter VI
External relations and development cooperation

A — Enlargement

246. On 1 February 1993 negotiations for accession to the European Union were opened with Austria, Sweden and Finland and on 5 April 1993 with Norway. The negotiations, which started with the fields covered by the EEC, EAEC and ECSC Treaties, were extended, with the entry into force on 1 November 1993 of the Treaty on European Union, to fields coming within that Treaty.

Negotiations advanced steadily: five meetings at ministerial level and between five and eight meetings at deputy level were held with each of the acceding States between February and December 1993.

The Brussels European Council of 29 October 1993 and the ministerial negotiating meetings held in Brussels on 9 November 1993 with the four acceding States gave the negotiations a significant boost. The parties confirmed the objective of 1 January 1995 for accession and, taking into account the European Parliament's declared willingness to deliver its assent on the Accession Treaty by the end of its current term (June), made 1 March 1994 the target date for completion of the negotiations. A significant breakthrough happened at the end of the year, enabling the parties to make a generally positive assessment of the negotiations. Many Chapters (between 15 and 20 out of the 29 under negotiation, according to the candidate States) were already concluded or had made substantial progress. In particular, an agreement was made on standards for protection of the environment, health and product safety, on external relations and on most of the Chapters covered by the Treaty on European Union (in particular common foreign and security policy, justice and home affairs). However, important areas, although limited in number, had still to be tackled (especially agriculture, fisheries, transit, financial and budgetary affairs).

B — Commercial policy

Uruguay Round

247. After over six years of negotiations, 1993 was finally the decisive period for the relaunching and favourable conclusion of the Uruguay Round multilateral trade

negotiations. The Round's success on 15 December 1993 in Geneva gave rise to simultaneous feelings of relief and satisfaction.

The relief came from the fact that a failure in those negotiations would have risked reviving protectionist tendencies and trade confrontations, especially with the United States, provoking an internal crisis within the European Union and creating a climate of uncertainty regarding the future of world trade.

The feeling of satisfaction came from several factors: the European Union had demonstrated absolute solidarity and cohesion at the crucial stage of the negotiations, which had enabled it to defend its basic interests effectively in the outside world; the 15 December 1993 deadline set by the European Council and confirmed by the G7 was met, thus giving full credibility to the political commitments entered into at the highest level; the European Union's requirement, maintained throughout, of a global, lasting and balanced agreement was realized; lastly, the conclusion of those negotiations echoed the conviction that a strengthened and innovatory multilateral trading system would enable the challenges at the dawn of the 21st century to be taken up and would contribute to the development of world trade, economic growth and job creation.

The conclusion of those negotiations within the allotted time was made possible by a sudden concerted effort by all the participants and by the determination of the main partners, in particular the European Union and the United States of America, to overcome the major differences between them which were holding up the multilateral negotiation process. While substantial progress had been made in 1992, crucial problems jeopardizing major economic and political interests were still unresolved at the beginning of 1993 on subjects as varied as market access, agriculture, services and the future GATT institutions. The question was how to reconcile in the field of market access the United States' approach, which focused mainly on removing customs duties in certain sectors, with the European Union's primary objective of substantially reducing the tariff peaks applied in the United States. How could the agricultural discussion on the Blair House agricultural pre-agreement, which was unacceptable within the Union in its current state, be relaunched? How could a balanced package in the area of services be ensured and special separate treatment for the audiovisual sector obtained? How could a new world trade organization be promoted which would enable the outcome of the Uruguay Round to be incorporated into a single commitment and the primacy of multilateral law for settling commercial disputes to be ensured?

248. The negotiations were divided into two stages. The first six months were essentially devoted to a three-fold exercise: specific technical discussions in Geneva, particularly on services; a series of meetings between the new Community negotiator, Sir Leon Brittan, and the new United States Democratic Administration to ensure that the United States commitment to a rapid conclusion of the Uruguay Round was maintained, to work out a negotiation timetable and to arrive at a better

definition of the various positions so as to prepare the way for a real resumption of negotiations; encouragement of a process of general reflection within the Union enabling the Member States to express their concerns and expectations for the final phase of the negotiations, *inter alia* in writing in the form of memoranda.

This final phase started in July 1993, culminating in the last few months in almost constant all-round negotiations involving all levels of decision-making. The machinery set up, the procedures followed and the variety and complexity of the subjects covered bear tangible witness to the unflagging pace maintained by all participants in the negotiating process.

On the Community level, the Council of the Union devoted several meetings to following the development of the negotiations, on the basis of Commission reports, and to setting out the European Union's objectives and positions. In that respect the extraordinary meeting of the joint General Affairs and Agriculture Council on 20 September 1993 was particularly important with its adoption of conclusions allowing the Commission to resume the bilateral discussions with the United States and the multilateral discussions with the other countries on the basis of general guidelines covering all the major areas of negotiation, including agriculture. The Council's later meetings were devoted to going more deeply into a number of subjects, to adjusting the Community position to take developments in the negotiations into account, to examining the outlines of the overall compromise which was emerging as a result of the Commission's being given additional guidelines for that purpose and, finally, to formally recording on 15 December 1993 that the Commission would be able, at the meeting of the Trade Negotiating Committee meeting on the same day in Geneva, to signify that the Community accepted the outcome of the negotiations.[1] Between Council meetings the Article 113 Committee assisted the Commission steadily throughout the negotiations. This close symbiosis between the Commission and the Member States strengthened the internal cohesion of the European Union and increased the effectiveness of its action on the multilateral level.

249. On the bilateral level, the Community negotiators' action concentrated mainly on the United States and, for market access, on Japan and Canada as well. Following the negotiations carried out on some subject areas right up to the 15 December deadline, compromises were reached on the main problem areas: preparation of a substantial package of tariff reductions; amendments to the Blair House agricultural pre-agreement, especially concerning export commitments, peace clauses, arrangements for consultations on cereal substitutes and for future consultations on participation in the world growth of agricultural trade; acceptance by the United States of a new world trade organization with a binding clause bringing national legislation into line with multilateral obligations; improvements in the new code on subsidies; more

[1] For the internal aspects accompanying this decision to accept the outcome, see Part I of this Review.

limited ambitions regarding the initial commitments to liberalize certain services sectors, while providing none the less for future negotiations. As problems began to be settled, the Community negotiators held more and more bilateral and multilateral negotiations with the other third countries, in particular on market access and services.

On the multilateral level the overall negotiation process was relaunched in Geneva in July 1993 with the introduction, at the instigation of the new Director-General of GATT, Mr Peter Sutherland, of a work structure which among other things allotted a pre-eminent role to the Trade Negotiating Committee in ensuring that the process was comprehensive and transparent. In the last phase, this machinery was strengthened by daily meetings, under the chairmanship of Mr Sutherland, of Heads of Delegations/Chief Negotiators. It was in this forum that the compromises reached between the Community and the United States were converted into multilateral terms. Here too the progress achieved and the obstacles encountered during restricted consultations led by the Friends of the President on unresolved problems regarding various subjects were examined and the final compromises worked out.

250. The detailed results of the negotiations were reported in press releases.[1] The broad outlines of these results deserve, nevertheless, to be mentioned.

Implementation of these results will lead, first of all, to a substantial opening up of the markets for industrial products, with a reduction of about 37% in the customs duties of the industrialized countries. Many developing countries will also participate for the first time in this collective liberalization exercise, in particular by consolidating their customs duties at levels varying according to their level of development.

Agriculture is henceforth fully integrated into the multilateral trading system. The reformed common agricultural policy machinery has now been recognized by non-member countries as compatible with the multilateral commitments entered into by the European Union.

The textile sector will be gradually re-integrated, during a ten-year transitional period, into the normal rules of the multilateral trading system on the basis of strengthened rules and disciplines.

Extension of the multilateral trading system to services and intellectual property constitutes a major qualitative leap which takes account of changing international economic realities.

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[1] See in particular the summary drafted by the information service of the GATT Secretariat, NUR 080 + ADD 1.

The updating of the rules on subsidies, anti-dumping, safeguards and the settlement of disputes will increase the predictability and security of international trade against a background of fair competition.

The new World Trade Organization will bring into being a common and coherent institutional framework covering GATT and all the results of the Uruguay Round, constitute the leading forum for later negotiations, establish the primacy of multilateral law and enable relations and cooperation with the international monetary and financial institutions to be developed.

The results of these negotiations were required to be completed, before the signing of the Final Act due to take place in April 1994 in Marrakesh, by the satisfactory conclusion of the market-access negotiations still in progress between certain countries, by a final verification of the various texts and by the drafting of post-Uruguay Round work programmes on new subjects such as trade and the environment.

Other commercial policy questions

COMMERCIAL POLICY INSTRUMENTS

251. In connection with the Community's acceptance of the results of the Uruguay Round negotiations at its meeting on 15 December 1993, the Council reached overall political agreement on the reform of the Community's commercial policy instruments, concerning which finalization of the texts at technical level continued with a view to their entry into force during the first quarter of 1994.

This set of measures is designed to establish a balance between a Community market open to the world and swifter and more effective decision-making procedures enabling trade measures to be taken when the Community is faced with unfair commercial practices.

TEXTILES

252. As regards trade policy in the textile sector, the Council:

(i) approved the extension of the Multifibre Arrangement negotiated in Geneva for a period of one year up to 31 December 1994;

(ii) decided formally to conclude the 20 agreements negotiated by the Commission with the MFA countries in 1992, as well as the provisional implementation of the other 22 bilateral agreements negotiated by the Commission in 1993.

253. Throughout the year, on the basis of regular information from the Commission, the Council bodies followed the negotiations in progress in Geneva for the conclusion of a multilateral agreement on trade in iron and steel products, and in the OECD framework as regards shipbuilding.

C — Non-European industrialized countries

United States of America

254. Relations with the United States in 1993 were dominated by a common purpose: the conclusion, after seven years of painstaking negotiations, of the most far-reaching trade liberalizing round ever undertaken. The efforts deployed by both sides culminated in the successful conclusion of the Uruguay Round on 15 December 1993, thus creating a potential growth in world trade of the order of USD 200 billion.

1993 saw the arrival in the White House of the first Democratic President since 1980. Although when President Clinton took office there was concern that the new administration would give priority to domestic issues at the expense of foreign relations, it became clear as the new administration found its feet that an overall external policy was in the making. In April 1993 the Foreign Ministers of the European Union, meeting informally in Denmark, held an in-depth debate on the basis of a paper prepared by the Commission on EU/United States relations. A number of foreign-policy, commercial and economic issues were identified as being of particular importance in the EU/United States dialogue. In particular, the crisis in the former Yugoslavia and the reform process in the former Soviet Union were considered to be priority subjects for intense consultation. Similarly, the Middle East and China were subjects deemed worthy of concertation between the two partners. The promotion of economic recovery and settling outstanding Uruguay Round and bilateral issues were considered subjects for an active dialogue with the United States.

Trade between the world's most important partners again flourished in 1993. However, a number of bilateral trade issues continued to cloud the horizon. Most important was United States unilateralism in trade legislation which gave rise to a number of specific problems for the Council (notably in the case of the continuing illegal measures against a number of EU exports following the introduction of the EU Hormones Directive). Similarly, the Council remained vigilant in 1993 regarding the United States' extra-territorial application of national trade provisions. The extensive use by the United States of national security considerations (the so-called Buy American legislation) in the field of public procurement and the proliferation of anti-dumping action against Community steel exports were also matters which came

before the Council. However, with regard to public procurement the two partners reached agreement in the summer on a balanced liberalization of the two procurement markets. Goods, works and services for central government agencies and goods and works in the electrical sector, including, on the United States side, six federally owned power stations, were opened for procurement from non-United States firms.

Given the success of the Uruguay Round and the improving outlook for the development of transatlantic relations in 1993, the Council looked forward to an ever closer and more balanced relationship with its major trading partner.

Japan

255. The Council noted that, although some progress was achieved in the context of the EU's trade relations with Japan in 1993, its trade deficit with that country was on a constantly upward curve. The Council therefore underscored the importance of maintaining pressure on the Japanese to adopt a further economic stimulus package with the objective of bringing down their trade deficit and to make particular efforts regarding questions of non-discrimination (particularly in public procurement), structural matters and competition and market access.

The Council continued to oppose managed trade and encouraged the Commission to monitor carefully any move which might indicate a trend towards managed trade in United States/Japan relations or bilateral preferences for the United States. In this context it noted the Commission's intention of following closely developments in United States/Japan trade relations and stressed the importance of ensuring that any benefits obtained by the United States should be transparent, GATT-compatible and thus available also to the Community.

Japan had also been asked to make greater efforts in the Uruguay Round negotiations, particularly on market access, services and agriculture areas.

Canada

256. As with the other industrialized countries, the EU's relations with Canada during 1993 were overshadowed by the Uruguay Round negotiations. As a member of the so-called QUAD group, Canada, alongside the Union, the United States and Japan, played a significant role in the final outcome of the Uruguay Round negotiations. Nevertheless, a number of bilateral issues were left overhanging. EU beef exports continue to suffer restricted access to the Canadian market. A deal struck between the United States and Canada over penetration of the latter's beer market had left EU operators at a disadvantage. Also, a number of Member States were sub-

ject to anti-dumping action with regard to steel exports to Canada. These issues were brought before the Council on a regular basis. Here, too, it was hoped that the improved trading conditions following the end of the Uruguay Round would bring about lasting solutions to these outstanding problems.

Republic of Korea

257. At its meeting on 8 June the Council, on the basis of a communication from the Commission, re-examined the state of relations between the Union and Korea. While it recognized that trade had considerably increased over the previous decade, it called for an increase in the level of trade in order to reflect the importance of the two players in world trade. The Council pinpointed a number of tariff and non-tariff barriers to trade and called on Korea to eliminate these in respect of GATT principles and in the context of the Uruguay Round negotiations. Korea was also encouraged to provide adequate protection for intellectual property rights, to implement public procurement rules in a non-discriminatory manner and to ensure legal certainty and transparency in legislation governing foreign investments. The Council agreed to review the development of trade and economic relations with Korea on the basis of a progress report by the Commission.

Law of the Sea

258. The Community participated in the 11th session of the Preparatory Commission for the International Sea-bed Authority and the International Tribunal for the Law of the Sea, held in Kingston, Jamaica from 22 March to 2 April 1993.

The session resulted in the completion of the examination of the draft provisional final reports by the plenary commission and the four special commissions. The text of the reports, as amended following the debates, will be published by the secretariat of the preparatory commission as the final consolidated report of that institution.

The Community also took part in informal consultation meetings organized in New York by the United Nations Secretary-General, Mr Boutros Boutros Ghali, (28 and 29 January, 27 and 28 April, 2 to 6 August and 8 to 12 November 1993) in order to find a solution to the problems preventing the universal acceptance of the United Nations Convention on the Law of the Sea.

It should be noted that the said Convention will enter into force on 16 November 1994, the condition for deposit of the 60th instrument of ratification having been fulfilled by Guyana on 16 November 1993.

D — Agreement setting up the European Economic Area — EFTA

EEA Agreement

259. At its meeting on 13 December 1993 the Council adopted the Decisions on the conclusion of the Agreement on the European Economic Area (EEA), of the Protocol adjusting that Agreement following the non-participation of Switzerland and of the Agreements in the agricultural and fisheries fields negotiated in the context of the EEA.

These Agreements will therefore officially enter into force on 1 January 1994.[1]

It should be noted that:

the aim of the Agreement on the European Economic Area is to establish a dynamic and homogeneous integrated structure based on common rules and equal conditions of competition and equipped with the means, including judicial means, necessary for its implementation; it is based on equality, reciprocity and an overall balance of the contracting parties' benefits, rights and obligations.

Within the EEA there will be free movement of goods, persons, services and capitals (the 'four freedoms') on the basis of European Union legislation. Beyond the four freedoms the EEA Agreement also provides for broad and balanced cooperation covering, on the one hand, areas directly associated with the realization of the four freedoms ('horizontal' policies such as social policy, consumer protection, the environment, statistics and company law) and, on the other hand, the Community policies known as 'flanking' policies, such as research and technological development, education and training, youth, etc.

Specific solutions were found for agriculture and fisheries, *inter alia* through bilateral agreements, in order to intensify trade within the EEA.

260. The Protocol adjusting the EEA Agreement, which was made necessary by the negative result of the Swiss referendum of 6 December 1992, comprises the following main elements:

(i) all references to Switzerland as a Contracting Party have been deleted;

(ii) the Protocol nevertheless provides for the possibility of Switzerland later acceding to the EEA, should it so wish, and the relevant article of the Agree-

[1] The agricultural Agreements were provisionally implemented as from 15 April 1993.

ment has been modified accordingly. Furthermore, the joint declaration by the Contracting Parties to the Adjusting Protocol states that they are ready to enter into negotiations with Switzerland regarding its participation in the EEA if Switzerland makes a request along those lines; it also stipulates that Switzerland's future participation in the EEA should be based on the outcome contained in the original Agreement on the EEA and in the bilateral agreements negotiated at the same time, as well as on possible later developments of those Agreements;

(iii) the Protocol provides for an adjustment of the financial mechanism instituted by Protocol No 38 to the EEA Agreement in order to supply financial assistance for the development and structural adjustment of Greece, Ireland and certain regions of Spain. The solution adopted comprises two elements:

keeping the amounts allocated unchanged, both for loans eligible for interest rebates (ECU 1 500 million) and for direct grants (ECU 500 million);

reduction in the percentage of interest rebates from 3 to 2%.

(iv) for Liechtenstein, a special solution had to be adopted since that country is part of a customs and economic union with Switzerland. It therefore needs to reorganize its relations with Switzerland in order to participate in the European Economic Area. Consequently, the EEA Agreement will enter into force for Liechtenstein on a date to be determined by the EEA Council which will have to check in advance that such reorganization is not likely to hamper the proper functioning of the European Economic Area.

Bilateral relations with the EFTA countries

SWITZERLAND

261. Responding to Switzerland's wish to develop cooperation on a bilateral basis for the moment while leaving open the option of participating in the EEA and acceding to the European Union, the latter expressed its wish at the Council meeting on 8 and 9 November 1993 to negotiate new sectoral agreements with Switzerland on the basis of an overall balance of reciprocal advantages and at the same time to develop cooperation under the Free-trade Agreement.

The Council felt that relations with Switzerland might be developed in the following areas in particular: transport, free movement of persons, research, access to the market for agricultural products, technical barriers to trade, access to public contracts, veterinary and plant-health legislation, intellectual property, geographical designations and designations of origin.

The Council also said that it trusted that:

(i) negotiations could be started soon, initially in the areas of transport, free movement of persons, research and access to the market for agricultural products, and as far as possible also in the areas of technical barriers to trade and access to public contracts;

(ii) a solution could soon be found, under the Free-trade Agreement, to the rules-of-origin problem resulting from the forthcoming entry into force of the EEA without Swiss participation.

The Council intended to make sure that, where necessary, there was appropriate linkage between the various sectoral agreements concerned.

AUSTRIA

262. The Free-trade Agreement between the Community and Austria provides for the banning of government aid which could lead to distortions of competition and for the withdrawal of tariff concessions for the products concerned in order to remedy the situation.

At its meeting on 20 December 1993 the Council adopted two Decisions withdrawing tariff concessions on certain television sets manufactured by Grundig Austria GmbH and on certain gearboxes manufactured by General Motors Austria.

Those Decisions were adopted in order to remedy the distortion of competition and the effect on trade caused by a subsidy granted to Grundig by the Vienna Municipal Council and by government aid granted to General Motors by the Austrian federal and regional authorities. Over the past few months the Commission had been seeking a negotiated solution with the Austrian authorities concerning these aids, but the two sides had not been able to reach a mutually acceptable arrangement.

On 21 December 1993 the Commission was informed that Grundig had partially reimbursed the aid granted to it in order to benefit Vienna.

Following that trend, the Commission, considering that this partial reimbursement had reduced the aid granted so that it no longer produced any distortion of competition and trade incompatible with the free-trade agreement, submitted to the Council a proposal for a Regulation repealing the Regulation re-establishing a 14% duty on television sets produced by Grundig Austria. The Council signified its agreement to that proposal at its meeting on 7 February 1994.

E — Relations with the countries of Central and Eastern Europe

263. The Copenhagen European Council confirmed that all the Central and East European countries (CCEA) linked to the Community by European Association Agreements could, if they so wished, become members of the European Union as soon as they were able to fulfil the obligations involved and meet the required economic and political conditions.

Accession requires the candidate country to have stable institutions which guarantee democracy, the rule of law, human rights, respect for minorities and their protection, the existence of a viable market economy and the capacity to face the competitive pressure and market forces within the Union. Accession presupposes the capacity of the acceding State to assume the obligations of accession and, in particular, to subscribe to the objectives of political, economic and monetary union.

At the same time, the Union's capacity to assimilate new members while maintaining the pace of European integration also constitutes an important factor which is of general interest for both the Union and the applicant country.

With that accession objective in view, the European Council approved the principle of a series of measures covering:

(i) the establishment of structured relationships between associated CCEA and the Union's institutions against the background of a strengthened multilateral dialogue and of coordination on questions of common interest;

(ii) a series of trade concessions leading to an acceleration of the timetable fixed in the Europe Agreements for the opening up of the Community market;

(iii) the maintenance of substantial financial support, particularly under the PHARE programme, part of whose resources could be devoted to the development of trans-European network projects;[1]

(iv) the supply of technical assistance in order to help our partners adapt their legislation to that of the Community, especially as regards the rules on competition and the protection of workers, the environment and consumers.

264. The European Association Agreements with Hungary and Poland were concluded by the Council on 13 December 1993 after national ratification procedures had been completed. Those Agreements were to enter into force on 1 February 1994.[2]

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[1] An *ad hoc* ministerial meeting with the six associated CCEAs was held on 30 November 1993 in order to carry out a joint study of the main outlines of a cohesive general approach in the transport field.

[2] OJ L 347 and L 348, 31.12.1993.

European Association Agreements were also signed with Romania on 1 February 1993 and with Bulgaria on 8 March 1993. The early implementation of the commercial provisions of those Agreements was made possible by the interim Agreements with Romania which entered into force on 1 May 1993[1] and with Bulgaria on 31 December 1993[2] and by the Council's adoption of certain detailed implementing arrangements for those Agreements.[3]

In order to take into account the dissolution of Czechoslovakia as of 1 January 1993, two new European Association Agreements were signed on 4 October 1993 with the Czech Republic and the Slovak Republic; these Agreements were intended to replace the one signed on 16 December 1991 with the former federal State. In the meantime and pending completion of the ratification procedures, the interim Agreement concluded at the beginning of 1992 with the former Czechoslovakia remains in force, with each of the two new Republics taking over the obligations and advantages resulting from that interim Agreement. None the less, with a view in particular to sharing between the Czech and the Slovak Republics the tariff quotas and ceilings contained in the interim Agreement with the former federal State, it was necessary to negotiate two Additional Protocols which were signed on 21 December.[4]

In order to implement the conclusions of the Copenhagen European Council in the area of trade Additional Protocols were negotiated with those countries in order to step up the timetable provided for in the interim Agreements for dismantling the customs duties *vis-à-vis* those countries and to improve their access to the Community market. Seeing that the interim Agreements with the Visegrad countries (Poland, Hungary, Czech and Slovak Republics) had entered into force at the beginning of 1992 and that speeding up the timetable decided on in Copenhagen therefore called for immediate action regarding those countries, the Council decided unilaterally to put the Additional Protocols concerning them into provisional implementation as of 1 July, pending the signing and conclusion procedures.[5] Later, Additional Protocols were concluded on 20 December regarding the above four countries and Romania and Bulgaria.

In connection with the management of the interim Agreements in force with the CCEA mentioned above, meetings of the Joint Committees were held on the following dates in order to examine, in particular, a number of specific problems arising in the implementation of the Agreements:

(i) with Hungary in Budapest on 4 and 5 February;

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1 OJ L 81, 2. 4.1993.
2 OJ L 323, 23.12.1993.
3 OJ L 333, 31.12.1993.
4 OJ L 349, 31.12.1993.
5 OJ L 195, 4.8.1993 and OJ 200, 10.8.1993.

(ii) with Poland in Warsaw on 25 and 26 February and 25 May;

(iii) with the Czech and Slovak Republics in Bratislava on 21 and 22 October and in Prague on 14 December;

(iv) with Romania in Bucharest on 14 and 15 October.

265. The Community also strengthened its relations with the other countries in the region.

The 'first generation' trade and cooperation agreements with the Baltic States (Estonia, Latvia and Lithuania) entered into force at the beginning of 1993 and meetings of the Joint Committees with those countries were held in their respective capitals at the end of April. In order to strengthen relations with those States and take into account the links which the latter had established with the candidate States, the Copenhagen European Council invited the Commission to submit proposals which would convert the existing agreements into free-trade agreements, the objective still being to conclude European Association Agreements with those countries at the appropriate time. The Commission therefore submitted negotiating directives to the Council on 3 December for the negotiation of new trade agreements with Estonia, Latvia and Lithuania.

A first-generation Agreement, taking over the provisions of the previous Cooperation Agreement with the former Yugoslavia, was signed with Slovenia on 5 April and entered into force on 1 September. Concurrently with that Agreement a Transit Agreement was concluded, together with a Financial Cooperation Protocol permitting EIB financing for transport infrastructures of common interest.

Regarding Albania, the Copenhagen European Council confirmed that the Community was prepared to contribute towards supporting the country's economic recovery. To that end the Community arranged a high-level G24 conference on Albania, which was held on 16 and 17 November in Brussels with the participation of the international financial institutions. The conference noted in particular that the Albanian Government's adjustment efforts, which had already showed encouraging results, deserved continuing financial support from the international community in sustaining the momentum of the process.

266. The activities of the PHARE programme, which is intended to support the reform process in the countries of Central and Eastern Europe, continued in 1993 on the basis of Regulation No 3906/89 — adjusted on 30 June to take into account the partition of the former Czechoslovakia[1] — as well as new guidelines approved by the Council in November 1992, with appropriations of ECU 1 040 million written into the budget.

[1] OJ L 162, 3.7.1993.

In order to increase the effectiveness of the aid, the Copenhagen European Council provided for the possibility of using PHARE resources, within a ceiling of 15%, to support the development and improvement of infrastructures in Central and Eastern Europe under projects co-financed by the EIB and/or international financial institutions and by the beneficiary country where these could not be financed by the private sector and were of Community interest.

The Community continued to promote the coordination of international assistance within the Group of 24. In that context, in addition to the conference on Albania already cited above, mention must be made of the meetings on Romania and Bulgaria held in May and of the December meeting in Strasbourg — organized in conjunction with the Council of Europe — on strengthening democratic institutions in Central and Eastern Europe. To take into account the developments since its creation in 1989 the G24 adjusted its working methods. It recognized that the governments of the beneficiary countries had the prime responsibility in drawing up programmes and defining priorities and expressed itself in favour of closer cooperation with the international institutions, in particular the World Bank.

F — Relations with the former USSR

267. Following the events of early October in Moscow, the Council meeting on 4 October reiterated its support for President Yeltsin and for the reform process under way and confirmed its desire for a rapid conclusion of the negotiations on the partnership Agreement. Further to the supplementary Directives adopted on 5 April 1993 the Council adopted a second revision of the Directives on 9 November which recognized that Russia was an economy in transition and which provided for a meeting in 1998 to assess the situation and decide, if appropriate, to launch negotiations on introducing a free-trade area.

In accordance with the conclusions of the Copenhagen European Council, the desire for intensified relations between the European Union and Russia resulted in two meetings at the highest political level between the President of the European Council and the President of the Commission on the one hand, and President Yeltsin on the other hand, first on 11 November in Moscow and then on 9 December in Brussels. A joint political declaration was signed on that last occasion. It emphasized in particular the new quality of the partnership relations between Russia and the European Union as well as the importance of European support for the democratic reform process and for economic transition in Russia and sketched the broad outlines of the partnership and cooperation agreement being negotiated. The declaration furthermore enshrined the agreement in principle to hold such summit meetings twice a year.

The elections in Russia on 12 December and the constitution of a new parliament and a new government in Russia, however, slowed down the pace of the negotiations on the partnership agreement, which it was not possible to finalize in 1993.

268. In a concern for balance, the possibility of partnership agreements was also opened with other States of the CIS. Negotiations to that end were opened with Ukraine, Belarus, Kazakhstan and Kyrgyzstan.

In the particular case of Ukraine, the Copenhagen European Council had expressed the keen interest which it took in developing cooperation with that country.

The Community pursued the implementation of the TACIS technical assistance programme (ECU 510 million in 1993), which contributes substantial support for the complex economic reforms taking place in the independent States of the former Soviet Union and for the transition of those States to a market economy. On 19 July the Council adopted a new Regulation for 1993 to 1995 which is aimed, *inter alia*, at improving the effectiveness of Community assistance and which gives priority to assistance in the fields of human-resource development, the restructuring and development of undertakings, infrastructures, energy including nuclear safety, and the production, processing and distribution of foodstuffs.[1]

International Science and Technology Centre

269. The Agreement signed in November 1992 between the Community, the United States, Russia and Japan, establishing an International Science and Technology Centre (ISTC) in Moscow, has not yet entered into force owing to the delay in Russia's ratification procedures.[2]

Since, however, contacts between the signatory parties showed that provisional application of this Agreement was possible, the Council on 29 November authorized the Commission to negotiate a Protocol to that end. With the Council's agreement (6 December), the Protocol was signed in Moscow on 27 December.

Community contribution to the nuclear safety account of the European Bank for Reconstruction and Development

270. In order to increase nuclear safety in the countries of Central and Eastern Europe and in the former Soviet Union, the Council welcomed the Commission proposal for a contribution of ECU 20 million from appropriations for the TACIS and

[1] OJ L 187, 29.7.1993.

[2] The text of this Agreement has been published in OJ L 409, 31.12.1992.

PHARE programmes to the nuclear safety account of the European Bank for Reconstruction and Development (EBRD). On 26 April, it authorized the Commission to open negotiations for this purpose with the EBRD. On 11 November, the Commission submitted to the Council an exchange of letters which it had negotiated with the EBRD and on which the Parliament is currently being consulted.

G — Relations with the Mediterranean countries and the Gulf States

Peace process in the Middle East

271. Pursuant to the Israeli-Palestinian Agreement of 13 September 1993, the Community is preparing aid arrangements to support Palestinian autonomy along the following lines:

(i) immediate action to assist Palestinian institutions in the occupied territories. On 13 September 1993, the Council decided on a specific contribution of ECU 20 million, which supplements the funds already available from various sources and thereby increases the overall Community contribution to the occupied territories in 1993 to ECU 75 million. Of this supplementary contribution, ECU 15 million is being used to ensure the functioning of Palestinian universities for one year, and ECU 5 million to provide technical assistance with the setting up of new Palestinian Authorities, particularly in the field of planning and development;

(ii) medium-term action (five years), which will be devoted to further technical assistance and the carrying out of projects intended above all to improve living conditions and create jobs in the West Bank and Gaza (construction of subsidized housing, infrastructures, sewers and removal of solid waste, appropriations for small and medium-sized enterprises, etc.). The Commission has accordingly proposed making available for the period 1994 to 1998 a total sum of ECU 500 million in the form of non-refundable aid and long-term loans.

Moreover, the concentrating of efforts on Gaza and the West Bank needs to be supplemented by the stepping up of cooperation at regional level. The Community thinks that use of the funds available under the horizontal aspect of the new Mediterranean Policy and the Financial Protocols signed with the various countries of the region should be geared to priorities and projects which promote intra-regional cooperation and relate particularly to road infrastructures, telecommunications, water engineering and energy resources.

Israel

272. As part of the process of relaunching cooperation with the countries in the region, the Council on 20 December authorized the Commission to negotiate a new agreement with Israel, which will be of greater scope than the 1975 Agreement and provide for closer relations between the parties on the basis of reciprocity and common interest. It is planned that this new agreement will cover all economic and commercial relations between the parties, establish cooperation in a whole range of fields, introduce an institutionalized dialogue and contain provisions on respect for human rights. In this new agreement, the emphasis will be placed more specifically on the importance of cooperation between the States in the region. Cooperation in the fields of science and technology, telecommunications and information technologies could be the subject of a separate agreement.

Pursuant to the 1976 Agreement, the 11th session of the EC-Israel Cooperation Council was held in Brussels on 1 February 1993 at ministerial level. There was an exchange of views between the parties on international questions of common interest and in particular the peace process in the Middle East. They also examined their relations with regard to implementation of the Cooperation Agreement and the prospects for concluding a new and wider agreement.

Relations with the Maghreb countries

273. Pursuant to the declaration by the European Council in Copenhagen on Euro-Maghreb relations, which stated the Community's desire to include these relations within the framework of an upgraded partnership, the Council authorized the Commission to open negotiations for new agreements on 6 December with Morocco and on 20 December with Tunisia. The negotiating directives approved to that end by the Council adopt the same approach for both countries. These agreements — which would be of unlimited duration and are intended to replace the 1976 Cooperation Agreements — should strengthen mutual relations on the basis of reciprocity and community of interests. They should cover all economic and trade relations between the parties and aim at the gradual establishment of a free-trade area with supporting measures to facilitate the development of trade, e.g. provisions for setting up companies and supplying services. There would also be provision for greater economic cooperation in order to promote the sustainable economic and social development of the partner countries which is the necessary complement to the liberalization of trade and liberalization of their economies, together with cooperation in the social and cultural spheres. To back up these cooperation measures, provision will also be made for a financial aspect. Moreover, regular political dialogue will be institutionalized under these two agreements, which will make the more specific point that respect for human rights and democratic principles constitutes the very basis of the agreement and is a fundamental element.

As for current cooperation, the EEC-Tunisia Cooperation Council held its 6th meeting at ministerial level on 19 July in Brussels. That session provided an opportunity of reviewing activities under the 1976 Agreement and exchanging views on the future of cooperation.

Libya

274. In accordance with UN Security Council Resolution 883/93 of 11 November 1993, the Council decided on 29 November to reduce economic relations with Libya accordingly. It therefore adopted two Regulations and a Decision on common action preventing the supply of certain goods and services to Libya and prohibiting the satisfying of requests relating to contracts and operations whose implementation has been affected by the aforementioned United Nations Resolution. These texts are intended in particular to strengthen existing bans on economic activities relating to civil aviation and airports and to freeze most of the funds kept abroad by the Libyan State, its public authorities, and natural or legal persons of Libyan nationality or residing in Libya.[1]

Cyprus and Malta

275. Following submission by the Commission on 30 June 1993 of its opinions on the applications for accession from Cyprus and Malta, the Council on 19 July welcomed the positive message which these opinions carried concerning the eligibility and vocation of these two countries to be part of the European Union. The discussions which followed on 4 October showed that there was a broad consensus among the Member States on the various aspects of the analyses put forward by the Commission and on the approach proposed in its conclusions for each of these countries.

In the case of Cyprus, the Council supported the Commission's approach, which was to propose, without awaiting a peaceful, balanced and lasting solution to the Cyprus problem, to use all the instruments offered by the Association Agreement to help, in close cooperation with the Cypriot Government, with the economic, social and political transition of Cyprus towards integration into the European Union. To that end the Council invited the Commission to open substantive discussions forthwith with the Government of Cyprus to help it to prepare for the accession negotiations under the best possible conditions, and to keep it regularly informed of the progress made. The Council also confirmed the Community's support for the efforts made by the United Nations Secretary-General to produce a political settlement of the Cyprus question. It was agreed that if, in spite of these efforts, there was no prospect of a solution in the foreseeable future, the Council would reassess the situation in the

[1] OJ L 295, 30.11.1993.

light of the positions expressed by each side in the inter-Community discussions and reconsider in January 1995 the question of the accession of Cyprus to the European Union. In this context, at its meeting on 20 December 1993, the Council agreed to appoint a Commission official as observer at the aforementioned inter-Community discussions.

In the case of Malta, the Council supported the Commission's approach which was to propose to use all the instruments offered by the Association Agreement to help implement the structural reforms vital for the transition of Malta's economy towards integration into the European Union. To that end the Council invited the Commission to open an in-depth dialogue forthwith with the Maltese Government so as to define by common agreement the content and timetable for the priority reforms to be implemented. That dialogue would also cover technical assistance, financial cooperation, training resources and other assistance that the Community could offer to Malta, in the framework of an appropriate Protocol, to help it implement these reforms and facilitate that economic transition, and thus prepare for later accession negotiations in the best possible circumstances. Finally, it requested the Commission to keep the Council regularly informed of the progress made.

Turkey

276. The European Council in Copenhagen asked the Council to ensure that there was effective implementation of the guidelines laid down by the European Council in Lisbon on intensified cooperation and development of relations with Turkey in line with the prospect laid down in the 1964 Association Agreement and the 1970 Protocol as far as it related to the establishment of a Customs Union.

In 1993, activities under the aegis of EEC-Turkey association mainly concerned preparatory work on completion of the Customs Union. At the two meetings held on 15 April and 22 October, the EEC-Turkey Association Committee was informed of the progress made towards that end. At the Association Council at ministerial level on 8 November 1993, both parties reaffirmed their decision to achieve effective completion of the Customs Union in accordance with the timetable and procedures laid down in the Ankara Agreement and the Additional Protocol, and reiterated their determination to take the necessary implementing decisions in sufficient time for the Customs Union to be operative in 1995. The Association Council called on both parties to step up preparatory technical discussions within the Steering Committee set up by the Commission and the Turkish authorities and to that end it approved a work programme. It instructed the Association Committee to ensure that it be kept regularly informed of the progress of work so that it could report back to it in due course. The Association Council also noted with satisfaction the regular increase in the volume of trade between the two parties (more than USD 20 billion in 1992), although Turkey did have a deficit of USD 2.4 billion. Finally, the Ministers held political talks on questions of common interest.

Former Yugoslavia

HUMANITARIAN AID

277. In 1993, Community aid for victims of the conflict amounted to ECU 395 million. Since the start of the conflict, Community humanitarian aid has therefore risen to ECU 685 million; with the Member States contributing an estimated ECU 276 million, the European Union has since 1991 allocated nearly ECU 1 billion, i.e. 65% of total international aid to victims of the conflict.

SANCTIONS

278. In accordance with the relevant UN Security Council Resolutions, economic and financial sanctions were adopted by the Community against Serbia and Montenegro.[1]

Gulf Cooperation Council (GCC)

279. A ministerial meeting and fourth session of the Joint EEC-GCC Council was held in Brussels on 11 May 1993. That session enabled both parties to hold an exchange of views on international political questions of common interest and on the progress of their relations under the Cooperation Agreement. Particular attention was paid to energy and environment problems.

H — Relations with the ACP States and the overseas countries and territories — South Africa

Relations with the ACP States

WORK OF THE JOINT BODIES

280. The ACP-EEC Council of Ministers held its 18th ordinary meeting on 17 and 18 May 1993 in Brussels.

The first part of the Council's discussions was devoted to a summing up of the implementation of ACP-EEC cooperation and an examination of the main dossiers which were of particular contemporary relevance, whether trade questions (prospect

[1] OJ L 102, 28.4.1993.

of conclusion of the Uruguay Round, setting up a common organization of the market in bananas, etc.), Stabex transfers for the 1992 year of application, questions concerning application of the Sugar Protocol, emergency situations and other disasters in certain ACP States (Somalia, Angola, etc.) or the situation in South and southern Africa.

The Council also adopted a statement on the negotiation of new International Coffee and Cocoa Agreements. That statement, which was finalized by the ACP-EEC Commodities Committee meeting at ministerial level at the time of the Council, stresses the disastrous effects of the fall in prices for these products, in the absence of international agreements, on the economies of the producer countries despite support measures under the Lomé IV structural adjustment facility and under Stabex. It calls upon both consumer and producer countries to display flexibility in their negotiations.

Regarding financial and technical cooperation, the Council recorded its agreement to the work carried out by the ACP-EEC Development Finance Cooperation Committee, which met at ministerial level at the time of the Council. In this context it adopted two resolutions, one on implementation of financial and technical cooperation and the other on the post-Fiji study initiated at the ACP-EEC Council of Ministers in May 1990 on the application of financial and technical cooperation procedures. The latter resolution defines the guidelines to be taken into account and lists a number of recommendations designed to improve effectiveness and speed up the pace of implementation of cooperation.

281. In the second part of its discussions, the ACP-EEC Council of Ministers, as is now the custom, held a wide-ranging exchange of views on a number of topics of common interest. Under the general heading of the future of ACP-EEC relations, the following topics were broached: commodities, debt, structural adjustment, private sector and investments, increasing the effectiveness of cooperation, 'good government' in conjunction with human rights, democratization, the rule of law and decentralized cooperation.

During these exchanges of views in which many Ministers or representatives of Member States actively participated, several speakers laid particular emphasis on the improvements which could be made to the Convention at the time of renewal of the five-year Financial Protocol and the mid-term review of the Convention on which work would begin in May 1995.

Following this exchange of views, both parties acknowledged the importance of this type of informal discussion between Ministers and recommended that such talks be continued in future.

282. The ACP-EEC Committee of Ambassadors held a first meeting on 26 April 1993 to prepare for discussions at the above meeting of the Council of Ministers. A second meeting of the Committee devoted primarily to Stabex problems, which was

held on 16 July, did not manage to reach a common position on the transfers to be made for the 1992 year of application in order to cope with a situation in which the resources of the system were again insufficient to meet all the transfer entitlements of the ACP States.

The ACP-EEC Joint Assembly held its 16th session from 29 March to 2 April 1993 in Gaberone (Botswana) and its 17th session from 4 to 8 October in Brussels. The Assembly adopted a whole series of resolutions covering all areas of ACP-EEC cooperation on dealing with the particular situations obtaining in certain countries. The Gaberone session was dominated by the question of the relationship between human rights, development and the process of democratization in the ACP States, while the Brussels session concentrated on preparation for the mid-term review of Lomé IV and the prospects which had emerged as a result of the progress made in South Africa along the path to democracy and a multi-racial society.

Under the aegis of the ACP-EEC Joint Assembly, the 17th annual meeting of the ACP-EEC economic and social interest groups was held from 6 to 8 December 1993 to discuss the topic of 'job creation in the context of decentralized cooperation and the role of the social and economic partners'.

The Council Presidency played an active part in these meetings.

By Decision of 22 October 1993,[1] the ACP-EEC Council of Ministers agreed that the Convention should continue to apply to Eritrea from the date of its independence on 24 May 1993. As from that date, Eritrea therefore became the 70th ACP member of the ACP-EEC Convention.

WORK OF THE EC COUNCIL

Common organization of the market in bananas

283. The Agriculture Council (meeting from 9 to 13 February 1993) adopted by a qualified majority the Regulation[2] on the common organization of the market in bananas.

Under the external aspect of this Regulation, it should be noted that the ACP States are authorized to export their bananas to the Community free of customs duty up to a traditional level fixed in the Regulation (857 700 tonnes). For non-traditional ACP quantities, a duty of ECU 750 per tonne will be levied. The provisions applicable to traditional exports of ACP bananas satisfy the undertakings given by the Community in Protocol No 5 to the ACP-EEC Convention. This point was, moreover, acknowledged by the ACP States.

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1 OJ L 280, 13.11.1993.

2 Regulation (EEC) No 404/93, OJ L 47, 25.2.1993.

The Council bodies also examined a Commission proposal for establishing a special system of assistance to traditional ACP suppliers of bananas with the aim of enabling the ACP States to adapt to the new requirements resulting from the setting-up of a common organization of the market in bananas.

It should be noted in this context that the Commission also submitted to the Council a proposal for introducing a diversification and development programme for certain banana-producing countries of Latin America. This proposal for a Regulation was also being studied.

Stabex transfers for the 1992 year of application

284. Since in 1992 there was again a situation in which Stabex system resources were insufficient to meet all the transfer entitlements of the ACP States (the resources available provide cover for some 43%), the Council bodies examined in great detail the various ways of releasing additional funds under the Convention.

The General Affairs Council on 19 and 20 July 1993 found that it was not able to reach agreement on increasing Stabex resources for 1992 beyond the amount of ECU 330 million resulting from application of the provisions of the Convention. In the absence of agreement on this point with the ACP States, it was not therefore possible in 1993 to make transfers for the 1992 year of application.

Relations with certain ACP States

285. In accordance with the provisions of the Resolution of the Development Council of 28 November 1991 on human rights, democracy and development, the Community endeavoured in its relations with its partners to promote respect for human rights and support for the process of democratic transition. The giving of priority to development in Community policy is, moreover, explicit in the Treaty on European Union, which states in Article 130u that Community policy in the area of development cooperation shall contribute to the general objective of developing and consolidating democracy and the rule of law, and to that of respecting human rights and fundamental freedoms.

The Union continued to promote a positive approach in this area. It concentrated on support for electoral processes and consolidation of the rule of law. Considerable resources were devoted to measures of this kind. Some 20 developing countries benefited, including a number of ACP States (e.g. Madagascar, Malawi, Uganda, Mozambique, Central African Republic, Eritrea).

In the same spirit, the Union was prompted to react to certain situations characterized by a brutal interruption of the democratic process or flagrant violations of human rights. In a number of cases (e.g. Togo, Zaire, Chad, Nigeria, Burundi), that reaction took the form of public declarations or approaches on behalf of the Union and its Member States. In the case of the Sudan, it involved sending to the country a

troika of Ministers for Development, who denounced the seriousness of the humanitarian situation there. In the case of Haiti, the Council of the Union was obliged to impose an embargo on some forms of trade in application of the UN Security Council Resolutions.[1] In the case of Angola, it adopted a Regulation banning the supply of certain goods to Unita, also in application of Security Council Resolutions.[2] No new decision was taken in 1993 to suspend financial and technical cooperation beyond what was already in force (e.g. Haiti, Sudan, Zaire).

It should finally be noted that each time the Union was prompted to adopt negative or restrictive measures, it ensured that any humanitarian and emergency aid to the most vulnerable sectors of the population was maintained or even increased.

286. The Community was particularly active in the field of humanitarian aid by coming to the help of peoples who are victims of conflicts in the ACP States, particularly in Africa. The Community accordingly intervened by granting humanitarian aid under the EDF budget to the countries of the Horn of Africa, Sudan, Liberia, Sierra Leone, Rwanda, Burundi, Zaire and Haiti.

The Development Council on 25 May 1993[3] agreed to implement, up to an amount of ECU 100 million, programmes of aid for reconstruction and rehabilitation in countries emerging from a state of war, civil unrest or having suffered natural disasters. The main ACP beneficiaries were Mozambique, Angola, Ethiopia, Somalia and Eritrea.

The European Union supported the efforts of international organizations, in particular those of the United Nations, by contributing sizeable contingents to operations to restore peace, particularly in Somalia, but also in Mozambique and Angola.

Preparation for the mid-term review of the Fourth ACP-EEC Convention

287. The Council started defining the common position for the mid-term review of the Fourth Lomé Convention. It pointed out in this connection that, in addition to renewal of the Convention's Financial Protocol concluded for a period of five years (1990-95), the Convention provides that no later than 1 May 1995 negotiations shall be entered into with a view to examining any possible amendments to be introduced into the Convention for the second period of its application.

The Council received the Commission proposals in September 1993 and discussed this matter on several occasions, in particular at the Development Council on 2 December 1993 and the General Affairs Council on 20 December 1993. The

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1 Embargo on Haiti decided on in June, suspended after the Governor's Island Agreements and reinstated in October 1993, OJ L 270, 30.10.1993.

2 OJ L 268, 29.10.1993.

3 See also point 297 of this Review.

Council's discussions showed that there was already a broad consensus in favour of partial renewal of the Convention on the basis of the main policy guidelines proposed by the Commission. The desired objective is to make ACP-EEC cooperation more effective and better adapted to recent economic and political developments, and to integrate more fully into future relations with the ACP States the priorities and purposes of development cooperation policy as defined *inter alia* in Article 130u of the Treaty on European Union, while maintaining the *acquis* of the Convention and in particular the fundamental principles on which ACP-EEC cooperation is based.

The General Affairs Council on 20 December 1993 agreed to look at this important matter again at its meeting on 7 February 1994, i.e. early enough to make it possible to notify the ACP States, before the end of February as laid down in the Convention, of those provisions of the Convention which the Community will want revised.

Relations with the OCTs

288. At the request of certain delegations, the Commission by Decision of 25 February 1993 and in application of Article 109 of the Decision on the association of the OCTs introduced safeguard measures in respect of rice originating in the Netherlands Antilles. The Council received a request to repeal this Decision and discussed the matter on 8 March 1993. In November 1993, the Commission proposed that the Council amend the Decision on association of the OCTs by introducing the option for the Commission of fixing minimum reference prices for agricultural products originating in the OCTs in cases where such imports might cause disturbances on Community markets. This question was still being studied by the Council bodies.

Relations with South Africa

289. In a statement adopted by the Development Council of 25 May 1993 on future cooperation with South Africa, the Community and its Member States expressed their desire to intensify their relations with South Africa as soon as a Transitional Executive Council (TEC) was in place by adapting their cooperation to the new political situation in that country. While continuing actions of the kind undertaken in the framework of the programme of positive measures which had made it possible since 1986 to assist sectors of the population that were victims of apartheid, the Community and its Member States proposed in the statement to implement longer-term activities in a number of focal sectors of special importance for the economic and social development of the most vulnerable sectors of the South African population.

The Council felt that the major political developments which had occurred in South Africa and in particular the agreement reached on setting up the TEC opened

the way to normalization of relations between the Community and South Africa. On the basis of this new situation, the Council:

(i) confirmed the immediate lifting of certain restrictive measures applied by the Member States[1] involving recall of the military attachés accredited to the Pretoria authorities and refusal to consent to the accreditation of South African military attachés in Community countries, as well as the freeze on official contacts and international security agreements (General Affairs Council of 4 October 1993);

(ii) decided, once the TEC was in place, to lift the two sanctions prohibiting any further cooperation in the nuclear sector and stopping exports of sensitive equipment intended for the police and armed forces (General Affairs Council from 8 to 9 November 1993);

(iii) confirmed the following positive measures: conversion of the Commission office in South Africa into a normal delegation, encouragement of the normalization of relations between the IMF, World Bank and other relevant international institutions and South Africa, and suspension of the drawing up of the annual report on the code of conduct for European firms in South Africa (General Affairs Council of 4 October 1993).

290. In accordance with the conclusions reached at the European Council on 29 October 1993, South Africa was the subject of one of the first applications of the provisions of Article J.3 of the Treaty on European Union in the form of a joint action decided on in the framework of the CFSP. That joint action, which was formally adopted at the meeting of the General Affairs Council on 6 December 1993,[2] consists of two aspects, one involving the definition of a coordinated programme of assistance in preparing for and monitoring the first democratic and multi-racial elections to be held in South Africa on 27 April 1994, and the other involving setting up an appropriate cooperation framework to consolidate the economic and social foundations of the transition.

In the case of assistance in preparing for the elections, it is intended to provide advice, technical assistance and training, continued support for non-partisan voter education and a substantial number of European observers as part of an overall international effort coordinated by the United Nations.

The joint action also provides for the immediate creation of a European electoral unit in South Africa and a 'contact cell' in Brussels consisting mainly of the Troika and the Commission, whose main task will be to deal with any questions which the European electoral unit is not able to resolve.

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[1] It will be remembered that all economic sanctions decided on by the Community were lifted in 1991 and 1992, see previous Reviews.

[2] OJ L 316, 17.12.1993.

Regarding the second aspect, the joint action provides that the Council will initiate internal discussions on the creation of a cooperation framework capable of consolidating the economic bases of democratic, multi-racial transition and will examine the proposals put forward by the Commission to that end both as regards the immediate transition period and the longer term.

I — Latin America — Asia

Cooperation Agreements

291. The Community continued with the conclusion or negotiation of 'third generation' Cooperation Agreements to replace previous Agreements. These Agreements are characterized by a reference to respect for democratic principles and human rights as a fundamental element of the Agreements and by far more extensive and detailed cooperation, better reflecting developments in the situations of the various partners.

In 1993, the following Agreements were concluded, signed or negotiated:

LATIN AMERICA

The negotiation of a new EEC-Central America Agreement which started on 17 and 18 December 1992, was completed on 22 January 1993 and the Agreement was signed on 22 February 1993 in San Salvador.

On 3 March 1993, there was an EPC review of the situation in Peru following elections to the Constituent Assembly and the municipal elections. That review led to the conclusion that there were no political objections to the signing of the new EEC-Andean Pact Agreement initialled on 26 June 1992, and the Agreement was therefore signed on 23 April 1993 in Copenhagen.

ASIA

The negotiation of a new Cooperation Agreement between the EEC and India which started on 16 November 1992, was completed in December 1992 and the Agreement was signed on 20 December 1993 in Brussels. The signing was accompanied by adoption of a declaration formalizing and strengthening political dialogue.

The negotiation of a new Cooperation Agreement between the EEC and Sri Lanka which started on 22 and 23 March 1993 in Brussels, was completed on 8 December 1993. This Agreement was due to be signed during the first half of 1994.

The negotiation of a Cooperation Agreement between the EEC and Viet Nam started in Brussels on 16 and 17 December 1993. Negotiation should continue during the first half of 1994.

Joint Committees

292. The following Joint Committee meetings were also held in 1993:

EEC-Chile, 27 May, in Brussels,
EEC-Argentina, 28 May, in Brussels,
EEC-Central America, 7 and 8 October, in Guatemala City,
EEC-China, 28 and 29 April 1993, in Brussels,
EEC-Pakistan, 31 March to 1 April 1993, in Islamabad,
EEC-Mongolia, 10 to 11 June 1993, in Ulaan Bator,
EEC-Macao, 15 June 1993, in Macao.

In the last two cases it was the first time the Joint Committee had met.

These Joint Committees summed up the progress of cooperation between both parties and defined priorities and guidelines for future cooperation.

Ministerial Conferences

293. In 1993, three Ministerial Conferences were held with the countries of Latin America:

CENTRAL AMERICA (COSTA RICA, EL SALVADOR, GUATEMALA, HONDURAS, NICARAGUA, PANAMA)

The ninth Ministerial Conference of the San José type was held in San Salvador on 22 and 23 February 1993. This Conference was presided over for the Community by Mr Niels Helveg Petersen, Minister for Foreign Affairs of Denmark and President-in-Office of the Council, while the Commission was represented by Mr Manuel Marín.

The Conference showed that further progress had been made along the path to peace, dialogue, reconciliation, and consolidation of democratization in the region. The Ministers stressed the importance of this progress being supported and accompanied by continuing efforts on the part of the countries in the region and by appropriate aid from the international community in order to achieve economic development, social justice and greater integration of Central America as well as its fuller incorporation in the world economy. On this point, the Ministers of the Community reiterated their commitment to continuing to promote the realization of these major objectives.

Development cooperation was stepped up and improved as regards the amount of financing provided (some ECU 150 million in 1993), and the number, diversity and quality of the projects financed.

In the case of trade, the Ministers stressed on the one hand the considerable progress made in dismantling barriers to intraregional trade, and on the other the new access facilities which should be provided as a result of the entry into force of the single European market on 1 January 1993.

Regarding bananas, the Central American party expressed its concern regarding the common organization of the market in bananas adopted by the Council. The Community party pointed out that it had made it its aim to achieve a fair and workable balance between the various objectives in question.

Finally, the Ministers expressed their belief that the Cooperation Agreement signed during this meeting would open up new prospects for greater cooperation.

RIO GROUP (ARGENTINA, BOLIVIA, BRAZIL, CHILE, COLOMBIA, ECUADOR, MEXICO, PARAGUAY, PERU, URUGUAY AND VENEZUELA)

294. The third Ministerial Conference between the European Community and the Rio Group was held on 23 and 24 April 1993 in Copenhagen. That Conference was presided over for the Community by Mr Niels Helveg Petersen, Minister for Foreign Affairs of Denmark and President-in-Office of the Council, while the Commission was represented by Mr Manuel Marín.

The Ministers reviewed the situation in Latin America and Europe. In the case of Latin America, they welcomed the structural changes under way in Latin America and the Caribbean, which were generating fresh dynamism in the region's international economic relations, resulting in a more effective incorporation into the world economy.

They also expressed satisfaction at the improvement in the region's macroeconomic factors, particularly those relating to public finance, the growth of GNP, the fall in inflation indices, trade liberalization, the measures to control the rise as well as to relieve the burden of external debt, and the increase in capital flows. The Ministers of the Community voiced their support for the region's efforts in the application of structural-adjustment policies.

Ministers also noted the importance of foreign investment for bringing about sustainable economic and social growth. They highlighted the measures implemented by the Rio Group countries to increase European investment in the region.

As for cooperation, they stressed that the effort made by the Community and its Member States regarding development aid and economic cooperation had been increasing year after year in both qualitative and quantitative terms.

In accordance with the conclusions of the Ministerial Conference, a meeting of senior officials was held on 28 October 1993 in Brussels to carry out a joint assessment of economic and commercial questions by the Community and the Rio Group.

Relations between the European Community and the member countries of Mercosur (Argentina, Brazil, Paraguay and Uruguay)

295. At the time of the EEC-Rio Group Ministerial Conference in Copenhagen, a further informal meeting between the Community and the member countries of Mercosur was held on 24 April 1993. That meeting enabled the Community to assess the state of relations between the two partners and examined the outlook for the future.

Miscellaneous

296. The Council received a proposal for a Council Regulation introducing a diversification and development programme for certain banana-producing countries of Latin America[1] following adoption of the common organization of the market in bananas.

Work on this was suspended pending negotiations in the GATT context on the new system for importing bananas.

In 1993 the Council extended the exceptional and temporary trade concessions it had granted, *inter alia* in the context of the fight against drug abuse for the years 1990 to 1994, to four Andean Pact countries and to the countries of Central America.[2]

J — General development cooperation policy

Development Council

297. In 1993 the Council of Ministers for Development Cooperation met on two occasions: 25 May and 2 December. At these two meetings it concentrated on the following topics:

DEVELOPMENT COOPERATION IN THE RUN-UP TO 2000

As part of the implementation of the declaration adopted in November 1992, the Council adopted a number of resolutions during 1993.

[1] OJ C 50, 20.2.1993.
[2] Regulation (EEC) No 3917/92, OJ L 396, 31.12.1992.

To coordinate the development policies of the Community and the Member States, it defined a number of priority sectors and stressed that these were sectors in which coordination could have a positive impact on the effectiveness of all development policies. Leaving aside the fight against poverty, which had already been decided on as a priority sector, the Council agreed to initially strengthen coordination in the fields of health, including AIDS, food security and education and training.

At its second meeting of the year, the Council and the representatives of the Member States adopted an important resolution on the fight against poverty in the developing countries. It felt that the fight against poverty should occupy a central position in the framing of all development cooperation policies and programmes and constitute a key theme in dialogue with the developing countries and in the cooperation agreements between the Community and the developing countries. It also defined a number of considerations which should guide action by the Community and its Member States in this area.

At the same meeting, the Council also further implemented its declaration on the run-up to 2000 by adopting certain guidelines for coordination procedures between the Community and the Member States. It highlighted the vital importance of effective coordination of on-the-spot suppliers of funds in beneficiary countries. The Council noted that significant progress had been made with operational cooperation in the last few years, but nevertheless made certain recommendations for strengthening such coordination.

REHABILITATION AID

298. During 1993 the Council was concerned at the situation in certain countries, particularly in Africa, which had been affected by man-made or natural disasters and had been receiving emergency aid for a number of years. If these countries are to recommence agricultural productivity and help to restore basic infrastructures and social services, they require rapid aid when emergency aid finishes and before long-term aid begins.

In this context, the Council first adopted a special initiative for certain African countries. That initiative, which it estimated would cost ECU 100 million, involved the rapid or indeed immediate supply of agricultural or other inputs, and reconstruction of the cattle population and food stocks, to ensure replantation and to reintegrate refugees and displaced persons and assist demobilized soldiers.

Subsequently, at its meeting in December 1993, the Council took note of the progress made in implementing the 'Africa' initiative and agreed to an extension of rehabilitation activities, to be decided on a case-by-case basis, to other countries in which it was necessary to move from emergency humanitarian aid to rehabilitation aid. It thought that support for rehabilitation constituted a stage of limited duration which gradually took over from humanitarian action and prepared the way for resumption of long-term development aid.

SOUTH AFRICA

299. The Council closely followed developments in South Africa.[1]

HUMAN RIGHTS, DEMOCRACY AND DEVELOPMENT

300. The Council reviewed the implementation by the Community and the Member States of the resolution adopted in November 1991 on the promotion of respect for human rights in the developing countries and measures designed to plant the seeds of democracy. It stressed the importance of intensifying information ex-changes and of improving consultation procedures, and of inserting human-rights clauses in Cooperation Agreements between the Community and non-member countries. The Council also adopted a declaration containing a common position to be put forward at the UN World Conference on Human Rights, which was held in Vienna in June 1993.

SITUATION IN CERTAIN DEVELOPING COUNTRIES

301. In the course of its two meetings, the Council discussed the situation in a number of developing countries, particularly Africa. More specifically, it exchanged views on those countries in which the Community and its Member States had been very active either in seeking peace and social stability, or in supplying emergency humanitarian aid to ease the lot of sorely tried populations, or in making rehabilitation aid available. The countries concerned were Sudan, Somalia, Eritrea, Rwanda, Angola and Mozambique.

Generalized preferences scheme

GENERALIZED PREFERENCES SCHEME APPLICABLE IN 1994

302. The Council decided on the transitional renewal as from 1 January 1994 of the provisions of Regulation (EEC) No 3917/92 on the generalized preferences scheme for 1993.

The transitional arrangements will enter into force for a period of six months. They will be automatically extended until 31 December 1994 if, by 15 June 1994, the Council has not adopted the new generalized preferences arrangements.

The Council regards it as essential to revise the generalized preferences arrangements for the present decade as early as possible in 1994 and therefore asked the Commission to submit the necessary proposals with all speed.

[1] See points 289 *et seq.* of this Review.

OTHER QUESTIONS

303. In 1993 the Council extended the exceptional and temporary trade concessions it had granted, *inter alia* in the context of the fight against drug abuse for the years 1990 to 1994, to four Andean Pact countries and the countries of Central America.[1]

The Council adopted the Regulation[2] including from 1 January 1993 certain countries of the former USSR[3] as beneficiaries of the Community generalized preferences arrangements for textile products covered by the Multifibre Arrangement (MFA).

The Council adopted a Regulation applying the generalized preferences scheme in respect of certain products sold at the Berlin Fair in June 1993.

Commodities

304. In 1993, the European Union continued to cooperate actively with its developing country partners in the framework of international commodity agreements and it was one of the principal actors in the renegotiation of the Agreements on cocoa, coffee and tropical timber. In October 1993 the Union agreed to renegotiate the International Natural Rubber Agreement, 1987.

Negotiations on replacing the International Coffee Agreement, 1983, were suspended in March 1993, because the parties concerned could not agree on how economic provisions would operate. The European Community and its Member States, for their part, were prepared to have a market-oriented economic agreement based on a universal quota and a controls system. A further extension of the present Agreement (without economic provisions) was agreed until 30 September 1994 in order to allow more time for a possible new agreement to be negotiated.

Following the breakdown of negotiations, producers formed the Association of Coffee-Producing Countries and introduced a coffee retention scheme designed to maintain coffee prices which have fallen substantially in recent years. In September 1993, the United States (the world's largest coffee-importing country) announced its decision to leave the International Coffee Organization from 1 October 1993.

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1 Regulation (EEC) No 3917/92, OJ L 396, 31.12.1992.

2 Regulation supplementing Regulation (EEC) No 3917/92 extending into 1993 the application of Regulations (EEC) No 3831/90, (EEC) No 3832/90 and (EEC) No 3833/90.

3 The countries concerned are Belarus, Ukraine, Moldova, Uzbekistan, Russia, Tadjikistan, Turkmenistan, Armenia, Azerbaijan already included, Kazakhstan, Kyrgyzstan and Georgia.

Negotiations on the International Cocoa Agreement, 1993, were concluded in Geneva in July 1993. The new Agreement, which has only a limited economic scope, is based on a production policy and coordination of efforts to encourage consumption. It proved impossible to negotiate a more ambitious agreement based on a cocoa retention scheme, which the European Community and its Member States would have been able to support.

The buffer stock established under the 1986 Agreement will be liquidated over a period of four and a half years. Arrears due to the Organization under the 1986 Agreement will be offset against Members' shares of the liquidation proceeds.

The European Community and its Member States intend to sign the new Agreement and to apply it provisionally as soon as possible.

305. Negotiations on replacing the International Tropical Timber Agreement, 1983, started in Geneva in April 1993. It was hoped that these would be completed successfully before 31 March 1994, when the existing Agreement expires.

The main issue in these negotiations is the scope of the new agreement. Producers, fearing discrimination against tropical timber, want to extend it to cover the trade in timber from temperate and boreal as well as tropical sources. Consumers, on the other hand, consider that these fears are unfounded and that the ITTA will be more effective if it continues to focus only on tropical timber. The European Community and its Member States also consider that other organizations are more appropriate to deal with non-tropical timber and forests and they remain committed to negotiating a global convention on forests as part of the follow-up to the Rio Conference on Environment and Development.

The other main issues in these negotiations are financing of the new agreement and the possible inclusion of a reference to 'Target 2000', the commitment made by ITTO Members in 1990 towards achieving sustainable development of tropical forests and trade in tropical timber from sustainably managed resources by the year 2000.

In November 1993, the International Natural Rubber Council agreed to renegotiate the International Natural Rubber Agreement, 1983. This is the only international commodity agreement which still operates economic provisions (a buffer stock). Negotiations on a successor agreement will begin in spring 1994. The present Agreement is to be extended for a further year, until 28 December 1994, to allow time for these negotiations.

The commodity agreements mentioned above form part of Unctad's Integrated Programme on Commodities, 1976. These are mixed agreements, covering areas where both the Community and Member States have competence. The Council and Commission have an internal arrangement known as 'PROBA 20' which enables the

Community and its Member States to present a coherent position in the various international commodity bodies and negotiations.

Follow-up to the United Nations Conference on Environment and Development

306. The European Union took an active part in the implementation of the approved outcome of the United Nations Conference on Environment and Development (Rio de Janeiro, June 1992). In this context, it committed itself at the European Council in Lisbon in June 1992 to an eight-point plan. Implementation of these commitments was in the meantime coordinated and elaborated on at several meetings of the Council of the Union. In this connection, particular mention should be made of:

(i) the conclusions of the Development Councils on 18 November 1992 and 25 May 1993, which confirmed that following the global commitment made in Rio for an amount of ECU 3 billion, the Union would in 1993 be providing an initial tranche of ECU 600 million for specific projects and programmes in key Agenda 21 sectors;

(ii) the resolution of the Council and Representatives of the Governments of the Member States of 1 February 1993 on a Community programme of policy and action in relation to the environment and sustainable development. That programme will be the main instrument of strategy for implementing Agenda 21 at Community level;

(iii) the conclusions of the Environment Council on 28 and 29 June 1993, which reaffirm the commitment of the Community and its Member States to carrying out Agenda 21 and further clarify their own intentions in this respect with more particular reference to preparation of the necessary strategies and plans.

The Community and its Member States, in accordance with the wishes of the European Council in Lisbon, played a determining role at the first session of the Commission on Sustainable Development (CSD), which was held from 14 to 25 June 1993 in New York. The European Community submitted a first report on implementation of the measures agreed on in Rio. More than 40 Ministers, including several Ministers of the Union, attended the 'high level' part of the CSD session, which confirmed the importance of genuine political commitment for implementation of the outcome of Rio. That first session drew up its multiannual work programme and the procedure for the reports to be submitted annually by national governments and by the various international organizations and bodies concerned. The CSD also set up two *ad hoc* working parties which will prepare its discussions in the key areas of financial resources and transfer of technology at its second session in May 1994.

Chapter VII
Justice and home affairs

307. The entry into force of the Treaty on European Union has led to major changes in activities in the field of justice and home affairs covered by Title VI of the Treaty. This field, some aspects of which had been covered for more than 25 years, was governed by the rules of intergovernmental cooperation. It included several forums, with the inevitable risk of overlap, and the need for a greater cohesiveness in the work became increasingly apparent. The single institutional framework established by the Treaty on European Union (TEU) provided an appropriate instrument for this purpose.

The Council (justice and home affairs) held its first meeting soon after the entry into force of the TEU. Although this meant a long agenda, the Council wanted to discuss all matters falling within its competence at this meeting so as to establish its authority in future discussions. To that end and in accordance with its remit from the European Council, the Council adopted an action plan and a priority work programme for 1994 and defined the structures charged with carrying out the plan and the programme.

Naturally, the agenda for this first Council meeting very much reflected the activities covered by the various forums for intergovernmental cooperation before the Treaty entered into force.

A — Asylum

308. Discussions in the area of asylum were largely determined by two parameters: the programme of work on asylum adopted at the Maastricht European Council in 1991 and the entry into force of the Treaty on European Union.

In this context, discussions took place, particularly with regard to the Dublin Convention and the preliminary draft parallel Convention, on certain fundamental aspects of asylum policy, on displaced persons from the former Yugoslavia and on the CIREA (Centre for Information, Discussion and Exchange on Asylum).

Dublin Convention

309. The Dublin Convention was signed by 11 Member States in Dublin on 15 June 1990 and by Denmark in Luxembourg on 13 June 1991. The aim of the Convention is to determine the State responsible for examining an application for asylum when it is submitted in any one of them.

By the end of 1993 six Member States had ratified the Convention (Denmark, Greece, Italy, Luxembourg, Portugal and the United Kingdom). The Member States which had not yet ratified it expressed their intention of speeding up procedures so that the Convention could enter into force rapidly.

In order to ensure the most efficient cooperation possible, the Member States agreed to establish common procedures and to harmonize their views on a range of questions that are essential for the practical application of the Convention.

This operation involved complex discussions throughout the year on such questions as the evidence to be used in the context of the Convention, aspects relating to the transfer of asylum seekers, setting up points of contact between the Member States and the preparation of a computerized programme for the application of the Convention.

This preparatory work was completed in 1993.[1] The Convention was therefore ready to enter into force as soon as it had been ratified by the various Member States.

At the same time, discussions continued on the possible introduction of an automatic fingerprint recognition system (Eurodac). A call for tenders was launched in July 1993 and the tenders are currently being assessed.

Parallel Convention to the Dublin Convention

310. The Dublin Convention is not open to accession by States which are not members of the European Union. In view of the interest shown by certain third States in the possibility of taking part in the rules and mechanisms laid down in the Dublin Convention, a preliminary draft Convention parallel to the Dublin Convention was drawn up (SN 2779/92 WGI 1105).

It was agreed that, once the Dublin Convention had been ratified by the 12 Member States of the European Union, negotiations on this text with States which have entered into identical international undertakings on the protection of refugees and human rights could begin.

The Presidencies continued talks with certain European third countries to which the preliminary draft Convention had been sent (Norway, Sweden, Finland, Switzerland, Austria, Poland, the Czech Republic and Slovakia). Among non-European countries, Canada expressed interest in this parallel Convention.

[1] It has not yet been possible for the outcome of these discussions to be formally approved by the Council since, although there are no longer any substantive differences of opinion, two delegations at this stage maintain reservations of a different nature.

Substantive question on asylum

PROGRESS REPORT ON THE COMPLETION OF THE WORK PROGRAMME ADOPTED AT MAASTRICHT IN DECEMBER 1991

311. When the work programme was adopted in December 1991, the European Council had agreed that certain subjects should be discussed before the entry into force of the Treaty on European Union and, where necessary, beyond that date.

To that end, at its meeting on 28 and 29 November 1993, the Council reached broad agreement[1] on the progress report on the completion of the work programme.

The Council was able to note that a great many questions had been, or were about to be, resolved. Moreover, the Member States had held wide-ranging talks on questions not included in the Maastricht programme such as that of displaced persons from the former Yugoslavia, the draft parallel Convention to the Dublin Convention and the conclusion on the countries where there was in general no serious risk of persecution.

The harmonized application of the definition of a refugee as set out in Article 1 (A) of the Geneva Convention will require long-term discussions on account of the very nature of the questions arising in this connection. When the Maastricht programme was drawn up, Ministers were aware of the extent of the exercise and stipulated that certain questions would be pursued after the Treaty had entered into force, if necessary.

POSSIBLE APPLICATION OF ARTICLE K.9 OF THE TREATY ON EUROPEAN UNION TO ASYLUM POLICY

312. The declaration annexed to the Treaty on European Union makes provision for a declaration on asylum whereby, by the end of 1993, on the basis of a report, the Council would consider the possibility of applying Article K.9. This would involve making the provisions of the Treaty establishing the European Community (first pillar) applicable to measures in the field of asylum (which fall under the third pillar).

With this in mind, the Commission submitted a report on the basis of which the Council examined the question. On that occasion, the Council noted that in the Commission's view the application of Article K.9 would offer certain advantages. Like the Commission, however, it also considered that the time had not yet come for such a proposal since the entry into force of the TEU was itself very recent. It never-

[1] See footnote on previous page.

theless felt that the question might usefully be re-examined later in the light of experience and not later than the end of 1995.

COMPILATION OF TEXTS ON EUROPEAN PRACTICE WITH RESPECT TO ASYLUM

313. In order to achieve greater transparency on aspects of decisions taken at the level of the 12 Member States, a compilation of texts on European practice with respect to asylum was drawn up.

This compilation contains, on the one hand, the text of the Dublin Convention and measures relating to its implementation and, on the other, texts adopted by the Ministers. This document is available to the public.

OTHER DISCUSSIONS

Council bodies continued other work in the field of asylum, *inter alia* work on the reception of asylum seekers in the Member States. This work will continue in 1994.

Displaced persons from the former Yugoslavia

314. At the meeting in London on 30 November and 1 December 1993 and in order to step up discussions on aspects relating to displaced persons from the former Yugoslavia, Ministers decided to set up a subgroup whose sole purpose would be to examine these issues.

This subgroup conducted two types of discussions during 1993. On the one hand it examined the policies of each Member State in this field. This covered visa policy, the legal arrangements laid down in each Member State, temporary protection and normal asylum procedures, facilities granted to nationals of the former Yugoslavia, schooling, aspects relating to employment, financial assistance given and the possibility of reuniting families.

On the other hand, at their meeting in Copenhagen on 1 and 2 June, the Ministers adopted a resolution on certain guidelines on the reception of groups of particularly vulnerable persons in danger from the former Yugoslavia.

In 1994 discussions will continue with an examination of the question of distributing the burden of responsibilities involved in the arrival and presence of refugees in Western Europe.

CIREA

315. The CIREA (Centre for Information, Discussion and Exchange on Asylum) was set up in 1992.

The CIREA is an informal forum for exchanges of information and consultation, having no power of decision, which gathers, exchanges and circulates information and draws up documentation on all questions relating to asylum, with the exception of information on individual applications for asylum.

In 1993 the CIREA undertook two types of work: the further establishment of its rules of operation and the exchange of information on asylum between the Member States.

In the case of the former, the CIREA set up fundamental mechanisms which will enable it to operate effectively. In particular, it:

(i) established a new system of statistics;

(ii) defined guidelines for joint reports on third countries;

(iii) concluded an agreement on cooperation with the Documentation and Research Centre of the Office of the High Commissioner for Refugees (HCR), which will be implemented during 1994.

The CIREA also devoted a considerable part of its activities to the work of exchanging and collecting information, which constitutes its primary function.

In this connection, examination of the situation in certain countries of origin, which proved very useful to the Member States, made it possible to hold informal consultations intended to facilitate the coordination of practices and policies relating to asylum. Work went on in this context with a view to approaching certain third countries to discuss the significant increase in the number of applications for asylum which are being refused on completion of the procedure.

The Working Party paid particular attention to the way levels of acceptance differ from one Member State to another, since this will make it possible to achieve more effective coordination regarding the term refugee as defined in Article 1 (A) of the Geneva Convention. Work on this will continue in 1994.

Finally, it should be noted that the CIREA embarked on informal consultations with the States applying for membership of the European Union in order to exchange a certain amount of information as accession approaches. Consultations with Austria have already been held.

Future work on asylum

316. The Justice and Home Affairs Council on 29 and 30 November 1993 reached broad agreement on the action plan and the work programme for 1994 in the field of justice and home affairs.

One delegation, did, however, maintain a reservation on the asylum situation regarding nationals of the Member States.

In particular, it is planned to give priority in discussions to preparation of a common action for harmonized application of the definition of refugee in the Geneva Convention and the definition of minimum guarantees in the procedure for examining applications for asylum.

Moreover, the European Council on 10 and 11 December 1993 asked the Council to examine the aforementioned question of the situation of nationals of the Member States.

B — Free movement of persons

317. Ministers approved a report to the Copenhagen European Council on the implementation of Article 8a of the Treaty of Rome with regard to the free movement of persons. At the end of the report:

'Ministers note that the objective contained in the Single European Act with regard to the free movement of persons has not been fully achieved.

Ministers emphasize their determination to bring their work on the essential compensatory measures forward as a matter of great urgency. They welcome endeavours which will lead to their swift implementation and the full achievement of the free movement of persons in accordance with Article 8a of the Treaty, while continuing to follow the pragmatic approach to outstanding problems which has been outlined above.'

The Council continued to prepare for implementation of the draft External Frontiers Convention. Within that framework a certain number of conclusions were approved regarding harmonization of visa policies and a European information system as provided for in Articles 13 and 17 of the draft Convention. Furthermore, lists were drawn up showing the present situation in the Member States as regards requirements for entry documents, especially visas for holders of diplomatic and special passports, for residence permits and for visas issued by posts in third countries.

The Centre for Information, Discussion and Exchange on the Crossing of Frontiers and Immigration (Cirefi) started its work. Amongst the items discussed by the Cirefi

were carriers' liability legislation and practice, control procedures and legislation, authorized and illegal immigration, a European system for the exchange of information and practical measures for cooperation between border-control authorities.

At the end of 1993 the Commission submitted two texts:

(i) a draft Convention on controls on persons crossing the external frontiers;

(ii) a proposal for a Regulation determining the third countries whose nationals must be in possession of a visa when crossing the external frontiers.

C — Forged documents

318. Work on the European Bulletin on Forged Documents used by the immigration authorities of the various Member States at borders continued throughout 1993. The purpose of the Bulletin is to ensure that those checking travel documents are made aware of the latest attempts to falsify documents on the basis of examples uncovered in the different Member States. Measures were taken to rationalize editorial aspects of the Bulletin and render the articles and contributions more pertinent, user-friendly and up-to-date.

Another matter of importance stressed on a number of occasions by Ministers concerns the possibility of setting up a computerized image-archiving system, which would store images of the authentic features of all existing travel and residence documents and transmit these to the border-control authorities of all Member States. A study of the feasibility of this system got under way in November 1993 and it is hoped that work will be completed in the course of 1994.

D — Migration

Expulsion

READMISSION AGREEMENTS AND ILLEGAL IMMIGRATION

319. Over a number of years Immigration Ministers have stressed the need for Member States to work together towards reaching agreement on a common readmission policy. Such an agreement would form an essential measure against the illegal immigration into the Union which practically every Member State has to face.

At its meeting in November, the Council was able to agree to a series of guiding principles which could be used by Member States when drawing up readmission

agreements with third countries. The following areas, amongst others, are covered by the principles:

(i) means of establishing nationality;

(ii) time limits for replying to a request for readmission;

(iii) transit arrangements;

(iv) conditions governing the readmission of aliens not having the nationality of the State with which the agreement exists.

In the same field, discussions also took place concerning the possible linkage between European, association or cooperation agreements and the readmission practices of third countries. The creation of such a linkage could in appropriate cases help to combat illegal immigration to the Union from third countries by ensuring readmission of any of their nationals unlawfully present in Member States.

The Council, at its meeting in November 1993, decided that such a linkage could apply on a case-by-case basis, but that a number of difficulties of an institutional nature concerning the implementation of such arrangements would need to be examined by the appropriate Council bodies.

Another aspect of illegal immigration is being tackled by ongoing discussions on the possible harmonization of checks on third-country nationals residing in the Member States of the Union. A survey was undertaken by questionnaire, the results of which will be examined carefully with a view to possible initiatives being taken at Council level in 1994.

This is directly related to the recommendation adopted by Ministers at their meeting in Copenhagen in June 1993 which covered checks on and expulsion of third-country nationals residing or working without authorization in the Member States. This recommendation defined a number of situations in which Member States should consider undertaking checks. It also underlined the need for exchanges of information between Member States on the types of checks and control procedures utilized.

At the same meeting a recommendation was adopted which provided greater flexibility in the application of the provisions on transit for the purposes of expulsion. These provisions had been adopted originally in 1992, but the new recommendation prepared the way for quicker arrangements to be made for transit of third-country nationals expelled by one Member State through another.

320. In a related area, the Belgian Presidency organized a seminar in October 1993 concerning the fight against traffic in human beings involving:

(i) the coordination of means to combat illegal immigration and the exploitation of illegal immigrants;

(ii) assistance, via reception organizations, to persons who are victims of the traffic in human beings for the purposes of prostitution.

This led to the adoption by the Council at its meeting in November 1993 of a number of recommendations stressing the need for increased cooperation and coordination in the fight against trade in human beings and the need to develop the role of the collection and distribution of information in this field. In future, work will be extended and intensified in the areas of administrative, police and judicial cooperation, immigration and entry to national territories.

Admission

321. At their meeting on 1 June 1993 in Copenhagen, the Ministers agreed on the principles which should govern Member States' policies on reuniting families. Those principles apply to members of the families of nationals of third countries who are legally resident in the territory of a Member State on a basis which offers them the prospect of permanent or long-term residence.

It is planned that the Member State will normally grant admission to the spouse of the resident and to the children, including adopted children in certain circumstances, of the resident and his spouse.

Other members of the family may be authorized to enter and stay for cogent reasons which justify the presence of the person concerned. The Member States undertook to ensure that their national legislation conformed no later than 1 January 1995.

The Council bodies are currently examining texts on

— limiting admission for employment;

— admission to exercise a professional activity;

— admission for study.

E — Police and customs cooperation

Fight against terrorism

322. This subject has always played an important part in discussions among Ministers at the intergovernmental level. Since the coming into force of the TEU it has become the responsibility of the Council. Discussions take place on a regular basis on the external and internal threat to the Union posed by terrorism and frequent evaluations of the situation are undertaken. At its meeting in November 1993 the Coun-

cil requested a report for consideration during 1994 on suggestions for operational cooperation in this important field.

International organized crime

323. At its meeting on 29 and 30 November 1993, the Council took note of a report from the *ad hoc* Working Party on Organized Crime set up in September 1992, which had received a specific brief at the ministerial meeting in Kolding (Denmark) in May 1993.

The Council approved the programme of action contained in the report, providing in particular for measures on:

(i) exchanging information and setting up a common mechanism for the collection and systematic analysis of information on international organized crime;

(ii) improving and intensifying cooperation between Member States in particular on the fight against money laundering, telecommunications and measures to encourage witnesses to testify while ensuring their security, etc.

Trade in human beings for the purposes of prostitution

324. At its meeting on 29 and 30 November 1993, the Council reached a political agreement on five recommendations concerning trade in human beings for the purposes of prostitution.

These recommendations advocate in particular that the police should have better information on other countries' laws and foreign police practices and methods of fighting this trade *inter alia* through liaison officers.

Racism and xenophobia

325. The growth of this phenomenon throughout the majority of the Member States of the Union has preoccupied both Ministers and Heads of State Government for some time.

The Ministers for Justice and Home Affairs at their informal meeting in Kolding in May 1993 decided that greater cooperation was required between Member States to combat acts of a racist nature. To do this, increased knowledge concerning the situation in individual countries was required and Member States were requested to take part in a survey by questionnaire so that the necessary concrete initiatives against racism and xenophobia could be taken. The results of the survey became available in the autumn and the Council (justice and home affairs), meeting for the first time

under the provisions of the TEU on 29 November 1993, adopted a series of conclusions setting out a number of measures, notably the possibility of adopting a multi-agency approach to the phenomenon (schools, social services, police), training, particularly within the police service, improvements in the collection and use of statistics and improved information exchange and trans-frontier cooperation at the operational level.

A further report on the progress achieved and the need for any further measures will be examined by the Council before the end of 1994.

Environmental crime

326. On 29 and 30 November 1993, the Council adopted a recommendation on environmental crime.

The Council recommended that discussions on cooperation between competent officials in this area should concentrate on problems associated with cross-border transfers of waste. An exchange of information on this should be organized.

Customs cooperation

327. The Council finalized the text of the Convention on the Customs Information System and decided to develop a strategic plan to combat customs fraud in the Union's internal market. Work has begun to implement the report on external frontiers strategies which was endorsed by the Directors-General for Customs Administration on 29 May 1993.

Close collaboration will be developed between customs and the police for the implementation of the abovementioned actions.

F — Convention setting up a European Information System (EIS)

328. While some substantial progress has been made towards realizing the aim of assuring the free movement of persons throughout the Union, the need was stressed on many occasions both by the European Council and the by the Ministers for Justice and Home Affairs (who, since the coming into force of the Treaty on European Union (TEU), constitute the Council (justice and home affairs)), that this aim must not pose a threat to the security of the Union.

The proposed Convention on a European Information System stems from the need to ensure the safety and security of Union citizens and is closely related to the draft External Frontiers Convention, which is not yet in force although work on the text is now complete. This last Convention concerns the controls on persons crossing the external frontiers of the Union. The EIS Convention covers the setting up and maintenance of a joint information system. This will allow for an automated search procedure by the authorities designated by the Member States, who would have access to reports on persons and objects for the purposes of border checks and controls at the external frontiers of the Union.

Throughout 1993 work has progressed on the text of the Convention which, apart from a limited number of outstanding questions, is nearing completion. It is hoped that the major outstanding issue, relating to the overall scope of the Convention and the varying interpretations Member States still have concerning Article 7a of the Treaty (free movement of persons), will be resolved in the near future.

G — Drugs

European Monitoring Centre for Drugs and Drug Addiction

329. On 8 February 1993 the Council adopted Regulation (EEC) No 302/93 on the establishment of a European Monitoring Centre for Drugs and Drug Addiction. Since 1990, the European Council had at various meetings urged the establishment of a European Monitoring Centre for Drugs and Drug Addiction. The Centre, which will have its seat in Lisbon, pursuant to the decisions of the European Council of 29 October 1993 on the seats of the Institutions, will provide the Community and its Member States with objective, reliable and comparable information at European level concerning drugs and drug addiction and their consequences.

During the first three-year period, special attention will be given to demand and demand reduction.

The Centre will have at its disposal the European information network on drugs and drug addiction, a computer network forming the infrastructure for collecting and exchanging information and documentation.

The Centre will seek the cooperation of international organizations and other, particularly European governmental and non-governmental agencies competent in the drugs sector, such as the Pompidou Group and the UNDCP. It will ensure that duplication is avoided, especially with Europol.

Ministerial Agreement on the Establishment of the European Drugs Unit

330. On 2 June 1993, the Ministers of the Twelve agreed on a form of cooperation in advance of the Europol Convention coming into force. Each Member State will send one or more liaison officers to a central location (The Hague), in order to constitute with the liaison officers of the other Member States a cooperation team to be known as the Europol Drugs Unit. The unit will be a non-operational team for the exchange and analysis of intelligence in relation to illicit drug trafficking, the criminal organizations involved and associated money laundering activities affecting two or more Member States. Participants in the unit will each perform their tasks in accordance with the provisions of their national laws and any instructions given by or on behalf of their competent Ministers. These arrangements apply especially to data protection. No transmission of personal information to non-member States or to international organizations will take place.

The Agreement entered into force on 30 October 1993, the day after the European Council decided to locate Europol in The Hague.

Draft Convention on the creation of Europol

331. The aforementioned European drugs unit is a precursor of Europol. In June 1993 the text of a draft Convention was presented. Work started on this text and was speeded up in the light of the conclusions of the European Council of October 1993, which provide for the conclusion of work on the Convention by October 1994. Considerable progress has been made, but major issues still have to be settled, such as the architecture of the system, data-protection rules and relations with third countries and other international organizations.

International action

332. Member States adopted common positions at major international meetings such as the United Nations Commission on Narcotic Drugs and the four special sessions of the General Assembly of the United Nations in October 1993 on drugs.

International coordination on drugs problems took place in the framework of the Dublin group, a consultative mechanism in which the Twelve, the Commission, Australia, Canada, Japan, Norway, Sweden and the United States participate.

A special meeting on Central and Eastern Europe and the Balkans took place in September 1993 in Sofia.

There are contacts with the Pompidou Group at biannual meetings between the Troika of the Twelve and a delegation of the Pompidou group.

H — Cooperation in the field of justice

Criminal matters

EXTRADITION

333. At their meeting in Limelette on 28 September 1993, the Ministers for Justice adopted a statement fixing the work programme on extradition and inviting the relevant working party to report to it on a series of points within one year.

At that same meeting, Ministers indicated that they would like to receive an interim report on extradition, which is an essential form of cooperation between the Member States in the field of justice, in the case of both criminal proceedings and the enforcement of sentences.

On 29 and 30 November 1993 this report was submitted to the Council, which pinpointed the main aspects on which discussion of extradition should concentrate. Those aspects are extradition requirements (extraditable offences, political offences, fiscal offences, lapse of time, extradition of nationals, life sentence, speciality rule), extradition procedures and the form of the instrument to be drawn up.

The European Council on 10 and 11 December 1993 recorded its agreement to the plan of action established by the Council, which makes extradition a priority measure.

COOPERATION IN ACTION AGAINST INTERNATIONAL ORGANIZED CRIME (COOPERATION IN THE FIELD OF JUSTICE)

334. In addition to extradition, the Council thinks that action against international organized crime is a domain in which priority should be given to greater cooperation in the field of justice between the Member States in the context of an area without internal borders and in order to safeguard citizens.

The Ministers for Justice and Home Affairs adopted conclusions on international organized crime at their meeting on 6 and 7 May 1993 in Kolding and at the Council meeting on 29 and 30 November 1993 in Brussels.

The Council thinks there should be a follow-up to the conclusions on cooperation in the field of justice contained in the report from the *ad hoc* Working Party on Interna-

tional Organized Crime and adopted by the Council on 29 and 30 November 1993 (9908/2/93 Crimorg 1 REV 2 + ADD 1), particularly those concerning:

(i) the possibility of establishing a common offence regarding international organized crime or alternatively of simplifying the conditions for cooperation in this field of justice;

(ii) the possibility of providing for the criminal liability of legal persons in the case of offences arising from international organized crime;

(iii) the laundering and confiscation of the proceeds from offences, in particular:

the ratification of the Convention of the Council of Europe of 8 November 1990 on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime;

the application of Directive 91/308/EEC of 10 June 1991 on the prevention of use of the financial system for the purpose of money laundering;

the possibility of confiscating the proceeds from offences regardless of the conviction of the perpetrator;

(iv) mutual assistance in the enforcement of letters rogatory relating to modern forms of investigation such as the interception of communications and telecommunications.

PROTECTION OF THE COMMUNITY'S FINANCIAL INTERESTS

335. The Council attaches particular importance to the protection of the Community's financial interests.

The Council therefore adopted a resolution in which it establishes the framework and methodology for a comparative study of the laws, regulations and administrative provisions of the Member States relating to fraud against the Community budget, a study which was conducted by the Commission.

In this connection there should be an examination of implementation in the Member States of Article 209a of the Treaty establishing the European Community.

The Council will have the opportunity of examining a report on this during the second half of 1994.

MUTUAL RECOGNITION OF DEPRIVATION OF THE RIGHT TO DRIVE

336. Discussions continued on mutual recognition of deprivation of the right to drive, taking account of the implications of Directives 80/1263/EEC and 91/439/EEC.

It was agreed in particular to:

(i) undertake discussions on situations in which deprivation of this right is declared by the competent authorities of a Member State in which the licence holder does not normally reside;

(ii) endeavour to identify those aspects which, keeping in mind cases where deprivation of this right is declared by the competent authorities of the Member State in which the licence holder does normally reside, are not covered by the Community Directives and where action under Title VI of the Treaty might prove desirable.

Work has also continued on consolidating cooperation concerning deprivation of the right to drive.

PROGRESS OF SIGNINGS AND RATIFICATIONS

A report was prepared on the progress of signings and ratifications of Conventions in the criminal sphere to which the States are parties.

Civil matters

337. Work on cooperation in the field of civil justice concentrated on three aspects.

The first, to which the Member States attach particular importance, is the question of whether the Brussels Convention should be extended to matters of family law. Several discussions began in order to examine this question in detail. It has not for the moment been possible to find a definitive solution.

Secondly, discussions began on Article IV of the Protocol to the Brussels Convention of 27 September 1968 on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters. The aim of this examination is to find simpler and quicker procedures for the service and notification of acts.

On the basis of a questionnaire, it was possible to draw up a draft report on the progress of signings and ratifications of Conventions in the civil field to which the Member States are parties and on the prospects for cooperation in the field of civil justice.

Finally, a questionnaire was circulated on exchanges of information between the Member States and the Court of Justice on application of the Brussels Convention on Jurisdiction and the Enforcement of Judgments.

At its meeting on 10 and 11 December 1993, the European Council thought that entry into force of the TEU opened up new prospects for the European citizen. Con-

sequently, there should be additional discussion of certain aspects of the family life of the citizen.

Centre for Information, Discussion and Exchange on Judicial Cooperation

338. During the second half of the year, the Presidency submitted a draft joint action for the setting-up of a Centre for Information, Discussion and Exchange on Judicial Cooperation.

The aim of this initiative, which concerns both civil and criminal matters, is to promote contacts and informal consultation between those responsible for the exercise of justice in the Member States, and to highlight the difficulties and shortcomings in cooperation between the Member States in the field of justice, with a view to the relevant forums drawing up measures to overcome such difficulties and shortcomings.

The competent bodies exchanged views on this matter and examined the most appropriate way of achieving these objectives. Work will continue during 1994.

Chapter VIII
Financing of the Community's activities

A — Financial perspective

339. One of the Annexes to the Interinstitutional Agreement signed on 29 October 1993 contains a table giving the financial perspective adopted for the period 1993 to 1999.

Although this Agreement could not be concluded until almost the end of the year, the budget for the 1994 financial year comes within the financial framework provided for in the financial perspective for that year. It should be noted that the three Institutions which are party to the Interinstitutional Agreement agreed to increase the ceilings on expenditure for 1994 as compared with the financial perspective adopted in Edinburgh with respect to Headings 3 (internal policies), 4 (external action) and 5 (administrative expenditure) by a total of ECU 175 million in commitment appropriations and ECU 120 million in payment appropriations so as to provide the Community with appropriate funds in order, in particular, to strengthen Community support for the Middle East peace process and to compensate in part for the impact of the depreciation of the ecu *vis-à-vis* the Belgian franc in administrative expenditure.

B — 1994 budgetary procedure

340. One preliminary point needs to be made: as already mentioned with respect to the revision of the financial perspective[1], the 1994 budgetary procedure was overshadowed by the absence until the Interinstitutional Agreement was concluded on 29 October 1993, of a formally agreed multiannual financial framework. The budgetary procedure thus began in a climate of uncertainty as to whether it was to operate exclusively within the context of the relevant Articles of the Treaty, in particular Article 203 (9) of the EC Treaty on the maximum rate of increase for non-compulsory expenditure, or, on the other hand, could operate in the framework of the financial perspective provided for in the Interinstitutional Agreement under negotiation.

[1] See point 339 of this review.

Preliminary draft budget from the Commission (as amended by letter of amendment No 1 to the PDB)

341. The preliminary draft budget for the financial year 1994 submitted by the Commission on 22 June 1993 brought total expenditure to ECU 73 167 million in commitment appropriations and ECU 70 099 million in payment appropriations; as compared with the budget adopted for the 1993 financial year (SAB No 1/93 having not yet been adopted when the PDB was submitted) these amounts represent an overall increase of 5.95% in commitment appropriations and 6.98% in payment appropriations. Within these amounts the Commission is proposing increases of 3.97% in commitment appropriations and 5.99% in payment appropriations for non-compulsory expenditure (NCE).

The PDB was amended by letter of amendment No 1 forwarded to the Council on 11 October 1993 and bringing appropriations for commitment to ECU 73 244 million and appropriations for payment to ECU 70 150 million; amended in accordance with the estimates submitted by the institutions, PDB appropriations amount to ECU 73 380 million for commitment and ECU 70 286 million for payment. As a result, the increase as compared with the 1993 budget (excluding SAB No 1/93) amounts to 6.26% in commitment appropriations and 7.27% in payment appropriations respectively. These percentages are 4.54% in commitment appropriations and 6.63% in payment appropriations where NCE is concerned. These figures are to be compared with the maximum rate of increase in NCE declared by the Commission in accordance with Article 203 (9) of the Treaty, which amounts to 6.9%.

342. The letter of amendment covered five aspects, namely: an amendment to the allocation of appropriations for agricultural expenditure, an allocation of ECU 17.5 million for interest subsidies on loans to SMEs, an addition of ECU 35 million in commitment appropriations and ECU 19 million in payment appropriations for financial assistance to the territories of Gaza and the West Bank, an entry of ECU 20 million in commitment appropriations and ECU 10 million in payment appropriations for measures in neighbouring frontier regions and the introduction of budget guarantees (with a token entry) for borrowings contracted for the purpose of extending loans to Member States under the bridging facility.

The Commission was anxious to present a preliminary draft budget which reconciled the austerity required by the present economic situation with the need to press on with efforts particularly to implement common policies. This PDB falls, moreover, within the financial framework of the new financial perspective adopted by the European Council in Edinburgh.

The preliminary draft takes account of the budgetary implications of implementing the Treaty on European Union. Moreover, it includes for the first time a financial contribution by the EFTA countries to the programme of internal policies in which they are participating as stipulated in the EEA Treaty.

The Commission proposal also covers:

(i) implementation of the Cohesion Fund in structural measures;

(ii) strengthening external action so as to improve the correspondence between the Community's role and its actual responsibilities;

(iii) entry into force of the reserve to guarantee loans and the reserve for emergency aid.

Council — First reading

343. The Council discussed this preliminary draft budget on 22 July 1993 after its traditional meeting with a delegation from the European Parliament.

Following its discussions, the Council established the draft general budget of the European Communities for 1994 providing for a total of ECU 72 407 million in commitment appropriations and ECU 69 011 million in payment appropriations, including:

(million ECU)

	CA	PA
Non-compulsory expenditure (NCE)	33 105	29 768
Compulsory expenditure (CE)	39 302	39 243

The draft budget for the financial year 1994 was established by the Council in compliance with the ceilings on the various headings in the financial perspective adopted in Edinburgh in December 1992.

344. The broad lines of the draft are as follows:

(million ECU)

	ca	pa
Common agricultural policy	35 922.0	35 922.0
Other measures	543.0	543.0
Structural Funds	21 323.0	19 416.0
Other structural operations	-	209.1
Cohesion Fund	1 853.0	1 679.0
Research	2 282.9	2 147.6
Other internal policies	1 355.2	1 202.8
External action	4 020.0	2 884.1
including PHARE and TACIS	*1 555.0*	*870.0*
Administrative expenditure		
Commission	2 394.2	2 394.2
Other institutions	1 183.7	1 183.7
Monetary reserve	1 000.0	1 000.0
Emergency aid reserve	212.0	212.0
Loan guarantee reserve	318.0	318.0
Negative reserve	-	-100.0

The amendments made by the Council to the Commission's PDB were essentially dictated by the need to maintain comfortable margins under the ceilings for the financial-perspective headings pending adoption of the Interinstitutional Agreement under negotiation.

The Council also entered certain amounts in the reserve, or made a token entry under headings implementation of which hinged on entry into force of the European Union. It also created a negative reserve of ECU 100 million for payment appropriations in connection with non-compulsory expenditure under Part B of Section III (Commission) of the general budget. The Council's draft budget also takes account of certain general budgetary considerations regarding sound financial management, including the principles of cost-effectiveness and subsidiarity.

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Letter of amendment No 1 to the draft budget for the financial year 1994

345. Having received letter of amendment No 1 to the PDB from the Commission on 11 October 1993,[1] at its meeting on 5 November 1993 the Council established letter of amendment No 1 to the draft budget for 1994. This letter is aimed in particular at taking account of the adjustment in the breakdown of EAGGF Guarantee appropriations as well as of the allocation of ECU 35 million in commitment appropriations and ECU 19 million in payment appropriations for financial assistance in the Gaza and West Bank territories as proposed by the Commission. The Council also created a new heading with a token entry for neighbouring frontier regions.

European Parliament — First reading

346. At its sitting on 28 October 1993 the European Parliament adopted amendments and proposed modifications to the draft budget adopted by the Council at its first reading. The Parliament forwarded its amended and modified draft to the Council under cover of a letter dated 3 November 1993.

Parliament's approach, which is reflected in its vote, while close to that adopted by the Commission in its PDB and within the framework of the Interinstitutional Agreement approved by Parliament on the same date, essentially consists in taking account at internal and external policy level of the changes expected during the 1994 financial year, particularly the expected entry into force of the Treaty on European Union. This led Parliament to anticipate expenditure to allow *inter alia*:

(i) the creation of a reserve to finance market requirements under Heading 1;

(ii) a new distribution at Structural Fund level between Objective 3 (strengthened) and Objective 4 (reduced);

(iii) strengthening environmental protection measures;

(iv) a number of initiatives to help the less favoured;

(v) the adoption of a budgetary structure for the fourth framework programme;

(vi) with respect to external policies, the entry of a symbolic amount for the CFSP, an increase in appropriations to make possible an external strategy in more sensitive areas, a strengthening of development cooperation and appropriations for humanitarian aid. Almost all the appropriations intended for PHARE and TACIS were entered in the reserve. A considerable amount of the PHARE appropriations are earmarked for action in neighbouring regions.

[1] See point 1 of this Review.

Parliament also modified a considerable number of the comments applying to the operational appropriations.

The overall results of Parliament's vote at its first reading were as follows:

(ECU)

	CA	PA
CE	38 981 430 600	38 973 021 367
NCE	34 468 105 963	31 045 753 839
Total	73 449 536 763	70 018 775 206

The margins retained by the European Parliament in headings 3, 4 and 5 are as follows:

Heading 3:	ECU 5.3 million
Heading 4:	ECU 15.1 million
Heading 5:	ECU 16.1 million

Second reading of the 1994 draft by the Council on 15 November

347. At its second reading of the draft general budget of the European Communities for 1994, the Council adopted a position on all the proposed modifications and amendments adopted by the European Parliament at the first reading. While agreeing very broadly with the outcome of that reading, the Council took the view that it was absolutely essential to allow for greater margins under the financial-perspective headings.

The expenditure agreed on by the Council at its second reading of the draft budget for 1994 totalled:

(million ECU)

Appropriations for commitment	73 112.40 [1]
Appropriations for payment	69 726.51 [1]
of which non-compulsory expenditure:	
• Appropriations for commitment	34 131.01 [1]
• Appropriations for payment	30 763.71 [1]

[1] Taking into account letter of amendment No 1 to the DB for 1994. these amounts increase to respectively:

Total expenditure:	ECU 73 147.4 million in CA and ECU	69 745.5 million in PA.
NCE:	ECU 34 166.0 million in CA and ECU	30 782.7 million in PA.
External action:	ECU 4 174.4 million in CA and ECU	3 023.2 million in PA.

The appropriations break down as follows:

(million ECU)

	CA	PA
Common agricultural policy	35 922.0	35 922.0
Other measures	543.0	543.0
Structural Funds	21 323.0	19 416.0
Other structural operations	0	209.1
Cohesion Fund	1 853.0	1 679.0
Research	2 549.5	2 380.8
Other internal policies	1 643.0	1 432.9
External action	4 139.4	3 004.2[1]
of which: PHARE	*895.0*	*530.0*
TACIS	*510.0*	*240.0*
Administrative expenditure:		
Commission	2 424.2	2 424.2
Other institutions	1 185.3	1 185.3
Monetary reserve	1 000.0	1 000.0
Emergency aid reserve	212.0	212.0
Repayments, guarantees, reserves	318.0	318.0

The rates of increase in NCE thus amount to 3.82% for appropriations for commitment and to 4.87% for appropriations for payment.[2]

The Council also expressed the hope that a budget which took account of the necessary budgetary rigour would be adopted in December.

[1] Taking into account letter of amendment No 1 to the DB for 1994. these amounts increase to respectively:
Total expenditure: ECU 73 147.4 million in CA and ECU 69 745.5 million in PA.
NCE: ECU 34 166.0 million in CA and ECU 30 782.7 million in PA.
External action: ECU 4 174.4 million in CA and ECU 3 023.2 million in PA.

[2] The rates of increase for CE are 7.73% in CA and 7.67% in PA. In the light of letter of amendment No 1 to the 1994 DB, these figures are 3.93% in CA and 4.93% in PA.

European Parliament — Second reading (16 December 1993)

348. In its second reading of the budget, the European Parliament confirmed the broad outlines of the position it had adopted at its first reading. At the same time, at its sitting on 16 December 1993, the Parliament adopted the content of letter of amendment No 1 to the draft budget 1994. In so doing and in order to take account of the entry into force of the Treaty on European Union, the Parliament provided *inter alia* for allocations for the new agencies arising out of the Treaty as well as for a strengthening of the administrative structures involved in the implementation of that Treaty.

Following the vote, the 1994 budget stood as follows:

(ECU)

	CA	PA
Total expenditure	73 444 311 263	70 013 524 706
of which: CE	38 981 430 800	38 962 821 367
NCE	34 462 880 463	31 050 703 339

Taking into account SAB No 1/93 established on 17 November 1993, the rate of increase for NCE amounts to 4.82% in commitment appropriations and 5.89% in payment appropriations.

The growth in total expenditure in relation to the previous financial year is 4.31% in commitment appropriations and 4.72% in payment appropriations.

The 1994 budget, the first budget of the European Union, was finally adopted on 16 December when the President of the Parliament approved the results of the vote at a plenary sitting of the Parliament with the President of the Council and the Commissioner for the budget attending.

1994 budget in accordance with the financial perspective

(ECU)

1994 procedure breakdown by sector Total expenditure	Commitments	Payments
1. Common agricultural policy		
Market expenditure (B1-1 to B1-3)	35 862 000 000	35 862 000 000
Accompanying measures (B1-4 and B1-5)	603 000 000	603 000 000
Reserve for EAGGF Guarantee (B0-40) 0	0	
Total 1	**36 465 000 000**	**36 465 000 000**
Margin	0	
2. Structural operations		
Structural Funds (B2-1)	21 323 000 000	19 415 979 000
Other structural operations (B2-2)	0	209 170 000
Cohesion Fund (B2-3)	1 853 000 000	1 679 000 000
Total 2	**23 176 000 000**	**21 304 149 000**
Margin	0	
3. Internal policies		
Research and technological development (B6)	2 767 423 000	2 555 370 000
Other agricultural operations (B2-5)	205 825 000	133 454 000
Other regional operations (B2-6)	31 000 000	53 599 000
Transport (B2-7)	16 000 000	14 300 000
Other measures concerning fisheries and the sea (B2-9)	25 640 000	23 300 000
Education, vocational training and youth policy (B3-1)	287 500 000	263 900 000
Culture and audiovisual media (B3-2)	69 600 000	71 000 000
Information and communication (B3-3)	47 500 000	42 450 000
Other social operations (B3-4)	156 030 000	162 180 000
Energy (B4-1)	33 000 000	45 270 000
Euratom nuclear safeguards (B4-2)	19 480 000	16 528 000
Environment (B4-3)	133 450 000	112 698 000
Consumer protection (B5-1)	16 000 000	15 840 000
Aid for reconstruction (B5-2)	9 250 000	9 250 000
Internal market (B5-3)	184 050 000	173 480 000
Industry (B5-4)	38 450 000	37 840 000
Information market (B5-5)	0	0
Statistical information (B5-6)	30 000 000	33 870 000
Trans-European networks (B5-7)	289 800 000	194 173 000
Cooperation in the fields of justice and home affairs (B5-8)	0	0
Reserve for re-use (B0-41)		2 000 000
Total 3	**34 359 998 000**	**3 960 502 000**
Margin	10 002 000	

	Commitments	Payments
4. External measures		
Food aid (B7-2)	589 100 000	527 000 000
Cooperation with Asian and Latin American developing countries (B7-3)	648 700 000	364 500 000
Cooperation with Mediterranean countries (B7-4)	449 850 000	410 433 567
Other cooperation measures (B7-5)	849 850 000	685 657 239
Cooperation with countries of Central and Eastern Europe and the Independent States of the former Soviet Union (B7-6)	1 463 000 000	840 000 000
Cooperation with other third countries (B7-7)	0	14 744 637
Common foreign and security policy and external aspects of certain Community policies (B7-0 and B7-8)	295 190 000	293 915 000
Total 4	**4 295 690 000**	**3 136 250 443**
Margin	15 310 000	
5. Administration expenditure of the institutions		
Part A (excluding pensions)	2 093 262 000	2 093 262 000
Pensions (A1-9)	334 761 000	334 761 000
Commission total	2 428 023 000	2 428 023 000
Other institutions total	1 189 600 263	1 189 600 263
Total 5	**3 617 623 263**	**3 617 623 263**
Margin	16 376 737	
6. Reserves		
Monetary reserve (B1-6)	1 000 000 000	1 000 000 000
Emergency aid reserve (B7-91)	212 000 000	212 000 000
Repayments, guarantees, reserves (B0)	318 000 000	318 000 000
Total 6	**1 530 000 0000**	**1 530 000 000**
Margin	0	
Negative reserve in payments (B0-42)		
Grand total	**73 444 311 263**	**70 013 524 706**
Margin	41 688 737	338 475 294

C — Follow-up to the 1993 budgetary procedure

Supplementary and amending budget No 1 for the 1993 financial year

349. In the course of 1993 it was necessary to adopt a supplementary and amending budget for that financial year. SAB No 1/93 was eventually itself amended by three letters of amendment emanating from the Commission over the year; the Council's decision was not taken until 29 November.

On 23 March 1993 the Commission forwarded to the Council preliminary draft supplementary and amending budget No 1/93. This preliminary draft was supplemented by letter of amendment No 1 forwarded to the Council on 22 June 1993. The Council discussed this PDSAB at the Budget Council meeting on 22 July 1993.

On that occasion the Council endorsed a number of features of this PDSAB, namely: where expenditure was concerned, the Council agreed to an increase in EAGGF, Guarantee Section, appropriations amounting to ECU 1 447 million as a result in particular of monetary realignments. It also created a new heading for intervention for fisheries products under the Poseican programme to be financed by redeployment.

However, given that the Commission was about to submit a second letter of amendment to preliminary draft SAB No 1/93, the Council deferred its decision so that it could take account of this further letter of amendment.

On 1 September 1993 the Commission forwarded to the Council letter of amendment No 2 involving clearance of accounts for the EAGGF Guarantee Section for the financial year 1989 (further reduction in expenditure of ECU 147 million).

Subsequently on 18 October 1993 the Council established draft supplementary and amending budget No 1/93 encompassing all the points referred to above.

On 5 November 1993 the Commission sent the Council a further letter of amendment (No 3) to preliminary draft SAB No 1/93. That letter of amendment related to the revenue aspect of the budget and involved a reduction of ECU 800 million in the estimates for customs duties (to be offset by an increase in the uniform rate for the GNP-based resource), as well as the creation of a new heading with a token entry for refunds to certain Member States; on 15 November the Council established a letter of amendment to its DSAB in accordance with the Commission's wishes and submitted it to the Parliament.

On 17 November 1993 at its first reading, the European Parliament took a decision on draft supplementary and amending budget No 1/93 as a whole, including letter of amendment No 1. The amendments proposed by the European Parliament consisted particularly in the allocation of ECU 14 million for programmes to help the outermost areas, specifically the Aegean Islands.

On 29 November 1993 the Council decided not to modify any of the amendments proposed by Parliament to draft supplementary and amending budget No 1/93 and informed Parliament of that fact on the same day.

On 2 December 1993 the President of the European Parliament signed draft supplementary and amending budget No 1 for the financial year 1993, thereby declaring it finally adopted.

D — Other budgetary matters

Discharge given to the Commission on implementation of the 1991 budget

350. At its meeting on 15 March 1993, the Council recommended to the European Parliament that it give a discharge to the Commission concerning the implementation of the budget of the European Communities for the financial year 1991.

On 21 April 1993 the European Parliament gave the Commission a discharge concerning the implementation of that budget.

Fight against fraud affecting the Community budget

351. On 21 April 1993 the Commission sent to the Council its report on the fight against fraud — 1992 report and action programme for 1993.

At its meeting on 7 June 1993, the Council confirmed the importance it attached to combating irregularity and fraud affecting the Community budget.

While noting that progress had been made in a number of priority areas, the Council adopted a set of conclusions which refer in particular to certain management aspects which it felt could be improved.

The Council encouraged the Commission to do its utmost to exercise its responsibilities in the fight against fraud so as to ensure that the principle of subsidiarity could not be allowed to reduce the Commission's ability to fulfil its obligations to safeguard Community revenue and expenditure.

At the same time the Council asked the Commission to give the Member States the opportunity in future to adopt a position within the Community Fraud Prevention Committee sufficiently in advance of adoption of the report, particularly when drawing up the action programme and presenting particular instances.

Carry-overs of appropriations

352. At its meeting on 18 March 1993, the Council agreed to a request from the Commission for the carry-over of non-differentiated appropriations submitted on 11 February 1993 in accordance with Article 7 (3) of the Financial Regulation applicable to the general budget of the European Communities.

After being consulted by Parliament, the Council also delivered a favourable opinion at its meeting on 18 March 1993 on the request with respect to heading A-6000 for a non-automatic carry-over of non-differentiated appropriations by the Commission, but delivered an unfavourable opinion on other carry-over requests.

Transfers of appropriations

353. The Council took decisions on a number of proposals for transfers of appropriations between chapters relating to compulsory expenditure which were submitted by the Commission (Article 26 (4) and 5 (a) of the Financial Regulation).

The Council was consulted by the European Parliament on a number of other requests for transfers relating to non-compulsory expenditure (Article 26 (4) and 5 (b) of the Financial Regulation).

The Council considered a total of 24 proposals for transfers in Section III — Commission — of the general budget.

Entry in the budget of the revenue adjustments from previous financial years

354. The Council acknowledged that every effort must be made to ensure that available funds provided for in the financial perspective could be used to meet financing requirements of the Community's budget expenditure, while complying in full with the annual ceiling on own resources. As a result, the Council undertook to work out an appropriate solution to the problem of the treatment of balances and noted that an alternative suggestion to the original Commission proposal would be examined in detail.

This point of view was the subject of a Council statement on 25 October 1993.

The Commission proposal was submitted to the Council in December and will be examined at the beginning of 1994.

Report from the Commission Inspectorate-general

355. On 3 February 1993 the Commission presented its first activity report covering the period 1991 to 1992. This constitutes an annual report on the operation of the Commission departments.

Amendments to the Regulations on the Dublin Foundation and the Berlin Cedefop

356. At its meeting on 30 June 1993 the Council amended the Regulations setting up a European Foundation for the Improvement of Living and Working Conditions and the European Centre for the Development of Vocational Training as well as their respective financial regulations and the relevant articles of the Financial Regulation.

Amendments to the Financial Regulation

357. The Council made the adjustments to the Financial Regulation necessary to take account of the entry into force of the provisions on the creation of a loan guarantee reserve and an emergency aid reserve.

E — Staff Regulations

358. During the period under review, the Council only took a number of routine decisions regarding staff remuneration.

At its meeting on 3 June 1993 the Council adopted Regulation (ECSC, EEC, Euratom) No 1419/93[1] adjusting, with effect from 1 July 1992, the weightings applicable to the remuneration of officials posted in third countries.

In Regulation (ECSC, EEC, Euratom) No 2580/93 of 17 September 1993,[2] the Council made an interim adjustment, with effect from 1 January 1993, to the remuneration and pensions applicable in places of employment where the cost of living had increased substantially in the second half of 1992.

[1] OJ L 140, 11. 6.1993.
[2] OJ L 237, 22. 9.1993.

In the context of the annual review of remuneration, the Council adopted Regulation (ECSC, EEC, Euratom) No 3608/93 of 20 December 1993[1] adjusting, with effect from 1 July 1993, the remuneration and pensions of officials and other servants taking account of the growth in the purchasing power of remuneration in the Member States' central administrations and cost of living indexes in the various places of employment.

At that meeting the Council invited the Commission to put in hand swiftly a detailed study of the statistical methodology used to determine purchasing power parities which were in their turn used to calculate the weightings applicable to the remuneration and pensions of officials.

[1] OJ L 328, 29.12.1993.

ANNEX I

Danish presidency
First half of 1993

Attendance by Presidents-in-Office of the Council at meetings of European Parliament Committees

Committee	President-in-Office	Date and place
Social Affairs, Employment and the Working Environment	Mrs Jytte Andersen Minister for Labour	16 February Brussels
Foreign Affairs and Security (quarterly colloquy)	Mr Niels Helveg Petersen Minister for Foreign Affairs	17 February Brussels
Development and Cooperation	Mrs Helle Degn Minister for Development Cooperation Brussels	18 February Brussels
Transport	Mr Helge Mortensen Minister for Transport	23 February Brussels
Economic and Monetary Affairs and Industrial Policy	Mr Torben Rechendorff Minister for Ecclesiastical Affairs and Communications	24 February Brussels
Legal Affairs and Citizens' Rights	Mr Jan Trøjborg Minister for Industry	24 February Brussels
Transport and Tourism	Mr Jan Trøjborg Minister for Industry	24 February Brussels

Committee	President-in-Office	Date and place
Energy, Research and Technology	Mrs Anne Birgitte Lundholt Minister for Industry and Energy	16 March Brussels
Environment, Public Health and Consumer Protection	Mrs Anne Birgitte Lundholt Minister for Industry and Energy	16 March Brussels
Economic and Monetary Affairs and Industrial Policy	Mrs Marianne Jelved Minister for Economic Affairs	16 March Brussels
Energy, Research and Technology	Mr Jan Sjursen Minister for Energy	16 March Brussels
Civil Liberties and Internal Affairs	Mrs Pia Gjellerup Minister for Justice and Mrs Birthe Weiss Minister for the Interior	17 March Brussels
Legal Affairs and Citizens' Rights	Mrs Pia Gjellerup Minister for Justice	17 March Brussels
Economic and Monetary Affairs and Industrial Policy	Mr Arne Melchior Minister for Communications and Tourism	17 March Brussels
Culture, Youth, Education and the Media	Mrs Jytte Hilden Minister for Culture	23 March Brussels

Committee	President-in-Office	Date and place
Subcommittee on Fisheries	Mr Bjørn Westh Minister for Agriculture and Fisheries	23 March Brussels
Agriculture, Fisheries and Rural Development	Mr Bjørn Westh Minister for Agriculture and Fisheries	24 March Brussels
Women's Rights	Mrs Jytte Andersen Minister for Labour	24 March Brussels
Culture, Youth, Education and the Media	Mr Ole Vig Jensen Minister for Education	24 March Brussels
Environment, Public Health and Consumer Protection	Mr Svend Auken Minister for the Environment	24 March Brussels
ACP-EEC Joint Assembly	Mrs Helle Degn Minister for Development Cooperation	29 and 30 March Gabarone (Botswana)
External Economic Relations	Mr Jørgen Ørstrom Møller State Secretary	1 April Brussels
Subcommittee on Fisheries	Mr Bjørn Westh Minister for Agriculture and Fisheries	20 April Strasbourg
Environment, Public Health and Consumer Protection	Mr Torben Lund Minister for Health	26 April Brussels

Committee	President-in-Office	Date and place
Budgets	Mr Jørgen Ørstrom Møller State Secretary	29 April Brussels
Foreign Affairs and Security (quarterly colloquy)	Mr Niels Helveg Petersen Minister for Foreign Affairs	4, 5 and 6 May Copenhagen
Environment, Public Health and Consumer Protection	Mr Jan Trøjborg Minister for Industry (Consumer Affairs Council)	6 May 1993 Brussels
Economic and Monetary Affairs and Industrial Policy	Mr Jan Trøjborg Minister for Industry (Industry Council)	6 May Brussels
Women's Rights	Mrs Jytte Andersen Minister for Labour	2 June Brussels
Development and Cooperation	Mrs Helle Degn Minister for Development Cooperation	4 June Brussels
Economic and Monetary Affairs and Industrial Policy	Mrs Marianne Jelved Minister for Economic Affairs	9 June Brussels
Civil Liberties and Internal Affairs	Mr Erling Olsen Minister for Justice	30 June Brussels

ANNEX II

Belgian presidency
Second half of 1993

Attendance by Presidents-in-Office of the Council at meetings of European Parliament Committees

Committee	President-in-Office	Date and place
Social Affairs	Mrs Smet, Minister for Employment and Labour	1 July Brussels
Transport and Tourism	Mr Coëme, Deputy Prime Minister, Minister for Transport	20 July Brussels
Foreign Affairs and Security (quarterly colloquy)	Mr Claes, Deputy Prime Minister, Minister for Foreign Affairs	20 July Brussels
Economic and Monetary Affairs and Industrial Policy	Mr Maystadt, Minister for Finance	7 September Brussels
Development and Cooperation	Mr Derycke, State Secretary for Development Cooperation at the Ministry of Foreign Affairs	20 September Brussels
Subcommittee on Monetary Affairs	Mr Maystadt, Minister for Finance	21 September Brussels
EC-Malta Joint Parliamentary Committee	Mr Derycke, State Secretary for Development Cooperation at the Ministry of Foreign Affairs	23 September Brussels

Committee	President-in-Office	Date and place
EC-Sweden Joint Parliamentary Committee	Mr Derycke, State Secretary for Development Cooperation at the Ministry of Foreign Affairs	23 September Brussels
Civil Liberties and Internal Affairs	Mr Wathelet, Deputy Prime Minister and Minister for Justice, and Mr Tobback, Minister for the Interior and the Civil Service	27 September Brussels
Energy, Research and Technology	Mr Dehousse, Minister for Science Policy	29 September Brussels
Legal Affairs and Citizens' Rights	Mr Wathelet, Deputy Prime Minister and Minister for Justice	29 September Brussels
Foreign Affairs and Security	Mr Urbain, Minister for European Affairs (Luns-Westerterp procedure)	29 September Brussels
ACP-EEC Joint Assembly	Mr Derycke, State Secretary for Development Cooperation at the Ministry of Foreign Affairs	4 October Brussels
EC-Austria Joint Parliamentary Committee	Viscount Vilain XIII, Ambassador of Belgium in Vienna	4 and 6 October Vienna
Agriculture, Fisheries and Rural Development	Mr Bourgeois, Minister for Agriculture	5 October Brussels

Committee	President-in-Office	Date and place
Development and Cooperation	Mr Derycke, State Secretary for Development Cooperation at the Ministry of Foreign Affairs	11 October Brussels
EC-Turkey Joint Parliamentary Committee	Mr Urbain, Minister for European Affairs	13 October Brussels
EC-Finland Joint Parliamentary Committee	Mr Urbain, Minister for European Affairs	14 October Brussels
Culture, Youth, Education and the Media	Mr Tomas, Minister for the Budget	14 October Brussels
Economic and Monetary Affairs and Industrial Policy	Mr Verslype, Chef de Cabinet to the Deputy Prime Minister and Minister for Transport (dealing with telecommunication)	4 November Brussels
Foreign Affairs and Security	Mr Adam, Chairman of the Political Committee	4 November Brussels
Energy, Research and Technology	Mr Dehousse, Minister for Science Policy	5 November Brussels
Foreign Affairs and Security (quarterly colloquy)	Mr Claes, Minister for Foreign Affairs	23 November Brussels
Energy, Research and Technology	Mr Wathelet, Deputy Prime Minister and Minister for Economic Affairs	23 November Brussels

Committee	President-in-Office	Date and place
Environment, Public Health and Consumer Protection	Mrs De Galan, Minister for Social Integration, Public Health and the Environment (environment and health matters)	23 November Brussels
Culture, Youth, Education and Media	Mr van den Bossche, Minister for Education and the Civil Service (education matters)	24 November
EC-Cyprus Joint Parliamentary Committee	Mr Urbain, Minister for European Affairs	26 November Nicosia
External Economic Relations	Mr Urbain, Minister for European Affairs	30 November Brussels
Economic and Monetary Affairs and Industrial Policy	Mr Wathelet, Deputy Prime Minister and Minister for Economic Affairs	1 December Brussels
Women's Rights	Mrs Smet, Minister for Employment, Labour and the Principle of Equal Opportunities for Men and Women	1 December Brussels
Environment, Public Health and Consumer Protection	Mr Wathelet, Deputy Prime Minister and Minister for Economic Affairs	3 December Brussels
Civil Liberties and Internal Affairs	Mr Wathelet, Deputy Prime Minister and Minister for Foreign Affairs, and Mr Tobback, Minister for the Interior	21 December Brussels

ANNEX III

Number of days spent on Council meetings and meetings of preparatory bodies

Year	Ministers	Ambassadors and ministerial delegations	Committees and working parties
	EEC/EAEC/ECSC	EEC/EAEC/ECSC	EEC/EAEC/ECSC
1958	21	39	302
1959	21	71	325
1960	44	97	505
1961	46	108	655
1962	80	128	783
1963	63 1/2	146 1/2	744 1/2
1964	102 1/2	229 1/2	1 002 1/2
1965	35	105 1/2	760 1/2
1966	70 1/2	112 1/2	952 1/2
1967	75 1/2	134	1 233
1968	61	132	1 253
1969	69	129	1 412 1/2
1970	81	154	1 403
1971	75 1/2	127 1/2	1 439
1972	73	159	2 135
1973	79 1/2	148	1 820
1974	66	114 1/2	1 999 1/2
1975	67 1/2	118	2 079 1/2
1976	65 1/2	108 1/2	2 130
1977	71	122	2 108 1/2
1978	76 1/2	104 1/2	2 090
1979	59	107 1/2	2 000
1980	83	106 1/2	2 078 1/2
1981	83	110	1 976
1982	86	107	1 885
1983	121 1/2	105 1/2	1 912 1/2
1984	133	86	1 868 1/2
1985	118	117	1 892
1986	107	118 1/2	1 842 1/2
1987	123	120 1/2	1 828
1988	117 1/2	104	2 000 1/2
1989	119 1/2	100	1 932
1990	138	107	2 021 1/2
1991	115 1/2	145 1/2	2 239
1992	126	133 1/2	2 147
1993	119	115 1/2	2 105 1/2

ANNEX IV

Key to terms used

Agricultural guideline

For each financial year, the agricultural guideline represents the ceiling on Community expenditure in support of agricultural markets (EAGGF Guarantee Section). The ceiling is adjusted each year to allow for inflation and the GNP growth rate, though for the growth rate the adjustment is limited to 74% thereof.

Cabotage

The procedure whereby a carrier based in one Member State is allowed to carry goods or passengers by land, sea or air between two points within another Member State.

Co-decision procedure

A legislative procedure instituted by the Treaty on European Union which represents a refinement of the cooperation procedure, differing from it in particular through: (1) the involvement, if the Council rejects amendments proposed by the European Parliament, of a Conciliation Committee composed of members of both institutions with the task of bridging the gap between their viewpoints and, if possible, arriving at a joint text; (2) Parliament's option, failing agreement in the Conciliation Committee, of rejecting outright, by an absolute majority of its members, the text unilaterally adopted by the Council.

Community Charter of Fundamental Social Rights

Adopted in a solemn Declaration by the Heads of State or Government of the Member States (apart from the United Kingdom) at the European Council meeting in Strasbourg on 8 and 9 December 1989, the Charter enshrines a set of principles concerning the fundamental social rights of workers in the following fields: improvement of living and working conditions; freedom of movement for employed and self-employed workers; employment and earnings; social protection; freedom of association and collective bargaining; vocational training; equal treatment for men and women; information, consultation and participation for workers; health protection and safety at the place of work; protection of children, adolescents, the elderly and the disabled.

Convergence programme

A package of economic and financial measures applicable in a Member State in order to contribute to lasting convergence of economies within the Community as

required for the achievement of EMU, with particular reference to price stability and sound public finance; convergence programmes are decided on by Member States and submitted to the Council for scrutiny.

Cooperation procedure

A legislative procedure introduced by the Single European Act, involving two readings by Parliament and by the Council. On first reading, after obtaining Parliament's opinion, the Council adopts a draft known as a 'common position', which is sent to Parliament for a further reading. On second reading, the Council requires unanimity in order to depart from Parliamentary amendments supported by the Commission.

European Energy Charter

A Community initiative to mesh Western technology and capital with resources (oil, natural gas, coal and uranium) in Eastern Europe, including the former USSR, in a Treaty embracing 50 countries (OECD, Eastern Europe and the former USSR).

Financial perspective

The financial perspective establishes for a given period the breakdown of Community expenditure by broad headings and the annual ceilings for each of them. The 1988-92 financial perspective decided on by the European Council in 1988 was subsequently agreed between Parliament, the Council and the Commission. The 1993-99 financial perspective was set by the European Council, meeting in Edinburgh, which expressed its wish, as in 1988, to arrive at an agreement between the three institutions. The financial perspective decided on in Edinburgh covers the following six headings: agricultural expenditure, structural expenditure, internal expenditure, external expenditure, administrative expenditure and reserves.

Open network provision (ONP)

Harmonization of conditions of access to public telecommunications networks in order to facilitate their use by companies or individuals providing services, wherever they are based in the Community.

Own resources

The Community budget is financed in the main by resources termed 'own resources' because they are regarded not as contributions by the Member States but as belonging to the Community; those resources comprise customs duties and agricultural levies charged at the Community's external frontiers, a fraction of VAT (as a percentage of a harmonized tax base) and a fraction of each Member State's GNP.

Set-aside

Withdrawal of part of arable land from production (of cereals, oilseeds and protein crops); under the reform of the CAP such withdrawal forms a requirement for the grant of aid to producers in order to offset lost earnings as a result of the reduction in some support prices.

Sustainable development

Economic development fulfilling present needs without jeopardizing the ability of future generations to fulfil their needs. Such development must maintain the quality of life generally, maintain continuing access to natural resources and avoid any persistent environmental damage.

Troïka

A delegation composed of a representative of the Presidency-in-Office, assisted by a representative of the Member State which last held the Presidency and a representative of the Member State next to hold the Presidency, with Commission participation. This arrangement is used primarily in political cooperation.

Universal service

In the postal and telecommunications sector, generally understood to mean access to a core number of quality services and the supply of those services to all users at affordable prices and on non-discriminatory terms. In the telecommunications sector specifically, the concept is not static but evolves with technical progress, developments in the market and users' requirements.

ANNEX V

Abbreviations and acronyms

— A —

ACP
African, Caribbean and Pacific States (70 States signatory to the Lomé Convention)

Altener
Promotion of renewable energy sources in the Community

Asean
Association of South-East Asian Nations (Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand)

— C —

CA
Commitment appropriations

CAP
Common agricultural policy

CCEE
Countries of Central and Eastern Europe

CE
Compulsory expenditure

Cedefop
European Centre for the Development of Vocational Training

CFSP
Common foreign and security policy

CIREA
Centre for Information, Discussion and Exchange on Asylum

CIS
Commonwealth of Independent States

Comett
Community programme in education and training for technology

Coreper
Permanent Representatives Committee

CREST
Scientific and Technical Research Committee

CRS
Computerized reservation system

— D —

DC
Developing countries

— E —

EAEC
European Atomic Energy Community (Euratom)

EAGGF
European Agricultural Guidance and Guarantee Fund

EBRD
European Bank for Reconstruction and Development

ECSC
European Coal and Steel Community

Ecu
European currency unit

EDF
European Development Fund

EEA
European Economic Area

EEC
European Economic Community

EFTA
European Free Trade Association (Austria, Finland, Iceland, Liechtenstein, Norway, Sweden, Switzerland)

Ehlass
European home and leisure accident surveillance system

EIB
European Investment Bank

EIS
European information system

EMI
European Monetary Institute

EMS
European Monetary System

EMU
Economic and monetary union

ERDF
European Regional Development Fund

ESF
European Social Fund

— F —

FAO
Food and Agriculture Organization of the United Nations

— G —

GATT
General Agreement on Tariffs and Trade

GDP
Gross domestic product

GNP
Gross national product

GRT
Gross registered tonnage

— H —

HCR
High Commissioner for Refugees (UN)

HDTV
High-definition television

Helios
Handicapped people in the EC living independently in an open society

— I —

IAEA
International Atomic Energy Agency

IDA
interchange of data between administrations

ILO
International Labour Organization

IMF
International Monetary Fund

ITTO
International Tropical Timber Organization

IWO
International Wine Office

— M —

Maghreb (countries of the)

Algeria, Morocco, Tunisia

Mashreq (countries of the)

Egypt, Jordan, Lebanon, Syria

Mercosur
Southern Cone Common Market (Argentina, Brazil, Paraguay, Uruguay)

MFA
Multifibre Arrangement

— N —

NAFO
North-West Atlantic Fisheries Organization

NCE
Non-compulsory expenditure

NGO
Non-governmental organization

— O —

OCTs
Overseas countries and territories

OECD
Organization for Economic Cooperation and Development

ONP
Open network provision (telecommunications)

— P —

PA
Payment appropriations

PHARE
Poland and Hungary: aid for economic restructuring

PPE
Personal protective equipment

— S —

SAR
Supplementary and amending budget

SAVE
Special action programme for vigorous energy efficiency

SMEs/SMUs
Small and medium-sized enterprises/undertakings

Stabex
System for the stabilization of ACP and OCT export earnings

— T —

t
Tonne

TAC
Total allowable catch

TACIS
Technical assistance to the Commonwealth of Independent States and Georgia

Tempus
Trans-European mobility scheme for university studies

Thermie
Programme for the promotion of energy technology

— U —

UCITS
Undertaking for collective investment in transferable securities

Unctad
United Nations Conference on Trade and Development

UNDCP
United Nations International Drug Control Programme

— V —

VAT
Value added tax

— W —

WHO
World Health Organization

WIPO
World Intellectual Property Organization

ANNEX VI

Index

The numbers refer to paragraphs. Where a subject is dealt with in consecutive paragraphs, only the first is given.

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